

# C.H. BAILEY PLC

## Chairman's statement and financial results for the six months ended 30<sup>th</sup> September 2011 (unaudited)

### Interim Statement and Results

Results for the six month period ended 30<sup>th</sup> September 2011, show a profit of £7,729,350 (2010: loss £685,394). The profit is primarily due to the sale of certain property in Malta. Revenues for the period decreased by some 4.3%, however, the cost of sales reduced by 10.2% resulting in an increase in the gross profit of £ 78,000, which is an improvement of 12.5% on last year.

Administrative costs increased over the period by £176,000, mainly due to a single large industrial injury claim, repairs and maintenance to plant and machinery and increases in professional and utility costs in Tanzania. This means that for this period, excluding the income generated from the property sale, the group made a trading loss of £88,000 (2010: profit £10,462). The overall result has also been affected by exchange losses as well as the fall in the value of the Group's investments, in particular those in the financial sector.

The sale of property in Malta has dramatically affected the Income Statement and Balance Sheet, with the period showing an operating profit of £ 9,025,104 (2010: *Loss* £613,776) which is reflected in cash or cash equivalents in the Balance Sheet of £ 11,651,153 (2010: £ 1,718,483).

As announced in September 2011 at the time of the Malta property sale, it was decided that the group would use some of the sale proceeds to reduce a large part of the Group debt. This has now been completed and further investments have also been made. In these difficult times we will continue to seek to reduce our costs and debts, whilst maintaining a liquid investment portfolio.

At the same time, the Board decided that the payment of an interim dividend was not advisable and that it was prudent to wait and review the year end results for the Group and, in particular, monitor the trading results. We are still not trading profitably and seeking to remedy this must be the main corporate focus of the next 12 months. Our current liquidity will allow us a level of security to review structurally and strategically the Company's future.

### UK Operations

During the period it was decided to cease the day to day ticketing operations of Bay Travel Ltd due to lower volumes and reduced margins making it increasingly difficult to remain in positive territory. Bailey Industrial Engineering (BIE) has managed to increase its market share and has seen a steady increase in revenues for the period but overall margins have been reduced. Regardless, BIE management's initiatives and the work forces' commitment have resulted in this division posting a break even result for the period, for which they should be congratulated especially as they operate in a very competitive industry.

### Malta

The bringing forward and subsequent part sale of the property in September 2011 came as a welcome surprise. Approaches had been previously made but it was not until mid-August 2011 when the purchaser confirmed their

# C.H. BAILEY PLC

## **Chairman's statement and financial results for the six months ended 30<sup>th</sup> September 2011 (unaudited)**

interest and intention by providing proof of funds, so that a process could be initiated and the part sale agreed and finalised.

The niche student market in Malta has not been badly affected and the hotel has again traded well. We understand from our main customers that the forecast for next year is encouraging and we hope to maintain our profitability even with the reduced bed stock, brought about by the property sale.

### Tanzania

This division's results have been affected by a devaluation in the Tanzanian Shilling, which makes the country more competitive in the global market but unfortunately it does financially affect our existing investments.

We are seeing better occupancy levels at the Hotel in Dar es Salaam, which is encouraging. Your camps at Mikumi and Beho Beho have seen a reduction in bed nights but an overall increase in revenues and margins. The development at the hotel is progressing well, forecasting encouraging returns following its opening in November 2011.

Recently we have witnessed large inward investment into Tanzania and we are confident we shall continue to see a significant increase in foreign currency revenues in the future. We believe that the diversity of our revenue base will allow this division to see continued growth.

### Current trading and outlook

As stated, we are in uncertain and volatile times. We continue to initiate and maintain positive changes, which are being embraced by everybody in the Group. We believe we can continue to increase our sales, meet our targets, become more efficient and maintain our level of customer service.

We do realise that to achieve all of this will be very difficult in the current economic climate. However, due to the current liquidity within the Group, we now have a strong platform on which to grow. We remain committed and will endeavour to make the difficult decisions for the benefit of the Company, its employees and shareholders.

