

C. H. BAILEY PLC

Directors	CHARLES H. BAILEY chairman and managing director MRS S. A. BAILEY Sir WILLIAM McALPINE Bt. D.C. ORCHARD
Local Directors	Professor J. M. GANADO (Malta)
Secretary	B. J. WARREN
Auditors	Walter Hunter & Co Limited Chartered Accountants, 24 Bridge Street, Newport, South Wales NP20 4SF
Principle Bankers	Barclays Bank Plc 14 Commercial Street, Newport, South Wales NP20 1YG
Legal Advisors	Shoosmiths 7 th Floor, 125 Colmore Row, Birmingham B3 3SH
Financial Advisors and Brokers	Arden Partners Plc Arden House, Highfield Road, Edgbaston, Birmingham B15 3DU
Transfer Office	Computershare Investor Services Plc P.O. Box 82, The Pavillions, Bridgewater Road, Bristol BS99 7NH
Registered Office	Alexandra Docks, Newport, South Wales NP20 2NP
Registered Number	190106
Company Website	www.chbaileyplc.co.uk

C.H. BAILEY PLC

NOTICE OF MEETING

Notice is hereby given that the eighty-sixth annual general meeting of C.H. Bailey Plc will be held at Newport Rugby Football Club, Rodney Parade, Newport, NP19 0UU on 4th September 2009 at 11.00 a.m for the following purposes:

Ordinary Business

1. To receive and adopt the report of directors and the audited financial statements for the year ended 31st March 2009.
2. To re-appoint the auditors and authorise the directors to determine their remuneration.
3. To re-elect as director Mrs S.A.Bailey who retires by rotation and, being eligible, offers herself for re-election.
4. To transact any other ordinary business of an annual general meeting.

Pursuant to Regulation 34 of the Uncertificated Securities Regulations 1995, only shareholders entered on the register at the close of business on 2nd September 2009 will be entitled to attend and vote at the meeting or any adjournment thereof.

By order of the Board,
B. J. Warren,
Secretary

Newport, South Wales.
24th July 2009

Notes

- (a) Any member of the company entitled to attend and vote at the annual general meeting is entitled to appoint a proxy to attend and, on a poll, vote instead of that member. A proxy need not be a member of the company.
- (b) There will be available for the inspection from today until the date of the annual general meeting at Alexandra Docks, Newport, South Wales and, at the meeting, copies of all service contracts of directors not expiring or determinable within one year.

C. H. BAILEY PLC

CHAIRMAN'S STATEMENT AND FINANCIAL RESULTS YEAR ENDED 31ST MARCH 2009

Overview

	2009	2008	2007	2006
	£	£	£	£
Revenue - continuing operations	5,369,623	5,526,195	5,594,850	5,263,729
Gross profit - continuing operations	681,644	912,691	1,133,398	716,484
Gross profit margin	<i>12.69%</i>	<i>16.52%</i>	<i>20.26%</i>	<i>13.61%</i>
Operating (loss) on continuing operations before exceptional items, investment activities and depreciation	(796,878)	(723,479)	(401,919)	(792,764)
Profit (loss) for the financial year	276,582	(2,162,787)	(691,436)	(1,228,706)
Earnings (loss) per share from continuing operations	4.53p	(17.77p)	(2.64p)	(13.74p)
Earnings (loss) per share from total operations	3.38p	(26.40p)	(8.44p)	(15.24p)

I am pleased to announce that for the year under review, the Group has made a profit of £276,582 (2008 Loss £2,162,787). It must be noted, however, that this profit has arisen principally through a gain on the sale of one of the Group's hotels in Malta. Whilst it is pleasing to see the Group return to profit, there are still many challenges ahead.

The Group is trading in possibly the worst affected sectors after banking and finance - namely Engineering and Leisure. We have put in place various initiatives reducing our central overheads but we are still susceptible to fluctuations in each sector.

UK Operations

During the latter part of 2008 and into early 2009, the Group had to adapt to an increasingly difficult economic and financial environment. On 3rd October 2008, we announced the closure of Midway Precision in the light of poor trading and its very uncertain prospects. Subsequently, as announced on 30th January 2009, the Group had no other option than to appoint administrators to Modular Automation International Limited and so the design and manufacture of automation systems is included in these results as a discontinued operation.

The other businesses within the engineering division also experienced difficult trading conditions which has resulted in consolidation into a single company, Bailey Industrial Engineering, redundancies and reduced working hours. These changes have been implemented through both management and shop floor initiatives which have reduced overhead costs, are improving productivity and offer prospects of recovery in the future.

C. H. BAILEY PLC

CHAIRMAN'S STATEMENT AND FINANCIAL RESULTS YEAR ENDED 31ST MARCH 2009

Malta

During the year the Group sold part of the hotel complex. The proceeds were used to reduce borrowings and to provide the Group with additional working capital. This sale has now centred the foreign language student operation onto the main site of the hotel, which will hopefully provide better operational efficiency for the summer season.

We are also seeing encouraging enquiries and sales for the Palazzo Villa Rosa, as the niche foreign language student market does not seem to have been affected as badly as other leisure markets. We are hopeful that the increased volume of business will fully compensate for the lost revenue and bed stock arising from the sale referred to above.

Tanzania

We have been pleased with the market's response to the recent reopening of the refurbished Oyster Bay Hotel. This has been listed as one of the 101 leading hotels in the world, is being included in many new publications and recently featured in the *House & Garden* magazine in South Africa.

Occupancy and revenues are projected to increase, with the Hotel's newly completed facilities becoming more attractive due to the continued traffic congestion in Dar es Salaam. We are therefore in discussion with the bank to finance future expansion of the hotel and the services it is offering due to the continued demand and success of the current development.

Beho Beho continues to be seen by the market as the top safari operation in the Selous although this year we did see a drop in bed nights by some 25%. We are expecting some further drop in bednights in the coming year due to the difficult economic climate.

Mikumi Wildlife Camp has increased revenue with reduced occupancy due to increases in the rates. We are looking at how to redevelop this operation, which caters primarily for the local family weekend market based in Dar es Salaam.

Investments

The severe turbulence in financial markets has affected the valuation of the Group's investments. We have seen a modest recovery in the portfolio but we are cautious about predicting further recovery due to the continued uncertainty in global markets.

Current Trading and Outlook

The world recession has had a major impact on all our sectors of operation. We expect this next year to be more difficult than 2008/09 in many respects but feel confident that we are in a position to be able to ride out the current global economic downturn.

We have made every effort to maintain revenues and reduce our operational costs throughout the Group and I must thank all our employees for their proactive and flexible efforts over the past year that has helped see the Group through these particularly difficult times.

Charles.H.Bailey
Chairman
24th July 2009

C. H. BAILEY PLC

CHAIRMAN'S STATEMENT AND FINANCIAL RESULTS YEAR ENDED 31ST MARCH 2009

The directors submit their report and accounts for the year ended 31st March 2009.

