



Chemring Group PLC

INTERIM REPORT 2007



CHEMRING GROUP PLC INTERIM REPORT 2007

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Statement
by the Chairman

RESULTS FOR THE HALF YEAR
TO 30 APRIL 2007

	2007 £m	2006 £m
Continuing operations:		
Revenue	106.8	82.6
Underlying operating profit*	23.3	14.7
Finance expense	(3.0)	(2.6)
Underlying profit before tax*	20.3	12.1
Underlying earnings per share*	42.2p	27.2p
Basic earnings per share (continuing)	40.7p	26.5p

*Excludes intangible amortisation arising from business combinations of £0.7 million (2006: £0.3 million)

I am delighted to report that the Group has enjoyed another excellent first half, with underlying profit before tax* increasing by 68% to £20.3 million (2006: £12.1 million) in the first half. Underlying earnings per share* increased by 55% to 42.2p following the 54% growth achieved in the full year ended 31 October 2006. Both divisions, Countermeasures and Energetics, performed well, with the Countermeasures business increasing revenue by 5% and underlying operating profit* by 13%, in spite of the negative translation impact of the dollar exchange rate. The performance of the Energetics division improved significantly, with revenue up 79% and underlying operating profit* more than trebling to £8.6 million, as the earnings generated through our acquisition programme came through.

In March the Group completed the acquisition of Simmel Difesa in Italy for an enterprise value of €72 million (£49 million). The acquisition was principally funded with new bank facilities, which raised our debt/equity ratio to 100% in the short term, although interest was covered over seven times by current operating profit. With the strong operational cash flow forecast in the second half of the year, in line with last year, our borrowings are expected to reduce to acceptable levels.

The Board deems it appropriate that dividends move forward in line with growth in earnings. Accordingly, the Board is declaring an interim dividend of 7.20p per ordinary share (2006: 4.80p), an increase of 50%. The interim dividend will be paid on 27 July 2007 to shareholders on the register at 6 July 2007.

COUNTERMEASURES

Our UK Countermeasures business had an excellent start to the year with an increase in sales of 24%, principally driven by the requirements of NATO countries engaged in peacekeeping operations in Afghanistan. Our new spectral flare production facility was completed in just five months and has now successfully increased production to over 20,000 units per month. The first production contracts for the European Typhoon aircraft have been received. Qualification of an advanced kinematic flare has also been completed and an initial production contract has recently been awarded.

Alloy Surfaces and Kilgore continued their impressive advances with revenues increasing, in dollar terms, by 16% and underlying operating profits* by 23%. There was substantial and encouraging 39% growth in the order books for these two businesses to \$233 million from \$168 million at the end of April 2006. I am delighted to report that the order book at Kilgore grew by 48% over the same period.

Production reached record levels at all three of our Countermeasures businesses in the first half. I am particularly pleased, however, to report that Alloy Surfaces delivered its two millionth flare to the UK Royal Air Force and that there is considerable drive to fit the BOL/IR system to the Typhoon, F-18 and Gripen aircraft. Alloy Surfaces' third plant is now complete and has commenced production. Kilgore secured the first production contract for a new flare that will be used on the F-18 aircraft.

ENERGETICS

With the combination of both organic and acquisitive growth, the Energetics division increased its sales by 79% and its underlying operating profit* more than trebled to £8.6 million. It is very pleasing that this division has achieved over 40% organic growth over a twelve month period, with all of the businesses performing well. Our US company, Technical Ordnance, had considerable success in the development of its relationships with major US ammunition prime contractors, winning a number of competitive contracts from previously sole-source suppliers. It has also just become the primary supplier of the M55 detonator, and production is expected to grow to two million units per month by the end of 2008.

The rationalisation and integration of the newly acquired businesses continues to be a major operational priority. We have now successfully completed the transfer of manufacturing of our marine pyrotechnic products to Germany. Considerable improvement in our operating margins has already begun to emerge.



ACQUISITIONS

The acquisition of Simmel Difesa brings the Group additional complementary products, strengthens our relationship with a number of major prime contractors, and improves our presence in the Italian market as well as several export territories. Earlier this month we announced the acquisition of Dyno Nobel's High Energy Materials business in Norway for a cash consideration of £2.8 million. The business is Europe's largest producer of primary explosives and will boost the Group's capability in the increasingly important field of insensitive munitions ("IM").