Charles H Bailey  
14 December 2011

# C.H. BAILEY PLC

## Consolidated Income Statement for the six months ended 30<sup>th</sup> September 2011 (unaudited)

	Six months ended 30th September 2011	Six months ended 30th September 2010	Year ended 31st March 2011
	£	£	£
<b>Revenue</b>	2,277,170	2,378,905	4,298,596
Cost of sales	(1,575,674)	(1,755,143)	(3,235,190)
<b>Gross profit</b>	701,496	623,762	1,063,406
Profit on the sale of property	9,630,205	-	587,859
Administrative expenses	(789,200)	(613,300)	(1,386,761)
<b>Trading profit (loss)</b>	9,542,501	10,462	264,504
Investment activities and other income	(517,397)	(624,238)	(517,198)
<b>Operating profit (loss)</b>	9,025,104	(613,776)	(252,694)
<b>EBITDA*</b>	(451,078)	(414,904)	(477,368)
Depreciation	(154,023)	(198,872)	(363,313)
Profit on sale of plant and equipment	-	-	128
Profit on sale of property	9,630,205	-	587,859
<b>Operating profit (loss)</b>	9,025,104	(613,776)	(252,694)
Finance income	21,589	25,928	44,799
Finance costs	(115,087)	(119,656)	(272,035)
<b>Profit (loss) before taxation</b>	8,931,606	(707,504)	(479,930)
Taxation	(1,108,129)	25,296	(106,358)
Minority interest	(94,127)	(3,186)	(7,032)
<b>Profit (loss) for the financial period</b>	7,729,350	(685,394)	(593,320)
Earnings (loss) per share from continuing operations	92.73p	(8.22p)	(7.12p)
Earnings (loss) per share from total operations	92.73p	(8.22p)	(7.12p)

\*Earnings before interest, taxation, depreciation, profit on sale of plant and equipment and profit on sale of property.

# C.H. BAILEY PLC

## Consolidated Balance Sheet as at 30th September 2011 (unaudited)

	30th September 2011	30th September 2010	31st March 2011
	£	£	£
<b>Non-current assets</b>			
Property, plant and equipment	7,424,633	9,900,395	10,727,180
Deferred tax asset	183,185	187,574	151,868
	<b>7,607,818</b>	<b>10,087,969</b>	<b>10,879,048</b>
<b>Current assets</b>			
Inventory	22,603	26,042	29,498
Trade and other receivables	1,541,180	892,642	1,351,953
Current asset investments	2,231,062	1,581,506	1,731,722
Cash and cash equivalents	11,651,153	1,718,483	1,364,541
	<b>15,445,998</b>	<b>4,218,673</b>	<b>4,477,714</b>
<b>Current liabilities</b>			
Trade and other payables	(2,133,939)	(2,114,118)	(1,755,831)
Bank loans and overdrafts	(1,219,208)	(850,887)	(1,241,666)
Other loans	(677,749)	(671,307)	(676,531)
Obligations under finance leases	(5,156)	(26,897)	(14,491)
Provisions	(225,000)	(225,000)	(225,000)
	<b>(4,261,052)</b>	<b>(3,888,209)</b>	<b>(3,913,519)</b>
<b>Net current assets</b>	<b>11,184,946</b>	<b>330,464</b>	<b>564,195</b>
<b>Total assets less current liabilities</b>	<b>18,792,764</b>	<b>10,418,433</b>	<b>11,443,243</b>
<b>Non-current liabilities</b>			
Trade and other payables	-	(700,873)	(720,431)
Bank loans	(3,748,811)	(1,830,461)	(2,893,409)
Obligations under finance leases	-	(3,770)	(2,859)
Deferred tax liabilities	(282,394)	(702,480)	(732,642)
<b>Net assets</b>	<b>14,761,559</b>	<b>7,180,849</b>	<b>7,093,902</b>
<b>Equity</b>			
Called-up share capital	833,541	833,541	833,541
Share premium account	609,690	609,690	609,690
Capital redemption reserve	5,163,332	5,163,332	5,163,332
Translation reserve	848,185	776,241	874,630
Retained earnings	7,137,432	(280,576)	(464,100)
<b>Surplus attributable to the parent's shareholders</b>	<b>14,592,180</b>	<b>7,102,228</b>	<b>7,017,093</b>
Minority interest	169,379	78,621	76,809
<b>Total equity</b>	<b>14,761,559</b>	<b>7,180,849</b>	<b>7,093,902</b>