Principal activities

C.H. Bailey Plc has investments and is the holding company of subsidiary undertakings engaged in many different activities including engineering and the operation of hotels. The profit on these various activities which is attributable to the shareholders amounted to £276,582 (2008: loss £2,162,787). A review of the group's business, development and prospects can be found in the chairman's statement on pages 3 and 4.

Dividend

The directors do not recommend the payment of a final dividend in respect to the year ended 31st March 2009 (2008: £Nil).

Change in fixed assets

A summary of the changes in goodwill is given in note 14 to the accounts.

A summary of the changes in property, plant and equipment is given in note 15 to the accounts.

A summary of the changes in investments in subsidiary undertakings is given in note 17 to the accounts.

In the directors' opinion, the market value of freehold land and buildings is in excess of £20,000,000 and leasehold land and buildings is in excess of £8,000,000.

Consolidation and purchase of own shares

The company no longer holds treasury shares. The 142,434 ordinary shares previously held in treasury were sold to Charles H. Bailey on 31st March 2009 for £71,216.

Directors

The board of directors on 31st March 2009 consisted of Charles H. Bailey, Mrs S.A. Bailey, Sir William McAlpine Bt. and Mr D.C. Orchard. The director retiring by rotation is Mrs S.A. Bailey, who, being eligible, offers herself for re-election. No director had, in the financial year to 31st March 2009, a material interest in any contract to which the company or a subsidiary undertaking was a party.

Charles H. Bailey, Mrs S.A. Bailey and D.C. Orchard are executive directors. The non-executive director, Sir William McAlpine Bt., has been a director of Sir Robert McAlpine Limited, building and civil engineering contractors since 1957 and is now a consultant to the company. He was for several years, until March 1991, a director of T&N Plc. He is a director of the Dart Valley Light Railway Plc and chairman of Romney Hythe & Dymchurch Railway Plc. He is also Chairman of The Railway Heritage Trust and is on the Council of the Zoological Society of London.

Local directors

Professor J. M. Ganado is a leading lawyer and very well respected member of the Maltese community.

C. H. BAILEY PLC

DIRECTORS' REPORT YEAR ENDED 31ST MARCH 2009

Interests in the capital of the group

Directors

The directors had the following interests in the company's issued ordinary share capital:

	24 th July 2009	31 st March 2009	31 st March 2008
Charles H. Bailey	4,393,494	4,393,494	4,251,060
Mrs S. A. Bailey	1,214,378	1,214,378	1,214,378
Sir William McAlpine Bt.	1,111	1,111	1,111
D.C. Orchard	12,200	8,000	8,000

Substantial shareholdings

The company has been notified of the following interest in the company's issued ordinary share capital:

P. S. Allen	441,169	441,169	441,169
-------------	---------	---------	---------

Charitable and political contributions

During the year the group made no contributions of a charitable or political nature (2008: £Nil).

Employees

The group is an equal opportunities employer. The group also makes every reasonable effort to give disabled applicants and existing employees, becoming disabled, equal opportunities for work having regard to their individual aptitudes and abilities.

Employee reporting and involvement

The group recognises the need to ensure effective communications with employees to encourage involvement in the group's performance. Policies and procedures have been developed to achieve a common awareness of factors affecting the performance of the group.

Suppliers

The group agrees payment terms with suppliers prior to placing business. The group seeks to abide by the payment terms agreed with suppliers whenever it is satisfied that the supplier has supplied the goods or services in accordance with the agreed terms and conditions.

C. H. BAILEY PLC

DIRECTORS' REPORT YEAR ENDED 31ST MARCH 2009

Health, safety, the environmental and social policy

It is the group's policy to comply with relevant legislation in all countries in which it operates and to adopt responsible environmental and social practices. Training is provided to ensure that the group keeps abreast of changing business and regulatory requirements and technological advances.

Risk management

The group's principle risks are as follows:

Going concern

The board remains satisfied with the group's funding and liquidity position. The group has operated both throughout the period under review and subsequently within its current bank facility.

The group's forecasts and projections, indicate that the group should continue to operate within the current bank facility. The board considers that the group has considerable financial resources together with a diverse base of operations across different geographical areas and industries. As a consequence, the board believes that the group is well placed to manage its business risks successfully despite the current uncertain economic outlook. After making enquiries, the board has a reasonable expectation that the group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing this Annual Report and financial statements.

Strategic risk

The group faces a number of strategic risks. Management have developed long term business plans to manage the impact of these risks to ensure that the group delivers a satisfactory performance in future years. The main strategic risks faced by the business are set out below.

- Competition: In order to remain competitive management recognises the need to invest in appropriate capital expenditure.
- Profit margin: In order to improve the margins management recognise the need to reduce costs where appropriate.

Financial risks

There has been no change during the year, or since the year end, to the type of financial risks faced by the group or the group's management of those risks. The key risks, which are discussed in more detail in note 32 to the consolidated financial statements are set out below.

- Credit risk
- Liquidity risk
- Interest rate risk
- Currency risk

Close company

In the opinion of the directors the company is, at the accounting date and the date of this report, a close company within the terms of the Income and Corporation Taxes Act 1988.

C. H. BAILEY PLC

DIRECTORS' REPORT YEAR ENDED 31ST MARCH 2009

Auditors

In the case of each of the persons who are the directors of the company at the date when this report was approved:

- So far as each director is aware, there is no relevant audit information (that is, information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware.
- Each director has taken all the steps that ought to be taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

Walter Hunter & Co Limited are willing to continue in office and a resolution for their re-appointment will be proposed at the annual general meeting.

Newport, South Wales
24th July 2009

By order of the board
B.J. Warren
Secretary

C. H. BAILEY PLC

STATEMENT OF DIRECTORS' RESPONSIBILITIES YEAR ENDED 31ST MARCH 2009

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations. Company law requires the directors to prepare financial statements for each financial year. The directors are required by the IAS Regulation to prepare the group financial statements under International Financial Reporting Standards (IFRSs) as adopted by the European Union and have also elected to prepare financial statements for the company in accordance with IFRS. The group financial statements are also required by law to be properly prepared in accordance with the Companies Act 1985 and Article 4 of the EU IAS Regulation.

International Accounting Standard 1 requires that IFRS financial statements present fairly for each financial year the group's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRS's. However, directors are also required to:

- Properly select and apply accounting policies;
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- Provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and the group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal controls, safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

C. H. BAILEY PLC

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF C.H.BAILEY PLC YEAR ENDED 31ST MARCH 2009

We have audited the group and individual company financial statements of C.H. Bailey Plc for the year ended 31st March 2009, which comprise the group income statement, the group and individual balance sheets, the group cash flow statement, the group statement of recognised income and expense and the related notes.

These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility for anyone, other than the company or the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and international financial reporting standards (IFRSs) as adopted by the European Union are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and international standards on auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements are properly prepared in accordance with the Companies Act 1985 and article 4 of the IAS regulation. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements.