We continue to search for new acquisition opportunities which meet our stated strategic objectives.

COMPANY NAMES

The name of Chemring is now well recognised in defence circles throughout the world and many of our operating subsidiaries, which have previously traded under their own brand names, believe their position could be further enhanced, and their own marketing efforts assisted, if they carried the Chemring name. A programme to achieve this is therefore underway, although important product brand names will be retained. Future reports may, therefore, contain slightly altered subsidiary company names.

PENSIONS

The Board has recently been engaged in discussions with the trustees of the UK final salary pension schemes, together with all appropriate advisors, on the scheme valuations and funding requirements. In previous reports I have indicated that I did not believe that our obligations to continue funding our UK final salary schemes for the existing members would present any financial problems, and this position remains unchanged.

PEOPLE

The Group continues to search for and employ experienced personnel to strengthen its operational management, to manage the growth opportunities and to be available as required to integrate acquisitions.

PROSPECTS

The prospects for both our divisions remain excellent. We have a record order book of £293 million and the order book for our Energetics division is running ahead of the Countermeasures division for the first time.

The unstable political climate in the Middle East and other parts of the world continues to drive peacekeeping operations and the consequent demand for our products. The FY08 US defence budget proposals include significant growth in the funding potentially allocated to decoy programmes. The vulnerability of helicopters and transport aircraft to shoulder-launched missiles of increasing sophistication provides a secure future for our Countermeasures business. In Energetics, the growing order book and rapidly improving margins are most encouraging, and our ability to generate organic growth and leverage our international presence within a £4.5 billion Energetics market provides growing confidence in the potential for this business. Against this background and recognising the opportunities for further complementary acquisitions, the future for the Group is enormously encouraging.

K C Scoble

K C Scoble - Chairman
26 June 2007

Unaudited Consolidated Income Statement

for the half year to 30 April 2007

	Note	Unaudited As at 30 April 2007 £000	Unaudited As at 30 April 2006 £000	Audited As at 31 Oct 2006 £000
Continuing operations				
Revenue		103,993	82,584	187,733
		2,841	-	-
Total revenue	2	106,834	82,584	187,733
Operating profit		22,070	14,351	37,779
		518	-	-
Total operating profit	2	22,588	14,351	37,779
Operating profit is analysed as:				
Underlying operating profit before intangible amortisation arising from business combinations		23,288	14,683	38,502
Intangible amortisation arising from business combinations		(700)	(332)	(723)
Total operating profit		22,588	14,351	37,779
Share of post-tax results of associate		-	-	84
Finance expense		(3,044)	(2,587)	(6,103)
Profit before tax for the period/year from continuing operations		19,544	11,764	31,760
Tax	3	(6,418)	(3,830)	(9,873)
Profit after tax for the period/year from continuing operations		13,126	7,934	21,887
Discontinued operations				
Loss after tax from discontinued operations	10	(1,926)	(129)	(8,090)
Profit after tax for the period/year		11,200	7,805	13,797
Attributable to:				
Equity holders of the parent		11,214	7,803	13,795
Minority interests		(14)	2	2
Earnings per ordinary share	4			
From continuing operations:				
Underlying		42.19p	27.19p	71.89p
Basic		40.67p	26.45p	70.33p
Diluted		40.39p	26.24p	69.87p
From continuing and discontinued operations:				
Basic		34.71p	26.02p	44.33p
Diluted		34.47p	25.81p	44.04p

Consolidated Statement of Recognised Income and Expense

for the half year to 30 April 2007

Note	Unaudited Half year to 30 April 2007 £000	Unaudited Half year to 30 April 2006 £000	Audited Year to 31 Oct 2006 £000
Profit after tax for the period/year	11,200	7,805	13,797
Other recognised income and expense			
Gains on cash flow hedges	133	619	340
Movement on deferred tax relating to cash flow hedges	(40)	(186)	(98)
Exchange differences on translation of foreign operations	(3,786)	(2,529)	(5,230)
Actuarial gains on defined benefit pension schemes	3,467	4,420	4,685
Movement on deferred tax relating to pension schemes	(1,040)	(1,326)	(1,406)
Tax on items taken directly to equity	620	-	1,868
Total recognised income and expense for the period/year	10,554	8,803	13,956
Attributable to:			
Equity holders of the parent	10,568	8,801	13,954
Minority interests	(14)	2	2