# C.H. BAILEY PLC

## Consolidated Cash Flow Statement for the six months ended 30<sup>th</sup> September 2011 (unaudited)

	Six months ended 30th September 2011	Six months ended 30th September 2010	Year ended 31st March 2010
	£	£	£
<b>Cash flows from operating activities</b>			
Cash generated from operations	(813,193)	688,222	(320,553)
Interest paid	(115,087)	(119,656)	(272,035)
Overseas tax paid	(1,575,606)	-	(85,390)
<b>Net cash flow from operating activities</b>	<b>(2,503,886)</b>	<b>568,566</b>	<b>(677,978)</b>
<b>Investing activities</b>			
Sale of property, plant and equipment	13,137,253	14,192	609,163
Purchase of property, plant and equipment	(682,881)	(414,631)	(1,327,713)
Sale of investments	1,419	93,269	97,109
Purchase of investments	(708,281)	(180,596)	(254,997)
Purchase of minority interest	-	-	(30,000)
Interest received	21,589	25,928	44,799
<b>Net cash flow from investing activities</b>	<b>11,769,099</b>	<b>(461,838)</b>	<b>(861,639)</b>
<b>Financing activities</b>			
Movement in bank loans	795,491	7,849	1,074,529
Movement in directors' loans	296,208	(85,277)	(286,039)
Movement in other loans	1,218	2,293	7,517
Movement in capital element of finance leases	(12,194)	(7,201)	(20,518)
<b>Net cash flow from financing activities</b>	<b>1,080,723</b>	<b>(82,336)</b>	<b>775,489</b>
<b>Net movement in cash and cash equivalents</b>	<b>10,345,936</b>	<b>24,392</b>	<b>(764,128)</b>
Cash and cash equivalents at beginning of the period	122,875	911,428	911,428
Exchange differences	(36,866)	(68,224)	(24,425)
<b>Cash and cash equivalents at end of the period</b>	<b>10,431,945</b>	<b>867,596</b>	<b>122,875</b>
<b>Reconciliation of net cash flow to movement in net debt in the period</b>			
Net movement in cash and cash equivalents	10,345,936	24,392	(764,128)
Cash flow from the movement in debt	(784,515)	(2,941)	(1,061,528)
<b>Movement in net debt during the period</b>	<b>9,561,421</b>	<b>21,451</b>	<b>(1,825,656)</b>
Net debt at the beginning of the period	(3,464,415)	(1,704,989)	(1,704,989)
Exchange differences	(96,777)	18,699	66,230
<b>Net debt at the end of the period</b>	<b>6,000,229</b>	<b>(1,664,839)</b>	<b>(3,464,415)</b>

# C.H. BAILEY PLC

## Consolidated Statement of Comprehensive Total Income for the six months ended 30<sup>th</sup> September 2011 (unaudited)

	Six months ended 30th September 2011	Six months ended 30th September 2010	Year ended 31st March 2010
	£	£	£
Profit (loss) for the financial period	7,729,350	(685,394)	(593,320)
Exchange differences	(154,263)	144,560	(10,415)
Purchase of minority interest	-	-	(22,234)
<b>Total comprehensive income for the period</b>	<b>7,575,087</b>	<b>(540,834)</b>	<b>(625,969)</b>

# **C.H. BAILEY PLC**

## **Notes to the Consolidated Interim Financial Statements for the six months ended 30<sup>th</sup> September 2011 (unaudited)**

### **1. General Information**

#### **Basis of preparation**

These interim financial statements have been prepared in accordance with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as adopted by the European Union and with the Companies Act 2006. Therefore these financial statements comply with the AIM rules.

The interim financial statements have been prepared using the historical cost basis of accounting except for:

- i) Properties held at the date of transition to IFRS which are stated at deemed cost;
- ii) Assets held for sale which are stated at the lower of fair value less anticipated disposal costs and carrying value.

#### **Functional and presentational currency**

The financial statements are presented in pounds sterling because that is the functional currency of the primary economic environment in which the group operates.