In addition we report to you if, in our opinion, we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors remuneration and other transactions is not disclosed.

We read the directors' report and the other information contained in the annual report for the above year and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any further information outside the annual report.

Basis of opinion

We conducted our audit in accordance with international standards on auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company or the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

C. H. BAILEY PLC

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF C.H.BAILEY PLC
YEAR ENDED 31ST MARCH 2009**

Opinion

In our opinion the financial statements give a true and fair view in accordance with IFRSs as adopted by the European Union, of the state of affairs of the company and the group as at 31st March 2009 and of the profit and cash flows of the group for the year then ended and have been properly prepared in accordance with the Companies Act and the information given in the directors' report is consistent with the financial statements.

NEWPORT, South Wales
24th July 2009

WALTER HUNTER & CO LIMITED
Chartered Accountants and
Registered Auditors

C. H. BAILEY PLC

**CONSOLIDATED INCOME STATEMENT
YEAR ENDED 31ST MARCH 2009**

	Notes	2009 £	Restated 2008 £
Continuing operations			
Revenue	4	5,369,623	5,526,195
Cost of sales		<u>(4,687,979)</u>	<u>(4,613,504)</u>
Gross profit		681,644	912,691
Profit on the sale of property		1,847,320	-
Administrative expenses		<u>(1,890,935)</u>	<u>(1,932,777)</u>
Trading profit (loss)		638,029	(1,020,086)
Investment activities and other income	5	<u>449,557</u>	<u>(35,032)</u>
Operating profit (loss)		1,087,586	(1,055,118)
EBITDA*		(280,126)	(758,596)
Depreciation		(412,413)	(266,857)
Goodwill impairment		-	(29,750)
(Loss) profit on the sale of plant and equipment		<u>(67,195)</u>	<u>85</u>
Normalised operating profit (loss)		(759,734)	(1,055,118)
Profit on sale of property		<u>1,847,320</u>	<u>-</u>
Operating profit (loss)		1,087,586	(1,055,118)
Finance income	6	18,449	2,766
Finance costs	7	<u>(337,381)</u>	<u>(212,105)</u>
Profit (loss) before taxation	8	768,654	(1,264,457)
Taxation	11	(379,556)	(65,010)
Minority interest		<u>(18,295)</u>	<u>(126,694)</u>
Profit (loss) for the year from continuing operations		370,803	(1,456,161)
Discontinued operations			
(Loss) for the year from discontinued operations	12	<u>(94,221)</u>	<u>(706,626)</u>
Profit (loss) for the financial year		<u>276,582</u>	<u>(2,162,787)</u>
Earnings (loss) per share from continuing operations	13	4.53p	(17.77p)
Earnings (loss) per share from total operations	13	3.38p	(26.40p)

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

C. H. BAILEY PLC

BALANCE SHEETS AT 31ST MARCH 2009

		Group		Company	
	Notes	2009	2008	2009	2008
		£	£	£	£
Non-current assets					
Goodwill	14	-	107,694	-	-
Property, plant and equipment	15	11,121,914	10,353,515	-	-
Lease prepayments	16	-	38,474	-	-
Investments in subsidiary undertakings	17	-	-	5,471,948	6,833,363
Deferred tax asset	18	174,660	524,436	174,660	260,419
		<u>11,296,574</u>	<u>11,024,119</u>	<u>5,646,608</u>	<u>7,093,782</u>
Current assets					
Stocks	19	40,582	156,834	-	-
Trade and other receivables	20	1,085,953	2,976,789	1,591,589	1,879,960
Current asset investments	21	1,052,308	1,320,753	344,315	630,110
Cash and cash equivalents	22	605,494	416,180	-	2,722
		<u>2,784,337</u>	<u>4,870,556</u>	<u>1,935,904</u>	<u>2,512,792</u>
Current liabilities					
Trade and other payables	23	(1,735,594)	(4,050,832)	(4,025,338)	(4,028,985)
Bank loans and overdrafts	24	(1,742,463)	(1,517,909)	(311,128)	(421,379)
Other loans	24	(662,139)	(652,754)	-	-
Obligations under finance leases	25	(38,421)	(69,274)	-	-
Provisions	26	(225,000)	(259,180)	(225,000)	(200,000)
		<u>(4,403,617)</u>	<u>(6,549,949)</u>	<u>(4,561,466)</u>	<u>(4,650,364)</u>
Net current assets		<u>(1,619,280)</u>	<u>(1,679,393)</u>	<u>(2,625,562)</u>	<u>(2,137,572)</u>
Total assets less current liabilities		9,677,294	9,344,726	3,021,046	4,956,210
Non-current liabilities					
Bank loans	24	(2,379,627)	(2,007,148)	-	-
Obligations under finance leases	25	(35,794)	(79,033)	-	-
Cumulative preference shares	24	-	(530,180)	-	-
Deferred tax liabilities	27	(783,762)	(819,303)	-	-
Net assets		<u>6,478,111</u>	<u>5,909,062</u>	<u>3,021,046</u>	<u>4,956,210</u>
Equity					
Called-up share capital	28	833,541	833,541	833,541	833,541
Share premium account	29	609,690	609,690	609,690	609,690
Capital redemption reserve	29	5,163,332	5,163,332	5,163,332	5,163,332
Investment in own shares	29	-	(187,528)	-	(187,528)
Translation reserve	29	713,232	195,695	-	-
Retained earnings	29	(900,264)	(739,048)	(3,585,517)	(1,462,825)
Surplus attributable to the parent's shareholders		<u>6,419,531</u>	<u>5,875,682</u>	<u>3,021,046</u>	<u>4,956,210</u>
Minority interest	29	58,580	33,380	-	-
Total equity		<u>6,478,111</u>	<u>5,909,062</u>	<u>3,021,046</u>	<u>4,956,210</u>

These financial statements were approved by the board of directors on 24th July 2009 and were signed on its behalf by:

CHARLES H. BAILEY, Director

C. H. BAILEY PLC

CONSOLIDATED CASH FLOW STATEMENT YEAR ENDED 31ST MARCH 2009

	Notes	2009 £	2008 £
Cash flows from operating activities			
Cash generated from operations	30	(1,586,885)	(714,897)
Interest paid - continuing operations		(337,381)	(212,105)
Interest paid - discontinued operations		(27,332)	(8,732)
Overseas tax paid		(468,326)	-
Net cash flow from operating activities		(2,419,924)	(935,734)
Investing activities			
Sale of property, plant and equipment		3,975,127	8,145
Purchase of property, plant and equipment		(1,400,743)	(1,921,014)
Sale of investments		19,807	364,224
Purchase of investments		(791)	(142,451)
Interest received - continuing operations		18,449	2,766
Interest received - discontinued operations		-	2,734
Net cash flow from investing activities		2,611,849	(1,685,596)
Financing activities			
Sale of own shares		71,216	-
Movement in bank loans		(271,942)	1,229,412
Movement in directors' loans		16,752	636,292
Movement in other loans		9,385	5,419
Movement in capital element of finance leases		(74,092)	5,987
Net cash flow from financing activities		(248,681)	1,877,110
Net decrease in cash and cash equivalents		(56,756)	(744,220)
Cash and cash equivalents at beginning of year	31	(1,101,729)	(332,139)
Exchange differences		21,516	(25,370)
Cash and cash equivalents at end of year	31	(1,136,969)	(1,101,729)
Reconciliation of net cash flow to movement in net debt in the year			
Net decrease in cash and cash equivalents		(56,756)	(744,220)
Cash outflow (inflow) from the increase in debt		336,649	(1,240,818)
Movement in net debt during the year		279,893	(1,985,038)
Net debt at the beginning of the year		(3,909,938)	(1,846,485)
Exchange differences		(622,905)	(78,415)
Net debt at the end of the year	31	(4,252,950)	(3,909,938)