Unaudited Consolidated Balance Sheet

as at 30 April 2007

	Unaudited As at 30 April 2007 £000	Unaudited As at 30 April 2006 As restated** £000	Audited As at 31 Oct 2006 As restated** £000
Non-current assets			
Goodwill	97,295	56,303	59,662
Other intangible assets	37,898	22,044	24,865
Property, plant and equipment	59,980	56,632	57,681
Investments	1,037	1,065	1,033
Deferred tax	11,668	6,432	9,649
	207,878	142,476	152,890
Current assets			
Inventories	51,902	37,518	36,252
Trade and other receivables	56,961	35,013	39,015
Cash and cash equivalents	14,430	10,023	13,411
Derivative financial instruments	311	470	178
	123,604	83,024	88,856
Assets held for sale	2,505	15,154	6,516
Total assets	333,987	240,654	248,262
Current liabilities			
Bank loans and overdrafts	(8,694)	(13,852)	(11,523)
Obligations under finance leases	(254)	(874)	(435)
Trade and other payables	(64,612)	(35,400)	(39,538)
Provisions	(1,267)	(170)	(286)
Current tax liabilities	(3,476)	(1,363)	(1,928)
Liabilities held for sale	(1,998)	(1,813)	(2,338)
	(80,301)	(53,472)	(56,048)
Non-current liabilities			
Bank loans	(113,484)	(70,271)	(71,698)
Obligations under finance leases	(96)	(458)	(309)
Other payables	(492)	(209)	(210)
Deferred tax	(13,730)	(9,846)	(9,486)
Provisions	(4,547)	-	-
Preference shares	(62)	(62)	(62)
Retirement benefit obligations	(12,960)	(16,762)	(16,345)
	(145,371)	(97,608)	(98,110)
Total liabilities	(225,672)	(151,080)	(154,158)
Net assets	108,315	89,574	94,104
Equity			
Share capital	1,634	1,611	1,612
Share premium account	60,314	53,524	53,540
Special capital reserve	12,939	12,939	12,939
Hedging reserve	323	433	230
Revaluation reserve	1,585	1,640	1,604
Retained earnings	31,255	19,148	23,900
	108,050	89,295	93,825
Equity attributable to equity holders of the parent	265	279	279
Minority interest			
Total equity	108,315	89,574	94,104

** see Note 7



Unaudited Consolidated Cash Flow Statement

for the half year to 30 April 2007

Note	Unaudited Half year to 30 April 2007 £000	Unaudited Half year to 30 April 2006 £000	Audited Year to 31 Oct 2006 £000
Cash flows from operating activities			
Cash generated from operations	A 13,801	13,397	45,629
Tax paid	(4,718)	(3,626)	(10,588)
Net cash inflow from operating activities	9,083	9,771	35,041
Cash flows from investing activities			
Dividends received from associate	84	107	107
Purchases of property, plant and equipment	(5,097)	(4,882)	(10,148)
Purchases of intangible assets	(194)	(922)	(1,798)
Proceeds on disposal of subsidiary undertaking/division	3,227	-	2,570
Proceeds on disposal of property, plant and equipment	-	-	98
Acquisition of subsidiaries (net of cash acquired)	7 (37,790)	(51,650)	(62,808)
Net cash outflow from investing activities	(39,770)	(57,347)	(71,979)
Cash flows from financing activities			
Dividends paid	(3,610)	-	(3,695)
Interest paid	(2,841)	(2,372)	(5,261)
Proceeds on issue of shares	3	26,402	26,419
New borrowings	47,385	29,549	38,112
Repayment of borrowings	(3,758)	(354)	(5,983)
Net cash inflow from financing activities	37,179	53,225	49,592
Increase in cash and cash equivalents during the period/year	6,492	5,649	12,654
Cash and cash equivalents at start of the period/year	8,995	(2,970)	(2,970)
Effect of foreign exchange rate changes	(1,057)	(112)	(689)
Cash and cash equivalents at end of the period/year	14,430	2,567	8,995