### **2. Significant accounting policies**

#### **Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the company and entities controlled by the company (its subsidiaries) made up to 30<sup>th</sup> September 2011.

Minority interests in the net assets of consolidated subsidiaries are identified separately from the group's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination (see below) and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposals, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

# C.H. BAILEY PLC

## Notes to the Consolidated Interim Financial Statements for the six months ended 30<sup>th</sup> September 2011 (unaudited)

### Business combinations and goodwill

The acquisition of subsidiaries is accounted for using the acquired method. The assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at their acquisition date except for non-current assets (or disposals groups) that are classified as held for sale in accordance with IFRS 5 which are recognised and measured at fair value less costs to sell. Any excess of the cost over the asset valuation as calculated above is recognised as goodwill.

Goodwill arising on consolidation represents the excess of consideration over the group's interest in the fair value of assets acquired. Goodwill is recognised as an asset and is not amortised. It is reviewed for impairment at each reporting date as detailed in "impairment of non-financial assets" below.

In accordance with the options that are available under IFRS 1 on transition to IFRS, the group elected not to apply IFRS 3 retrospectively to past business combinations that occurred before the date of transition to IFRS. Accordingly goodwill that had previously been offset against reserves under UK GAAP has not been recognised in the opening IFRS balance sheet. The interest of any minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

### Investments in associates and trade investments

The results of entities over which the group is not in a position to be able to exercise significant influence despite holding a significant shareholding are not accounted for as associates and therefore are not equity accounted. The companies are classified as trade investments and are carried at cost within non-current assets as they are held as a long term investments. Dividend income is recognised in the income statement on a cash basis when received.

### Property, plant and equipment

Property is carried at deemed cost at the date of transition to IFRS based on the previous UK GAAP valuations. Plant and equipment held at the date of transition and subsequent additions to property, plant and equipment are stated at purchase cost including directly attributable costs. The group does not have a revaluation policy. Freehold land is not depreciated. Depreciation of other property, plant and equipment is provided on a straight line basis using rates calculated to write down the cost of each asset over its estimated useful life as follows:

Property:	
Freehold buildings and long leasehold property	1%
Short leasehold buildings	Period of the lease
Plant and equipment	Between 5% and 50%

Annual reviews are made of estimated useful lives and material residual values.

# **C.H. BAILEY PLC**

## **Notes to the Consolidated Interim Financial Statements for the six months ended 30<sup>th</sup> September 2011 (unaudited)**

### **Lessee accounting**

Property leases are split into two elements, land and buildings and each considered in isolation and each element is reviewed to determine if it is operating or finance in nature. Initial rental payments in respect of operating leases are included in current and non-current assets as appropriate and amortised to the income statement over the period of the lease. Ongoing rental payments are charged as an expense in the income statement on a straight line basis until the date of the rent review. Finance leases are capitalised and depreciated in accordance with the accounting policy for property, plant and equipment. As permitted by IFRS 1 at the date of transition to IFRS, the carrying value of long leasehold properties are based on the previous UK GAAP valuations and this has been taken as deemed cost. Rental costs arising from operating leases are charged as an expense in the income statement on a straight line basis over the period of the lease.

### **Non-current assets held for sale**

Non-current assets are reclassified as assets held for sale if their carrying value will be recovered through a sale transaction on which is highly probable to be completed within 12 months of the initial classification. Assets held for sale are valued at the lower of carrying amount at the date of initial classification and fair value less costs to sell.

### **Impairment of non-financial assets**

Goodwill is tested annually for impairment, or more frequently if there are any changes in circumstances or events that indicate that a potential impairment may exist. Goodwill impairments cannot be reversed. Property, plant and equipment are reviewed for indications of impairment when events or changes in circumstances indicate that the carrying amount may not be recovered. If there are indications then a test is performed on the asset affected to assess its recoverable amount against carrying value. An asset impaired is written down to the higher of value in use or its fair value less cost to sell.