C. H. BAILEY PLC

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE YEAR ENDED 31ST MARCH 2009

	2009	2008
	£	£
Profit (loss) for the year attributable to parent's equity shareholders	276,582	(2,162,787)
Exchange differences	196,051	569,147
Total recognised income and expense for the year attributable to parent's equity shareholders	472,633	(1,593,640)
Adjustment arising on adoption of IFRS	-	(859,204)
Sale of investment in own shares	71,216	-
Total recognised income and expense since last annual report	543,849	(2,452,844)

C. H. BAILEY PLC

NOTES TO THE ACCOUNTS YEAR ENDED 31ST MARCH 2009

1. General information

Legal status and country of incorporation

C.H.Bailey Plc, company number 190106, is incorporated in England and Wales under the Companies Act 1985. The address of the registered office is given on page 1. The principle activities are set out in the Directors' Report on pages 5 to 8.

Basis of preparation

These 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 1985. Therefore these financial statements comply with Article 4 of the EU IAS Regulation.

The financial statements are prepared using the historical cost basis of accounting except for:

- Properties held at the date of transition to IFRS which are stated at deemed cost.
- 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.

Adoption of International Financial Reporting Standards

These are the group's second consolidated financial statements that have been prepared in accordance with IFRS. The group's transition date for adoption of IFRS is 1st April 2006. The group has taken advantage of the following exemptions on transition to IFRS as permitted by paragraph 13 of IFRS 1:

- The requirements of IFRS 3 – Business Combinations – have not applied to business combinations that occurred before the date of transition to IFRS.
- The carrying value of freehold and leasehold properties are based on previously adopted UK GAAP valuations and these are now taken as deemed cost on transition to IFRS.

Future adoption of International Financial Reporting Standards

At the date of authorisation of these financial statements, the following standards and interpretations which have not been applied in these financial statements were in issue but not yet effective:

- IFRS 1 (Amendment)/IAS 27 (Amendment). Cost of an investment in a subsidiary, jointly controlled entity or associate. Effective for periods commencing on or after 1 July 2009 but not yet adopted by European Union.
- IFRS 2 (Amendment) Share-based Payment Vesting Conditions and Cancellations. Effective for periods commencing on or after 1 January 2009.
- IFRS 3 (Revised) Business Combinations. Effective for periods commencing on or after 1 July 2009 but not yet adopted by the European Union.
- IFRS 8 Operating Segments. Effective for periods commencing on or after 1 January 2009.
- IAS 1 (Revised 2007) Presentation of Financial Statements. Effective for periods commencing on or after 1 January 2009.

C. H. BAILEY PLC

NOTES TO THE ACCOUNTS YEAR ENDED 31ST MARCH 2009

- IAS 23 (Revised 2007) Borrowing Costs. Effective for periods commencing on or after 1 January 2009.
- IAS 27 (Revised 2008) Consolidated and Separate Financial Statements. Effective for periods commencing on or after 1 July 2009.
- IAS 32 (Amendment) Financial Instruments: Presentation and IAS 1 (Amendment) Presentation of Financial Statements Puttable Financial Instruments and Obligations Arising on Liquidation. Effective for periods commencing on or after 1 January 2009 but not yet adopted by the European Union.
- IAS 39 (Amendment) Financial Instruments: Recognition and Measurement: Eligible Hedged Items. Effective Hedged Items. Effective for periods commencing on or after 1 July 2009.
- IFRIC 12 Service Concession Arrangements. Effective for periods commencing on or after 1 January 2008 but not yet adopted by the European Union.
- IFRIC 13 Customer Loyalty Programmes. Effective for periods commencing on or after 1 July 2008.
- IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction. Adopted by the European Union as being effective for periods commencing on or after 1 January 2009.
- IFRIC 15 – Agreements for the Construction of Real Estate. Effective for periods commencing on or after 1 January 2009 but not yet adopted by the European Union.
- IFRIC 16 – Hedges of a Net Investment in a Foreign Operation. Effective for periods commencing on or after 1 October 2008 but not yet adopted by the European Union.
- Improvements to IFRSs (May 2008). Effective for periods commencing on or after 1 January 2009 but not yet adopted by the European Union.

Whilst work has not yet been completed on the above standards, the directors do not foresee any material impact on the financial statements of the group as a result of adopting these standards. The current period's results were not significantly affected by the adoption of new standards or interpretations for the first time this year.

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 31st March 2009. Control is achieved where the company has the power to govern the financial and operating policies of an investee so as to obtain benefits from its activities.

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 disposal, 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 ACCOUNTS YEAR ENDED 31ST MARCH 2009

Business combinations and goodwill

The acquisition of subsidiaries is accounted for using the acquisition 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 disposal 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 identified assets, liabilities and contingent liabilities recognised. Goodwill is recognised as an asset and is not amortised. It is reviewed for impairment annually 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	1%
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.

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 next rent review. Finance leases are

C. H. BAILEY PLC

NOTES TO THE ACCOUNTS YEAR ENDED 31ST MARCH 2009

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 year 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 provided on unremitted earnings from overseas subsidiaries where it is probable that these earnings will be remitted to the UK in the foreseeable future. Deferred tax is measured using tax rates that have been enacted, or substantively enacted, by the year 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.

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.

C. H. BAILEY PLC

NOTES TO THE ACCOUNTS YEAR ENDED 31ST MARCH 2009

Financial assets are recognised and derecognised on a trade date where the purchase or sale of an asset is under a 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 on initial recognition at fair value and, except for short term receivables where the recognition 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 generally does not enter into any forward exchange contracts and it does not use financial instruments for speculative purposes. Derivative financial instruments are initially measured at cost and are remeasured 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 financial 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.

C. H. BAILEY PLC

NOTES TO THE ACCOUNTS YEAR ENDED 31ST MARCH 2009

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 profit and loss account 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.

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 year 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 year 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

C. H. BAILEY PLC

NOTES TO THE ACCOUNTS YEAR ENDED 31ST MARCH 2009

Operating profit is defined as the profit for the year from continuing operations after all operating costs and income but before finance income, finance costs, and taxation. Operating profit is disclosed as a separate line on the face of the income statement.