Notes to the Consolidated Cash Flow Statement

for the half year ended 30 April 2007

A. Cash generated from operations	Unaudited Half year to 30 April 2007 £000	Unaudited Half year to 30 April 2006 £000	Audited Year to 31 Oct 2006 £000
Operating profit from continuing operations	22,070	14,351	37,779
Operating profit from acquired operations	518	-	-
Operating loss from discontinued operations	(89)	(177)	(646)
Loss on disposal/impairment of discontinued operations	(1,548)	-	(7,970)
Adjustment for:			
Depreciation of property, plant and equipment	3,498	3,006	5,776
Amortisation of intangible assets	1,067	659	2,044
Impairment of goodwill	-	-	4,890
Impairment of intangible assets	-	-	782
Difference between pension contributions paid and amount recognised in income statement	(70)	-	(939)
Loss on disposal of property, plant and equipment	-	50	-
Increase/(decrease) in provisions	55	(170)	(170)
Operating cash flows before movements in working capital	25,501	17,719	41,546
Increase in inventories	(7,690)	(2,860)	(1,362)
Increase in trade and other receivables	(9,099)	(2,469)	(693)
Increase in trade and other payables	5,089	1,007	6,138
Cash generated from operations	13,801	13,397	45,629
Reconciliation of net cash flow to movement in net debt			
Increase in cash and cash equivalents during the period/year	6,492	5,649	12,654
Cash inflow from increase in debt and lease financing	(43,627)	(29,195)	(32,129)
Change in net debt resulting from cash flows	(37,135)	(23,546)	(19,475)
Increase in debt and finance leasing	(49)	(202)	(247)
Translation difference	(281)	1,117	2,252
Amortisation of debt finance costs	(140)	(27)	(310)
Movement in net debt in the period/year	(37,605)	(22,658)	(17,780)
Net debt at start of the period/year	(70,554)	(52,774)	(52,774)
Net debt at end of the period/year	(108,159)	(75,432)	(70,554)

Analysis of net debt	As at 1 Nov 2006 £000	Cash flow £000	Non-cash changes £000	Exchange movement £000	As at 30 April 2007 £000
Cash at bank and in hand	13,411	2,076	-	(1,057)	14,430
Overdrafts	(4,416)	4,416	-	-	-
Cash and cash equivalents	8,995	6,492	-	(1,057)	14,430
Debt due within one year	(7,107)	3,363	(4,979)	29	(8,694)
Debt due after one year	(71,698)	(47,385)	4,790	747	(113,546)
Finance leases	(744)	395	-	-	(349)
	(70,554)	(37,135)	(189)	(281)	(108,159)



Independent Review Report

To Chemring Group PLC

INTRODUCTION

We have been instructed by the Company to review the financial information for the six months ended 30 April 2007 which comprises the Consolidated Income Statement, the Consolidated Statement of Recognised Income and Expense, the Consolidated Balance Sheet, the Consolidated Cash Flow Statement, the Notes to the Consolidated Cash Flow Statement and the related Notes 1 to 11. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report is made solely to the Company in accordance with Bulletin 1999/4 issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the Company those matters we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our review work, for this report, or for the conclusions we have formed.

DIRECTORS' RESPONSIBILITIES

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report in accordance with the Listing Rules of the Financial Services Authority which require that the accounting policies and presentation applied to the interim figures are consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

REVIEW WORK PERFORMED

We conducted our review in accordance with the guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of Group management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with International Standards on Auditing (UK and Ireland) and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the financial information.

REVIEW CONCLUSION

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 April 2007.

DELOITTE & TOUCHE LLP
Chartered Accountants
Southampton, United Kingdom
26 June 2007

Notes to the Interim Statement

1. BASIS OF PREPARATION

The unaudited financial information for each of the six month periods does not amount to full accounts within the meaning of section 240 of the Companies Act 1985 and has not been delivered to the Registrar of Companies. The interim report was approved by the Board of Directors on 26 June 2007. Full accounts for the year ended 31 October 2006, which include an unqualified audit report, have been delivered to the Registrar of Companies.

The accounting policies applied by the Group in these interim financial statements are the same as those applied by the Group in its consolidated financial statements for the year ended 31 October 2006.

These interim financial statements have been prepared on a going concern basis under the historical cost convention, as modified by the revaluation of certain properties and financial instruments.