### **Deferred and current taxation**

The charge for taxation is based on the taxable profit or loss for the period and takes into account taxation deferred because of differences between the treatment of certain items for taxation and for accounting purposes. Full provision is made for the tax effects of these differences. Deferred tax is measured using tax rates that have been enacted, or substantively enacted, by the period end balance sheet date. Deferred tax assets and liabilities are not discounted.

The carrying amount of the deferred tax assets is reviewed at each reporting balance sheet date to ensure that it is probable that sufficient taxable profits will be available to allow the asset to be recovered. Assets and liabilities, in respect of both deferred and current tax, are only offset when there is a legally enforceable right to offset and the assets and liabilities relate to taxes levied by the same taxation authority.

# C.H. BAILEY PLC

## Notes to the Consolidated Interim Financial Statements for the six months ended 30<sup>th</sup> September 2011 (unaudited)

Deferred and current tax are charged or credited in the income statement except when they relate to items charged directly to equity in which case the associated tax is also dealt with in equity.

### Stocks

Stocks are valued at the lower cost of purchase and net realisable value. Cost comprises actual purchase price and where applicable associated direct costs incurred bringing the stock to its present location and condition. Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow moving or defective items where appropriate.

### Financial instruments

Financial assets and financial liabilities are recognised on the consolidated balance sheet when the group becomes a party to the contractual provisions of the instrument.

Financial assets are recognised and derecognised on a trade date where the purchase or sale of an asset is under contract whose terms require delivery of the investment within the timeframe established by the market concerned. Financial assets are classified as “loans and receivables”, “held to maturity” investments, “available for sale” investments or “assets at fair value through the profit and loss” depending upon the nature and purpose of the financial asset. The classification is determined at the time of the initial recognition.

Financial assets are normally classified as “loans and receivables” and are initially measured at fair value including transaction costs incurred. The only financial assets currently held at “fair value through profit or loss” are the current asset investments.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. Financial liabilities are normally classified as “other financial liabilities” and are initially measured at fair value, normally cost, net of transaction costs.

### Loans and receivables

Trade receivables, loans and other receivables are measured at initial recognition at fair value and, except for short term receivables where the recognitions of interest would be immaterial, are subsequently re-measured at amortised cost using the effective interest rate method. Allowances for irrecoverable amounts, which are dealt with in the income statement, are calculated based on the difference between the asset’s carrying amount and the present value of estimated future cash flows, calculated based on past default experience, discounted at the effective interest rate computed at initial recognition where material.

### Derivative financial instruments and hedge accounting

The group’s borrowing is subject to floating interest rates based on LIBOR plus the most competitive margin available. The group’s policy is not to hedge its international assets with respect to foreign currency balance sheet translation exposure, nor against foreign currency transactions. The group

# C.H. BAILEY PLC

## Notes to the Consolidated Interim Financial Statements for the six months ended 30<sup>th</sup> September 2011 (unaudited)

generally does not enter into any forward exchange contract and it does not use financial instruments for speculative purposes. Derivative financial instruments are initially measured at cost and are re-measured at fair value at the balance sheet date. Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement as they arise

### **Cash and cash equivalents**

Cash and cash equivalents includes cash-in-hand, cash at bank and short term highly liquid investments that are readily convertible into known amounts of cash within three months from the date of initial acquisition with an insignificant risk of a change in value.

### **Impairment of fixed assets**

Financial assets other than those designated as “assets at fair value through the profit and loss” are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investment have been impacted.

### **Other financial liabilities**

Other financial liabilities, including trade payables, are measured on initial recognition at fair value and, except for short term payables where the recognition of interest would be immaterial, are subsequently re-measured at amortised cost using the effective interest rate method.

### **Bank loans**

Interest bearing bank loans are recorded at the proceeds received less capital repayments made. Finance charges are accounted for on an accruals basis in the income statement using the effective interest rate method. They are included within accruals to the extent that they are not settled in the period in which they arise.

### **Provisions**

Provisions are created where the group has a present obligation (legal or constructive) as a result of a past event where it is probable that the group will be required to settle that obligation. Provisions are measured at the director’s best estimate of the expenditure required to settle the obligation at the balance sheet date. Provisions are only discounted to present value where the effect is material.

