

CASSIDY BROTHERS plc



INTERIM REPORT

HALF YEAR ENDED 31 OCTOBER 2006

CASSIDY BROTHERS plc (the "Company")

Interim Results to 31 October 2006

Chairman's Statement

I am pleased to report a continued improvement in the Company's performance, during the six months to 31st October 2006 in which turnover rose 5.0% to £ 1.80 million (2005: £1.71 million) and profit before taxation increased to £265,597 (2005: £50,143). The improvement in profitability is due to higher sales and a 10% reduction in operating and administrative costs. This has been accompanied by a 24% reduction in stock levels at 31st October 2006 compared with 31st October 2005.

The Company's balance sheet remains strong. As at 31st October 2006 the Company had net assets of £3,392,672, representing a net asset value of 61.4 pence per share (2005: 55.5 pence per share).

Current Trading

The Company vacated its former office on 14th August 2006 and moved to newly built premises located within the main warehouse. The new offices also boasted a new computer and IP telephone system. This development was financed entirely from current cash resources. Refurbishment of the former offices required significant investment to meet new health and safety standards prior to any tenancy occupation, and again this was financed from the Company's existing cash resources. Thankfully the majority of this work is behind us and the first floor has been occupied since 7th January 2007 for an annual income of approximately £22,000 plus a reduction in local authority rates payable of £6,500 per annum. The office ground floor is currently still vacant but we are marketing this through local agents. Following the refurbishment of both properties the Board intends to obtain an independent valuation of the Company's properties for inclusion in the 2007 accounts. The Board anticipates that this will reveal a significant increase in value over the current book cost.

The UK market in 2006 has seen a further reduction in the number of independent retailers as the high street multiples and supermarkets take more of their business. Ironically, Casdon's own increases have not come from these multiples but from a mixture of new UK business, specialist toy retail chains, mail order, wholesale distributors and internet companies. The high street multiples have to 'cherry pick' their range, their shelf and catalogue space is too valuable, and whereas Casdon have some unique cherries, we haven't had enough of them these last two or three years. Internet trading has been a valuable experience for us, but although profitable it hasn't generated enough revenue to justify the time spent on its administration.

It was never our intention to under cut the prices of our own customers but I will comment on this further in my year end statement.

Interim Dividend

The Directors are confident that the prospects for the Company will continue to make good progress in 2007 and the Board has therefore announced an interim dividend of 0.7 pence per share (2006: Final Dividend 0.5 pence per share) to be paid on 10 April 2007 to shareholders on the register on 9 March 2007. The Directors would like to thank all shareholders for their continuing support.

Future Prospects

The Company intends to launch eighteen new products designed in the UK by Casdon during 2007. All of the products are classic Casdon items in the genre of Shopping, Household, and Dolls Accessories. The latter group, which we manufactured in the UK up until the mid 1990's, once represented 30% of the Company's turnover, and consisted of products such as cots, highchairs, prams and doll carry seats. This range suffered from Far East competition during the late 1990's and when our largest accounts developed their 'own brand' ranges they gradually replaced the Casdon brand. There is, however, a current trend in the toy market for a large 46cm (18 inch) doll, for which our range has been designed, and Casdon plan to promote this range through a television campaign, which will run from September 2007.

We are seeing continuing progress from our successful PegSculpture range the patents for which were granted this year in the UK and Hong Kong. We are pleased to report that one of the two products taken by Argos is to be continued in their Spring/Summer catalogue, and a US company that manufactures a forensic activity range based on the popular TV series CSI will now pay us royalties on their sales. The Little Henry Vacuum Cleaner has proved successful and sales are expected to increase during 2007. Our FOB Hong Kong business continues to increase with more business enquiries for the toy Dyson coming from Germany, Japan and the USA. I will be able to comment in more detail in my year end statement after the 2007 trade fairs in the UK, Germany and New York.