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

2. SEGMENTAL ANALYSIS

A segmental analysis of revenue and operating profit is set out below:

	Unaudited Half year to 30 April 2007 £000	Unaudited Half year to 30 April 2006 £000	Audited Year to 31 Oct 2006 £000
Continuing operations:			
Revenue			
Countermeasures	58,443	55,588	118,384
Energetics	48,391	26,996	69,349
Total	106,834	82,584	187,733
Underlying operating profit			
Countermeasures	17,680	15,610	33,876
Energetics	8,641	2,337	10,361
Charge for share based payments	(1,575)	(1,244)	(2,215)
Unallocated head office costs	(1,458)	(2,020)	(3,520)
Underlying operating profit before intangible amortisation arising from business combinations	23,288	14,683	38,502
Intangible amortisation arising from business combinations	(700)	(332)	(723)
Operating profit	22,588	14,351	37,779

3. TAX

The estimated tax rate for the Group for continuing operations for the year ending 31 October 2007 is 33% (2006: 33%).

Notes to the Interim Statement CONTINUED

4. EARNINGS PER SHARE

Earnings per share are based on the average number of shares in issue of 32,305,968 (2006: 29,990,590) and profit on ordinary activities after taxation and minority interests of £11,214,000 (2006: £7,803,000). Diluted earnings per share has been calculated using a diluted average number of shares in issue of 32,531,707 (2006: 30,233,031) and profit on ordinary activities after taxation and minority interests of £11,214,000 (2006: £7,803,000).

The earnings and shares used in the calculations are as follows:

	2007			2006		
From continuing operations	Earnings £000	Ordinary shares Number 000s	EPS Pence	Earnings £000	Ordinary shares Number 000s	EPS Pence
Basic	13,140	32,306	40.67	7,932	29,991	26.45
Additional shares issuable other than at fair value in respect of options outstanding	-	226	(0.28)	-	242	(0.21)
Diluted	13,140	32,532	40.39	7,932	30,233	26.24

Reconciliation from basic earnings per share to underlying earnings per share:

Underlying earnings has been defined as earnings before intangible amortisation arising from business combinations. The directors consider this measure of earnings allows a more meaningful comparison of earnings trends.

	2007			2006		
From continuing operations	Earnings £000	Ordinary shares Number 000s	EPS Pence	Earnings £000	Ordinary shares Number 000s	EPS Pence
Basic	13,140	32,306	40.67	7,932	29,991	26.45
Intangible amortisation arising from business combinations (after tax)	490	-	1.52	224	-	0.74
Underlying	13,630	32,306	42.19	8,156	29,991	27.19

	2007			2006		
From continuing and discontinued operations	Earnings £000	Ordinary shares Number 000s	EPS Pence	Earnings £000	Ordinary shares Number 000s	EPS Pence
Basic	11,214	32,306	34.71	7,803	29,991	26.02
Additional shares issuable other than at fair value in respect of options outstanding	-	226	(0.24)	-	242	(0.21)
Diluted	11,214	32,532	34.47	7,803	30,233	25.81

5. DIVIDENDS

Dividends on ordinary shares of 5p each

Interim dividend for the half year ended 30 April 2006 4.80p
Final dividend for the year ended 31 October 2006 11.20p (2005:7.30p)

	2007 £000	2006 £000
Interim dividend for the half year ended 30 April 2006 4.80p	-	1,565
Final dividend for the year ended 31 October 2006 11.20p (2005:7.30p)	3,610	2,130
Total dividends	3,610	3,695

The proposed interim dividend in respect of the half year ended 30 April 2007 of 7.20p per share will, if approved, absorb approximately £2.4 million of shareholders' funds. No liability for the proposed interim dividend has been included in these interim financial statements.

6. STATEMENT OF CHANGES IN EQUITY

	Unaudited Half year to 30 April 2007 £000	Unaudited Half year to 30 April 2006 £000	Audited Year to 31 Oct 2006 £000
Total recognised income and expense for the period/year	10,568	8,801	13,954
Dividends	(3,610)	(2,130)	(3,695)
Retained profit for the period/year	6,958	6,671	10,259
Ordinary shares issued	22	152	153
Share premium arising	6,774	26,250	26,266
Other recognised gains/losses	471	(339)	586
Net addition to shareholders' funds	14,225	32,734	37,264
Opening shareholders' funds	93,825	56,561	56,561
Closing shareholders' funds	108,050	89,295	93,825



Notes to the Interim Statement CONTINUED

7. ACQUISITIONS

On 30 March 2007 the Group acquired the entire share capital of Simmel Difesa S.p.A.. A summary of the assets acquired and consideration paid is set out below:

	£000
Intangible assets	14,706
Property, plant and equipment	1,979
Net cash	4,662
Working capital	1,786
Deferred tax	(1,146)
Provisions falling due within one year	(1,095)
Provisions falling due in more than one year	(4,378)
	16,514
Goodwill	36,863
Net assets acquired	53,377
Consideration	
Cash	46,584
Share issue	6,793
Total consideration	53,377

Cash consideration consisted of £42,171,000 paid on completion, with a further £4,413,000 payable within ninety days of completion. The acquisition was funded by an additional medium term loan and by the issue of 373,551 new ordinary shares.