### **Net debt**

Net debt is defined as cash and cash equivalents, bank and other loans including finance lease obligations and derivative financial instruments stated at current fair value.

# C.H. BAILEY PLC

## Notes to the Consolidated Interim Financial Statements for the six months ended 30<sup>th</sup> September 2011 (unaudited)

### Revenue recognition

#### Revenue

Revenue represents the fair value of the consideration received and receivable for services provided and goods supplied to third party customers. In respect of long term contracts and contracts for on-going services, revenue is recognised as the contract progresses on the basis of work completed. Revenue excludes value added tax.

#### Investment and interest income

Dividend income is recognised in the income statement when the shareholder's right to receive payment has been established. Interest income from bank deposit accounts is accrued on a time basis calculated by reference to the principal on deposit and effective interest rate applicable.

#### Foreign Currencies

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated into pounds sterling at the financial reporting period end rates. Non monetary items that are measured in terms of historical cost in a foreign currency are not re-translated. The results of overseas subsidiary undertakings, associates and trade investments are translated into pounds sterling at average rates for the year unless exchange rates fluctuate significantly during that period in which case exchange rates at the date of transactions are used. The closing balance sheets are translated at the year end rates and the exchange differences arising are transferred to the group's translation reserve as a separate component of equity and are reported within the statement of recognised income and expense. All other exchange differences are included within the income statement in the year. In accordance with IFRS 1, the translation reserve has been set to zero at the date of transition to IFRS.

#### Operating profit

Operating profit is defined as the profit for the period from continuing operating costs and income but before income from other participating interests, finance income, finance costs, and taxation. Operating profit is disclosed as a separate line on the face of the income statement.

Normalised operating profit is the same as the above but excludes non-recurring items, for example profit on the sale of property. Normalised operating profit is reconciled to operating profit on the face of the income statement.

#### Other gains and losses

Other gains and losses are material items that arise from unusual non-recurring events. They are disclosed separately, in aggregate, on the face of the income statement after operating profit where in the opinion of the directors such disclosure is necessary in order to fairly present the results for the financial period.

#### Finance costs

Finance costs are recognised in the income statement on the accruals basis in the year in which they are incurred.

# C.H. BAILEY PLC

## Notes to the Consolidated Interim Financial Statements for the six months ended 30<sup>th</sup> September 2011 (unaudited)

### 3. Segmental information

		Revenue continuing operations	Operating profit (loss) continuing operations	Net assets
<b>Classes of business</b>		£	£	£
<b>Industrial:</b>				
Six months to 30th September	2011	850,783	5,886	388,687
Six months to 30th September	2010	550,073	(26,472)	294,827
Year to 31st March	2011	1,384,600	15,261	423,504
<b>Leisure:</b>				
Six months to 30th September	2011	1,417,136	9,848,832	4,243,495
Six months to 30th September	2010	1,819,583	264,543	7,016,825
Year to 31st March	2011	2,895,498	705,833	6,495,933
<b>Management:</b>				
Six months to 30th September	2011	9,251	(829,614)	10,129,377
Six months to 30th September	2010	9,249	(851,847)	(130,803)
Year to 31st March	2011	18,498	(973,788)	174,465
<b>Total:</b>				
Six months to 30th September	2011	2,277,170	9,025,104	14,761,559
Six months to 30th September	2010	2,378,905	(613,776)	7,180,849
Year to 31st March	2011	4,298,596	(252,694)	7,093,902
<b>Geographical segments</b>				
<b>United Kingdom:</b>				
Six months to 30th September	2011	779,976	(305,781)	(258,274)
Six months to 30th September	2010	1,006,814	(262,877)	(78,968)
Year to 31st March	2011	2,253,789	(443,720)	93,830
<b>Malta, Tanzania and Rest of the World:</b>				
Six months to 30th September	2011	1,497,194	9,330,885	15,019,833
Six months to 30th September	2010	1,372,091	(350,899)	7,259,817
Year to 31st March	2011	2,044,807	191,026	7,000,072
<b>Total:</b>				
Six months to 30th September	2011	2,277,170	9,025,104	14,761,559
Six months to 30th September	2010	2,378,905	(613,776)	7,180,849
Year to 31st March	2011	4,298,596	(252,694)	7,093,902

# C.H. BAILEY PLC

## Notes to the Consolidated Interim Financial Statements for the six months ended 30<sup>th</sup> September 2011 (unaudited)

### 4. Earnings per share

The earnings per share has been calculated by reference to the weighted average number of ordinary shares of 10p each in issue of 8,335,413 (2010: 8,335,413). There are no share options, convertible equity or debt instruments in issue.