Finance costs

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

3. Use of critical accounting assumptions and estimates

Estimates and judgements are continually evaluated and assessed based on historical experience and other factors, including expectations of future events that are believed to be reasonable given the circumstances prevailing when the accounts are approved.

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The directors are not aware of any estimates and assumptions that have significant risk of causing a material adjustment to the carrying value of assets and liabilities.

Going Concern

The directors have prepared these financial statements on the fundamental assumption that the group is a going concern and will continue to trade for at least 12 months following the date of approval of the financial statements. Further information explaining why the directors believe that the group is a going concern is given in the Directors' Report on page 7.

C. H. BAILEY PLC

NOTES TO THE ACCOUNTS YEAR ENDED 31ST MARCH 2009

4. Segmental information

Classes of business		Revenue continuing operations £	Operating profit (loss) continuing operations £	Operating (loss) from discontinued operations £	Net assets £
Industrial:					
	2009	2,210,394	(309,588)	(66,889)	383,478
	2008	2,439,036	(19,820)	(740,752)	76,701
Leisure:					
	2009	3,140,730	1,494,214	-	6,671,185
	2008	3,068,659	(161,224)	-	6,051,359
Management and investment:					
	2009	18,499	(97,040)	-	(576,552)
	2008	18,500	(874,074)	-	(218,998)
Total:					
	2009	5,369,623	1,087,586	(66,889)	6,478,111
	2008	5,526,195	(1,055,118)	(740,752)	5,909,062
Geographical segments					
United Kingdom:					
	2009	3,526,242	(481,962)	(66,889)	(273,275)
	2008	4,057,587	(944,865)	(740,752)	(125,684)
Malta, Tanzania and Rest of the World:					
	2009	1,843,381	1,569,548	-	6,751,386
	2008	1,468,608	(110,253)	-	6,034,746
Total:					
	2009	5,369,623	1,087,586	(66,889)	6,478,111
	2008	5,526,195	(1,055,118)	(740,752)	5,909,062

C. H. BAILEY PLC

NOTES TO THE ACCOUNTS YEAR ENDED 31ST MARCH 2009

	2009 £	2008 £
5. Investment activities and other income		
Income from current asset investments	140,496	119,507
Profit on sale of current asset investments	760	37,034
(Increase) in provision on current asset investments	(249,027)	(16,920)
Net foreign exchange gain	558,490	168,550
Fair value movement on investments	(1,162)	(343,203)
	449,557	(35,032)
6. Finance income		
Bank deposits	18,449	2,766
7. Finance costs		
Bank loans	236,734	157,746
Directors' loans	58,458	14,496
Other loans	30,945	30,703
Finance leases	11,244	9,160
	337,381	212,105
8. Profit (loss) before taxation		
The following have been charged in arriving at the profit (loss) before taxation:		
Depreciation continuing operations - owned assets	373,182	251,664
Depreciation discontinuing operations - owned assets	14,340	26,506
Depreciation continuing operations - finance leased assets	39,231	15,193
Depreciation discontinuing operations - finance leased assets	-	903
Goodwill impairment continuing operations	-	29,750
Goodwill impairment discontinuing operations	-	535,337
Profit on sale of property	1,847,320	-
Loss (profit) on the sale of plant and equipment continuing operations	67,195	(85)
Loss on the sale of plant and equipment discontinuing operations	-	239
Operating lease rental payments continuing operations	61,301	71,651
Operating lease rental payments discontinuing operations	92,999	123,629

C. H. BAILEY PLC

NOTES TO THE ACCOUNTS YEAR ENDED 31ST MARCH 2009

	2009	2008
	£	£
9. Auditors' remuneration		
A detailed analysis of auditors' remuneration on a worldwide basis is as follows:		
Auditor's fees		
- statutory audit	19,325	26,520
- audit related services	10,000	10,000
- tax compliance services	7,500	7,500
- interim review	9,000	9,000
Overseas auditors' fees		
- statutory audit	12,544	15,612
- audit related services	-	3,370

10. Employee information

The average number of employees employed during the year was:

Management	19	19
Administration	28	42
Production	162	167
	209	228

Staff costs, including directors' remuneration amounted to:

Wages and salaries	3,512,851	4,037,135
Social security costs	315,234	396,240
Pensions (defined contribution schemes)	20,812	23,957
	3,848,897	4,457,332

Total directors' emoluments were as follows:

	Fees	Salary	Benefits	Pension contributions	Total emoluments	
					2009	2008
					£	£
Charles H. Bailey	10,700	69,640	401	-	80,741	80,007
Mrs S.A. Bailey	4,200	4,816	1,278	-	10,294	6,188
Sir William McAlpine Bt.	4,000	-	-	-	4,000	4,000
T.C. Bishop	-	-	-	-	-	488
D.C. Orchard	5,000	33,402	-	668	39,070	46,355
	23,900	107,858	1,679	668	134,105	137,038

The number of directors accruing retirement benefits under defined contribution schemes

	2	2
--	---	---

The group does not operate a profit share or bonus scheme for directors.

C. H. BAILEY PLC

NOTES TO THE ACCOUNTS YEAR ENDED 31ST MARCH 2009

	2009 £	2008 £
11. Taxation		
Current tax - overseas tax based on taxable profit for the year	468,326	-
Deferred tax (credit) charge on the origination and reversal of temporary differences - continuing operations	(88,770)	65,010
	<u>379,556</u>	<u>65,010</u>
Total tax charge for the financial year attributable to continuing operations	379,556	65,010
Deferred tax charge (credit) on the origination and reversal of temporary differences - discontinued operations	-	(40,124)
	<u>379,556</u>	<u>24,886</u>
Total tax charge for the financial year attributable to total operations		
The tax charge for the financial year can be reconciled to the profit before tax per the income statement multiplied by the standard applicable corporation tax rate in the UK of 28% as follows:		
Prfit (loss) before taxation:		
Continuing operations	768,654	(1,264,457)
Discontinuing operations	(94,221)	(746,750)
	<u>674,433</u>	<u>(2,011,207)</u>
Tax at the UK effective corporation tax rate of 28% (2008: 30%)	188,841	(603,362)
Effects of:		
Non-deductable expenses	2,304	166,223
Differences arising on overseas earnings	13,385	296,279
Differences arising on capital sales and investment income	68,242	108,687
Deferred tax on losses not recoverable	106,784	14,049
Effect of change in tax rate to 28%	-	43,010
	<u>379,556</u>	<u>24,886</u>
Total tax charge for the financial year	<u>379,556</u>	<u>24,886</u>
12. Discontinued operations		
Profit on disposal	688,901	-
Trading (loss)	(755,790)	(740,752)
Operating (loss)	(66,889)	(740,752)
Finance income	-	2,734
Finance costs	(27,332)	(8,732)
Taxation	-	40,124
(Loss) for the year from discontinued operations	<u>(94,221)</u>	<u>(706,626)</u>