Paul M. Cassidy
Chairman
23 January 2007

CASSIDY BROTHERS plc

INTERIM RESULTS

Profit & Loss Account	Six months ended 31 October 2006 (unaudited)	Six months ended 31 October 2005 (unaudited)	Year ended 30 April 2006 £
Turnover	1,796,798	1,710,590	3,245,965
Cost of Sales	(1,026,054)	(1,203,685)	(1,921,567)
Gross Profit	770,744	506,905	1,324,398
Warehouse and Distribution Costs	(366,383)	(405,427)	(922,426)
Administrative Expenses	(194,630)	(217,915)	(443,284)
Other Operating Income	56,717	30,148	87,476
Operating Profit / (Loss)	266,448	(86,289)	46,164
Net interest receivable (payable)	(851)	1,539	3,979
Profit / (Loss) on ordinary activities before taxation	265,597	(84,750)	50,143
Taxation	(50,463)		6,099
Profit / (Loss) attributable to shareholders	215,134	(84,750)	56,242
Dividends	(27,620)		
Retained Profit / (Loss)	187,514	(84,750)	56,242
Earnings per share	3.89p	(1.53)p	1.02p

**SUMMARISED
BALANCE SHEETS**

	As at 31 October 2006 (unaudited)	As at 31 October 2005 (unaudited)	As at 30 April 2006
Fixed assets	1,955,685	1,885,520	1,873,011
Stock	383,992	503,594	291,246
Debtors	1,294,578	1,352,420	422,425
Cash	400,136	188,828	1,031,266
Current assets	2,078,706	2,044,842	1,744,937
Creditors: amounts falling due within one year	(581,719)	(808,196)	(352,790)
Net current assets	1,496,987	1,236,646	1,392,147
Total assets less current liabilities	3,452,672	3,122,166	3,265,158
Deferred liabilities and provisions	(60,000)	(58,000)	(60,000)
Net assets employed	3,392,672	3,064,166	3,205,158
Share capital	552,435	552,435	552,435
Reserves	2,840,237	2,511,731	2,652,723
Shareholders' Funds	3,392,672	3,064,166	3,205,158
NAV per share	611.4p	55.5p	58.01 p

**CASH FLOW
STATEMENT**

	Six Months Ended 31 October 2006	Six Months Ended 31 October 2005	Year Ended 30 April 2006
Operating Profit	266,448	(86,289)	46,164
Depreciation charges	45,431	51,453	106,799
Loss on sale of tangible fixed assets		32,352	32,352
(Increase) Decrease in Stock	(92,746)	(7,255)	205,093
Decrease (Increase) in Debtors	(872,153)	(882,587)	55,507
Increase / (Decrease) in Creditors	149,839	172,531	(148,342)
	(503,181)	(719,795)	297,573
Net Interest (paid) / received	(851)	1,539	3,979
Taxation			67,394
Capital Expenditure	(128,105)	(61,886)	(109,076)
Equity Dividends paid	(27,620)		
Unsecured loan and Finance lease		29,761	(21,750)
(Decrease) / increase in Cash Flow	(659,757)	(750,381)	238,120

Notes

1. The results for the half year ended 31 October 2006, which have been prepared in accordance with the accounting policies adopted in the financial statements for the year ended 30 April 2006, have not been audited or reviewed by the Company's Auditors and do not constitute statutory accounts as defined in s240 of the Companies Act 1985.

The financial information for the year ended 30 April 2006 is an abridged version of the full accounts for that year, which have received an unqualified audit report and have been filed with the Registrar of Companies.

2. Taxation for the six months ended 31 October 2006 has been based on the estimated effective tax rate for the full year.

3. The calculation of Earnings per share is based upon the profit after taxation for the period divided by the number of ordinary shares in issue during the period. The number of shares in issue was 5,524,350 ordinary shares.

4. The calculation of Net Asset Value per share is based upon shareholders funds divided by the number of ordinary shares in issue at the balance sheet date. The number of shares in issue was 5,524,350 ordinary shares.

5. Deferred liabilities and provisions relate entirely to provisions for deferred taxation.

6. This interim report will be available from the Company's offices and a copy will be sent to shareholders.