### 5. Called-up share capital

		30th September 2011	30th September 2010	31st March 2011
Authorised:		£	£	£
	60,000,000 ordinary shares of 10p each	6,000,000	6,000,000	6,000,000
Issued and fully paid:				
	8,335,413 ordinary shares of 10p each	833,541	833,541	833,541

### 6. Cash generated from operations

	Six months ended 30th September 2011	Six months ended 30th September 2010	Year ended 31st March 2011
	£	£	£
Operating profit (loss) continuing operations	9,025,104	(613,776)	(252,694)
Depreciation	154,023	198,872	363,313
(Profit) on sale of property, plant and equipment	(9,630,205)	-	(587,987)
Loss (profit) on sale of current asset investments	451	(27,077)	(26,333)
Fair value movement of investments	44,489	(12,584)	(120,823)
Provision on current asset investments	162,582	90,335	118,175
Exchange differences	(469,205)	788,028	541,664
Cash generated from operations before movements in working capital	(712,761)	423,798	35,315
Decrease in inventories	6,895	5,420	1,964
(Increase) decrease in trade and other receivables	(189,227)	26,704	(432,607)
Increase in trade and other payables	81,900	232,300	74,775
Cash generated from operations	(813,193)	688,222	(320,553)

### 7. Cash and cash equivalents

## C.H. BAILEY PLC

### Notes to the Consolidated Interim Financial Statements for the six months ended 30<sup>th</sup> September 2011 (unaudited)

	30th September 2011	30th September 2010	31st March 2011
	£	£	£
Cash at bank and in hand	295,024	389,857	356,077
Deposit accounts	11,356,129	1,328,626	1,008,464
	<u>11,651,153</u>	<u>1,718,483</u>	<u>1,364,541</u>

Deposit accounts comprise short term bank deposits with an original maturity of three months or less.

#### 8. Analysis of net debt

Cash and cash equivalents	11,651,153	1,718,483	1,364,541
Bank loans and overdraft	( 1,219,208)	( 850,887)	( 1,241,666)
	10,431,945	867,596	122,875
Bank loans - non-current	( 3,748,811)	( 1,830,461)	( 2,893,409)
Obligations under finance leases	( 5,156)	( 30,667)	( 17,350)
Other loans	( 677,749)	( 671,307)	( 676,531)
	<u>6,000,229</u>	<u>( 1,664,839)</u>	<u>( 3,464,415)</u>

#### 9. Profit on sale of property

On 9<sup>th</sup> October 2009, St George's Bay Hotel Limited entered in to a conditional agreement to sell the majority of the group's hotel complex in Malta. A deposit of 815,300 Euros (£750,076) was paid by the purchaser. On completion a further 28,301,867 Euros was to be paid giving a total consideration of 29,117,167 Euros.

On 9<sup>th</sup> September 2011, the agreement was varied and pursuant to the variation, completion took place on the sale of part of the hotel complex for 15,373,884 Euros (£13,484,433). Pursuant the variation, it was also agreed that the purchaser has until 30<sup>th</sup> March 2015 to complete the purchase of the remaining property. The total consideration of 29,117,167 Euros remains unchanged. Therefore, the consideration payable for the remaining property will be 13,743,283 Euros.

#### 10. Distribution of interim financial statements

# **C.H. BAILEY PLC**

## **Notes to the Consolidated Interim Financial Statements for the six months ended 30<sup>th</sup> September 2011 (unaudited)**

A copy of these interim financial statements is available from the company's registered office and is also available on the company's website.

Further information:

Charles H. Bailey  
Chairman, C.H.Bailey Plc  
Tel: 01633 262961

Richard Day / Jamie Cameron  
Arden Partners Limited  
Tel: 020 76145917