C. H. BAILEY PLC

NOTES TO THE ACCOUNTS YEAR ENDED 31ST MARCH 2009

The group's discontinued operation relates to Modular Automation International Limited, the subsidiary undertaking which was put in to administration in January 2009. The assets disposed of were as follows:-

	£
Goodwill	107,694
Property, plant and equipment	27,607
Lease prepayment	40,061
Deferred tax asset	264,017
Stocks	102,111
Trade and other receivables	1,066,793
Trade and other payables	(1,752,004)
Directors' loans	(15,000)
Cumulative preference shares	(530,180)
	(688,901)

13. Earnings (loss) per share

The earnings and net assets per share has been calculated by reference to the weighted average number of ordinary shares of 10p each in issue of 8,192,980 (2008: 8,192,980) which excludes own shares held. On 31st March 2009 the company agreed to sell the 142,434 ordinary shares held in treasury to Charles.H.Bailey, the company's chairman and managing director. The sale has not affected the weighted average number of ordinary shares. There are no share options, convertible equity or debt instruments in issue.

	Continuing earnings	Discontinued (loss)	Total earnings (loss)	Number of shares
2009				
Basic earnings (loss) weighted average number shares	370,803	(94,221)	276,582	8,192,980
Basic earnings (loss) per share (pence)	4.53p	(1.15p)	3.38p	
2008				
Basic (loss) weighted average number shares	(1,456,161)	(706,626)	(2,162,787)	8,192,980
Basic (loss) per share (pence)	(17.77p)	(8.63p)	(26.40p)	

14. Goodwill

Cost	£
At 1st April 2008	107,694
Disposal of subsidiary undertaking	(107,694)
At 31st March 2009	-

C. H. BAILEY PLC

NOTES TO THE ACCOUNTS YEAR ENDED 31ST MARCH 2009

15. Property, plant and equipment

	Freehold land and buildings £	Leasehold land and buildings under 50 years £	Plant and equipment £	Total £
Cost				
At directors' valuation 1972	-	157,500	-	157,500
At independent valuation 1974	-	491,037	-	491,037
At independent valuation 1978	3,916,000	-	-	3,916,000
At cost	3,188,663	2,638,116	3,347,257	9,174,036
At 1st April 2008	7,104,663	3,286,653	3,347,257	13,738,573
Exchange differences	1,205,411	796,883	517,588	2,519,882
Additions	276,675	949,822	174,246	1,400,743
Disposal of subsidiary	-	-	(184,181)	(184,181)
Disposals	(2,055,405)	-	(210,910)	(2,266,315)
At 31st March 2009	6,531,344	5,033,358	3,644,000	15,208,702
Depreciation				
At 1st April 2008	277,137	858,800	2,249,121	3,385,058
Exchange differences	47,184	85,552	370,128	502,864
Charge for year	27,152	166,191	233,410	426,753
Disposal of subsidiary	-	-	(156,574)	(156,574)
Disposals	-	-	(71,313)	(71,313)
At 31st March 2009	351,473	1,110,543	2,624,772	4,086,788
Carrying value				
2009	6,179,871	3,922,815	1,019,228	11,121,914
2008	6,827,526	2,427,853	1,098,136	10,353,515

The historic cost of freehold property valued in 1978 amounts to £1,173,780.

At 31st March 2009 the group's carrying value of plant and equipment held under finance leases and similar agreements was £196,636 (2008: £215,819).

At 31st March 2009 the group had entered into contractual commitments for the acquisition of property, plant and equipment of £Nil (2008: £Nil).

2009	2008
£	£

16. Lease prepayments

Long leasehold land prepayments

Non-current assets	-	38,474
Current assets	-	6,348
	-	44,822

The current element is included within trade and other receivables (note 20).

C. H. BAILEY PLC

NOTES TO THE ACCOUNTS YEAR ENDED 31ST MARCH 2009

	2009 £	2008 £
17. Investment in subsidiary undertakings		
Company		
At 1st April 2008	6,833,363	7,702,342
Disposal and impairment provisions	<u>(1,361,415)</u>	<u>(868,979)</u>
At 31st March 2009	<u>5,471,948</u>	<u>6,833,363</u>

A list of the significant investments in subsidiaries, including the country of incorporation, is given on page 37.

18. Deferred tax asset

	Depreciation in excess of capital allowances £	Tax losses recognised £	Unremitted overseas earnings £	Total £
Group				
At 1st April 2008 at 28%	4,017	850,605	(330,186)	524,436
Disposal of subsidiary undertaking	(4,017)	(260,000)	-	(264,017)
Charged (credited) to income statement	-	(180,033)	94,274	(85,759)
At 31st March 2009 at 28%	<u>-</u>	<u>410,572</u>	<u>(235,912)</u>	<u>174,660</u>
Company				
At 1st April 2008 at 28%	-	590,605	(330,186)	260,419
Charged (credited) to income statement	-	(180,033)	94,274	(85,759)
At 31st March 2009 at 28%	<u>-</u>	<u>410,572</u>	<u>(235,912)</u>	<u>174,660</u>

Deferred tax at 31st March 2009 has been calculated using the rate of tax that is expected to apply when timing differences reverse. At 31st March 2009 the group had unused capital losses of £759,195 (2008: £372,830) available for offset against future capital gains. The utilisation of capital losses is only recognised following the actual crystallisation of a taxable gain. The deferred tax asset is expected to be recovered after more than 12 months.

	2009 £	2008 £
19. Stocks		
Raw materials and consumables	<u>40,582</u>	<u>156,834</u>

C. H. BAILEY PLC

NOTES TO THE ACCOUNTS YEAR ENDED 31ST MARCH 2009

	Group		Company	
	2009	2008	2009	2008
	£	£	£	£
20. Trade and other receivables				
Trade debtors	856,143	1,449,327	9,020	-
Amounts recoverable on long term contracts	86,763	1,276,671	-	-
Loans to group undertakings	-	-	1,547,878	1,846,059
Lease prepayments	-	6,348	-	-
Other debtors	28,162	65,565	9,675	25,436
Prepayments and accrued income	114,885	178,878	25,016	8,465
	<u>1,085,953</u>	<u>2,976,789</u>	<u>1,591,589</u>	<u>1,879,960</u>

21. Current asset investments

Listed investments	892,195	1,240,384	187,475	564,350
Unlisted investments	160,113	80,369	156,840	65,760
	<u>1,052,308</u>	<u>1,320,753</u>	<u>344,315</u>	<u>630,110</u>

Investments are carried at fair value at the balance sheet date.