At 30 April 2007 the estimated fair value of assets and liabilities are provisional and will be updated following the completion of the fair value exercise.

Summary of cash flows:	£000
Cash paid for acquisitions in the period	(42,171)
Cash acquired	4,662
Cash paid for acquisitions reported in prior periods	(281)
Net cash outflow	(37,790)

**Prior period balance sheet restatement

During the prior year the Group acquired Technical Ordnance Inc.. The fair value of intangible assets acquired of £6,721,000 was recognised at 30 April 2006 based on provisional values. The fair values have been finalised since April 2006 and in accordance with IFRS3 an increase of £13,002,000 has been made retrospectively to the value of intangible assets, principally due to the recognition of additional customer relationship assets. Goodwill has been retrospectively decreased by £13,002,000. Amortisation charges on acquired intangible assets for the period to 30 April 2007 are such that the cumulative amortisation charged is appropriate for the revised fair value of intangible assets. This is the only adjustment relating to prior periods.

8. POST BALANCE SHEET EVENT

On 4 June 2007 the Group announced the conditional acquisition of Dyno Nobel's High Energy Materials business in Norway for £2.8 million. The acquisition is expected to complete in July following the transfer of certain key operating licences and business contracts.

9. INSURANCE CLAIM

The Group is pursuing a claim against its former insurance brokers, concerning the insurance cover for Kilgore Flares Company LLC and the brokers' subsequent handling of a claim following a manufacturing incident at Kilgore Flares Company LLC on 18 April 2001. During the half year the Group incurred costs of £34,000 (2006: £33,000) in relation to the claim, which were written-off.

The balance of the claim that had not been recovered from the Group's insurance brokers at 30 April 2007 was £2,476,000 (2006: £2,712,000), which has been included within other debtors. Foreign exchange movements of £119,000 (2006: £84,000) have been recognised through the Statement of Recognised Income and Expense.

10. DISCONTINUED OPERATIONS: MARINE BUSINESS

The results of the discontinued marine business for the period, or to the date of disposal, which have been included in the Consolidated Income Statement, were as follows:

	Unaudited Half year to 30 April 2007 £000	Unaudited Half year to 30 April 2006 £000	Audited Year to 31 Oct 2006 £000
Revenue	3,785	5,104	11,348
Trading loss (including finance expense)	(137)	(177)	(984)
Loss on disposal	(1,548)	-	(7,970)
Loss before tax	(1,685)	(177)	(8,954)
Tax	(241)	48	864
Loss after tax	(1,926)	(129)	(8,090)

The loss on disposal in the period ended 30 April 2007 includes £0.7 million in respect of closure provisions, predominantly relating to leased premises which the Group no longer occupies.

On 30 June 2006, the Group sold its McMurdo Lights business to Daniamant Limited for the sum of £2.8 million; £0.2 million of the consideration is receivable in July 2007.

On 15 December 2006, the Group announced the conditional sale of its McMurdo Marine Electronics business to Signature Industries Limited for £2.8 million. The sale completed on 5 April 2007. Deferred contingent consideration of up to £1.5 million, receivable in December 2007, is dependent on revenue targets being achieved and has not been recognised in the interim financial statements at 30 April 2007.



Notes to the Interim Statement CONTINUED

10. DISCONTINUED OPERATIONS: MARINE BUSINESS CONTINUED

On 21 December 2006, the Group sold the entire share capital of Leaffield Marine Limited for £436,000.

On 18 May 2007, post period end, the Group sold the entire share capital of I.C.S. Electronics Limited for £1.

Amounts included within 'Assets held for sale' and 'Liabilities held for sale' in the Consolidated Balance Sheet at 30 April 2007 relate to a receivable for deferred consideration following the sale of the McMurdo Lights business and recoverable working capital balances, provisions and taxation balances retained following the sale of the McMurdo Marine Electronics business.

11. CORPORATE WEBSITE

Further information on the Group and its activities can be found on the corporate website at www.chemring.co.uk.