22. Cash and cash equivalents

Cash at bank and in hand	210,778	413,458	-	-
Deposit accounts	394,716	2,722	-	2,722
	<u>605,494</u>	<u>416,180</u>	<u>-</u>	<u>2,722</u>

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

23. Trade and other payables

Trade creditors	393,887	1,695,945	50,056	95,235
Payments on account	42,595	760,475	-	-
Loans from group undertakings	-	-	3,300,358	3,484,022
Social security and other taxes	79,027	218,882	5,578	10,030
Directors' loans	1,018,203	1,016,451	639,075	384,683
Accruals and deferred income	129,545	322,746	27,117	46,187
Other creditors	72,337	36,333	3,154	8,828
	<u>1,735,594</u>	<u>4,050,832</u>	<u>4,025,338</u>	<u>4,028,985</u>

C. H. BAILEY PLC

NOTES TO THE ACCOUNTS YEAR ENDED 31ST MARCH 2009

	Group		Company	
	2009	2008	2009	2008
	£	£	£	£
24. Borrowings				
Current liabilities				
Bank loans and overdrafts	1,742,463	1,517,909	311,128	421,379
Other loans	662,139	652,754	-	-
	2,404,602	2,170,663	311,128	421,379
Non- current liabilities				
Bank loans	2,379,627	2,007,148	-	-
Cumulative preference shares	-	530,180	-	-
	2,379,627	2,537,328	-	-
Bank loans				
Over one year and under two years	528,806	407,617	-	-
Over two years and under five years	1,850,821	1,384,429	-	-
Over five years	-	215,102	-	-
	2,379,627	2,007,148	-	-

There are no fixed rate liabilities. Bank borrowings are at a floating interest rates based on the relevant LIBOR equivalent. At the 31st March 2009 the group had £4,327,074 (2008: £4,651,980) of committed facilities of which £4,122,090 (2008: £3,522,335) was utilised.

The group's U.K. bank loans are secured by a charge over certain assets of the group and by cross guarantees between the U.K. undertakings. These borrowings at 31st March 2009 were £,692,263 (2008: £980,246).

St Georges Bay Hotel Limited (Malta) had borrowings at 31st March 2009 of £42,743 (2008: £710,393) secured by a fixed and floating charge over its assets. Cordura Limited (Tanzania) had borrowings at 31st March 2009 of £3,048,100 (2008: £1,605,791) secured by a fixed and floating charge over its assets.

C. H. BAILEY PLC

NOTES TO THE ACCOUNTS YEAR ENDED 31ST MARCH 2009

	Group		Company	
	2009	2008	2009	2008
	£	£	£	£
25. Obligations under finance leases				
Amounts payable under finance leases:				
Within one year	45,778	78,514	-	-
Over one year and under five years	46,813	94,957	-	-
	<u>92,591</u>	<u>173,471</u>	<u>-</u>	<u>-</u>
Less future finance charges	(18,376)	(25,164)	-	-
Present value of lease obligations	<u>74,215</u>	<u>148,307</u>	<u>-</u>	<u>-</u>
Current liabilities	<u>38,421</u>	<u>69,274</u>	<u>-</u>	<u>-</u>
Non-current liabilities	<u>35,794</u>	<u>79,033</u>	<u>-</u>	<u>-</u>

The carrying value of obligations under finance leases approximates to the present value of minimum lease payments.

26. Provisions

	Legal £	Warranty £	Total £
Group			
At 1st April 2008	200,000	59,180	259,180
Charged (credited) to income statement	25,000	(59,180)	(34,180)
At 31st March 2009	<u>225,000</u>	<u>-</u>	<u>225,000</u>
Company			
At 1st April 2008	200,000	-	200,000
Charged to income statement	25,000	-	25,000
At 31st March 2009	<u>225,000</u>	<u>-</u>	<u>225,000</u>

The directors anticipate that the provisions will be utilised in full within 12 months and therefore the provisions have been included in current liabilities payable within one year.

27. Deferred tax liabilities

	Revaluation surplus £
Group	
At 1st April 2008	819,303
Exchange differences	138,988
(Credited) to income statement	(174,529)
At 31st March 2009	<u>783,762</u>

Deferred tax has been calculated using the rate of tax that is expected to apply when timing differences reverse. The deferred tax liability is expected to be recovered after more than 12 months.

C. H. BAILEY PLC

NOTES TO THE ACCOUNTS YEAR ENDED 31ST MARCH 2009

	2009 £	2008 £
28. Called-up share capital		
Authorised:		
60,000,000 ordinary shares of 10p each	6,000,000	6,000,000
Issued and fully paid:		
8,335,414 ordinary shares of 10p each	833,541	833,541

On 31st March 2009 the company sold the 142,434 ordinary shares held in treasury to Charles H.Bailey, the company chairman and managing director. The total consideration received by the company was £71,216. The company has no further shares held in treasury. The company did not buy back any shares for cancellation during the year. The company has one class of ordinary shares, which carry no right to fixed income.

29. Share capital and reserves

	Called-up share capital £	Share premium account £	Capital redemption reserve £	Investment in own shares £	Translation reserve £	Retained earnings £	Minority interest £	Total £
Group								
At 1st April 2008	833,541	609,690	5,163,332	(187,528)	195,695	(739,048)	33,380	5,909,062
Sale of investment in own shares	-	-	-	71,216	-	-	-	71,216
Loss on investment in own shares	-	-	-	116,312	-	(116,312)	-	-
Loss for the financial year	-	-	-	-	-	276,582	18,295	294,877
Exchange differences	-	-	-	-	517,537	(321,486)	6,905	202,956
At 31st March 2009	833,541	609,690	5,163,332	-	713,232	(900,264)	58,580	6,478,111
Company								
At 1st April 2008	833,541	609,690	5,163,332	(187,528)	-	(1,462,825)	-	4,956,210
Sale of investments in own shares	-	-	-	71,216	-	-	-	71,216
Loss on investment in own shares	-	-	-	116,312	-	(116,312)	-	-
Loss for the financial year	-	-	-	-	-	(2,006,380)	-	(2,006,380)
At 31st March 2009	833,541	609,690	5,163,332	-	-	(3,585,517)	-	3,021,046

The translation reserve represents the cumulative translation differences on the foreign currency net investments since the date of transition to IFRS.

C. H. BAILEY PLC

NOTES TO THE ACCOUNTS YEAR ENDED 31ST MARCH 2009

	2009 £	2008 £
30. Cash generated from operations		
Operating profit (loss) continuing operations	1,087,586	(1,055,118)
Operating (loss) discontinuing operations	(66,889)	(740,752)
Goodwill impairment	-	565,087
Depreciation	426,753	294,266
(Profit) loss on the sale of property, plant and equipment	(1,780,125)	154
(Profit) on sale of current asset investments	(760)	(37,034)
Fair value movement of investments	1,162	343,203
(Profit) on disposal of subsidiary undertaking	(688,901)	-
Provision on current asset investments	249,027	16,920
Exchange differences	<u>(1,052,169)</u>	<u>(232,359)</u>
Cash generated from operations before movements in working capital	(1,824,316)	(845,633)
Decrease in stocks	14,141	23,750
Lease prepayment released	4,761	6,348
Decrease in trade and other receivables	817,695	1,436,463
(Decrease) in trade and other payables	<u>(599,166)</u>	<u>(1,335,825)</u>
Cash generated from operations	<u>(1,586,885)</u>	<u>(714,897)</u>

31. Analysis of net debt

Cash and cash equivalents	605,494	416,180
Bank loans and overdrafts	<u>(1,742,463)</u>	<u>(1,517,909)</u>
	(1,136,969)	(1,101,729)
Bank loans - non-current	(2,379,627)	(2,007,148)
Obligations under finance leases	(74,215)	(148,307)
Other loans	<u>(662,139)</u>	<u>(652,754)</u>
	<u>(4,252,950)</u>	<u>(3,909,938)</u>

32. Financial instruments

Capital risk management

The group manages capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of debt and equity balance. The capital structure of the group consist of debt, which is analysed in note 31, and equity comprising issued share capital, reserves and retained earnings as disclosed in note 29. The gearing ratio is:

Net debt	4,252,950	3,909,938
Equity	6,478,111	5,909,062
Net debt to equity percentage	65.7%	66.2%

C. H. BAILEY PLC

NOTES TO THE ACCOUNTS YEAR ENDED 31ST MARCH 2009

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial asset and liability are disclosed in note 2 to the financial statements.

	2009	2008
	£	£
Categories of financial instruments		
Cash and cash equivalents	605,494	416,180
Bank loans and overdrafts - current	(1,742,463)	(1,517,909)
Bank loans - non-current	(2,379,627)	(2,007,148)
Other loans	(662,139)	(652,754)
Obligations under finance leases	(74,215)	(148,307)
Financial liabilities	<u>(4,252,950)</u>	<u>(3,909,938)</u>
Current assets investments	1,052,308	1,320,753
Other net operating assets	9,678,753	8,498,247
Total net assets	<u>6,478,111</u>	<u>5,909,062</u>
Financial liabilities	Dollar	(2,494,113)
	Sterling	(1,813,053)
	Other	54,216
		<u>(4,252,950)</u>
Current asset investments	Dollar	663,957
	Sterling	344,315
	Other	44,036
		<u>1,052,308</u>
		<u>1,320,753</u>

The directors consider that the fair value of all assets and liabilities is not materially different from the book value.

Financial risk management

The key risks that potentially impact on the group's results are credit risk, liquidity risk, interest rate risk and currency risk. The group's exposure to each of these risks and the management of that exposure is discussed below. There has been no change during the year, or since the year end to the type of financial risks faced by the group or to the management of those risks.

Credit risk management

Credit risk refers to the risk that a customer will default on its contractual obligations resulting in financial loss to the group. The group has adopted a policy of only dealing with creditworthy customers as a means of mitigating the risk of financial loss from defaults. Creditworthiness is verified by independent rating agencies when available. Credit exposure is controlled by credit limits that are reviewed and approved by senior management on a regular basis. Trade receivables consist of a large number of customers spread across diverse industries and geographical locations. Ongoing credit evaluation is performed on the

C. H. BAILEY PLC

NOTES TO THE ACCOUNTS YEAR ENDED 31ST MARCH 2009

financial condition of accounts receivable. The group does not have any significant credit risk exposure to any single counterparty or connected counterparties at the reporting date. The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the group's maximum exposure to credit risk.

Liquidity risk management

The group manages liquidity risk by maintaining adequate cash reserves, by operating within its agreed banking facilities and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of monetary assets and liabilities.

Interest rate risk management

The group's activities expose it to the financial risks of changes in interest rates. Interest charged on bank loans is at floating rates based on the relevant LIBOR equivalent and the group endeavours to obtain the most competitive rates available.

Currency risk management

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 generally does not enter into forward exchange contracts and it does not use financial instruments for speculative purposes.

33. Operating lease arrangements

At the balance sheet date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases that fall due as follows:

	2009	2008
	£	£
Within one year	11,910	3,577
Between one and five years	-	40,000
After five years	13,185	152,185
	<u>25,095</u>	<u>195,762</u>

Property lease payments represent rentals payable by the group for certain of its operating locations and offices. Leases are negotiated over various terms to suit the particular requirements at that time. Break clauses are included wherever appropriate and the above liability has been calculated from the balance sheet date to either the end of the lease or the first break clause, whichever is the earlier.

34. Relating party transactions

At 31st March 2009, the group owed Charles H. Bailey £865,792 (2008 : £980,230) on which there was interest charged to the income statement of £58,458 (2008: 14,496). At 31st March 2009, the group owed Mrs S. A. Bailey £152,411 (2008: £36,221) on which no interest was charged. Transactions between the company and its subsidiary undertakings, which are related parties, have been eliminated on consolidation and are not disclosed in this note. On 31st March 2009, Charles H. Bailey purchased from the company the 142,434 shares held in treasury for £71,216.

C. H. BAILEY PLC

NOTES TO THE ACCOUNTS YEAR ENDED 31ST MARCH 2009

	Percentage of ordinary share capital held	Principle activities
Industrial division:		
Bailey Industrial Engineering Limited (U.K.)	100%	Engineering
Leisure:		
Bay Travel Limited (U.K.)	100%	Travel agency
St. George's Bay Hotel Limited (Malta)	99%	Operation of hotel
Cordura Limited (Tanzania)	100%	Operation of hotel and safari camps
Other activities:		
Industrial Investment Corporation Limited (Bermuda)	100%	Agents, managers, consultants and investors

C. H. BAILEY PLC

FIVE YEAR HISTORY

	2009	IFRS		UK GAAP	
	2009	2008	2007	2006	2005
	£	£	£	£	£
Continuing operations					
Revenue	5,369,623	5,526,195	5,594,850	5,263,729	5,540,913
Continuing operations					
Operating (loss) before exceptional items, investments activities and depreciation	(796,878)	(723,479)	(401,919)	(792,764)	(1,062,821)
Investment activities and other income	449,557	(35,032)	387,261	31,140	453,709
Depreciation	(412,413)	(266,857)	(198,921)	(227,294)	(230,373)
Goodwill impairment	-	(29,750)	(1,750)	(1,750)	(14,250)
Profit on disposal of property	1,847,320	-	-	-	594,719
Restructuring costs	-	-	-	(144,340)	(284,003)
	1,087,586	(1,055,118)	(215,329)	(1,135,008)	(543,019)
Net finance costs	(318,932)	(209,339)	(105,756)	(99,298)	(138,619)
Profit (loss) before taxation	768,654	(1,264,457)	(321,085)	(1,234,306)	(681,638)
Taxation	(379,556)	(65,010)	105,237	126,386	73,432
Minority interest	(18,295)	(126,694)	(800)	(338)	(248)
Profit (loss) for the year from continuing operations	370,803	(1,456,161)	(216,648)	(1,108,258)	(608,454)
Loss) for the year from discontinued operations	(94,221)	(706,626)	(474,788)	(120,448)	(172,985)
Profit (loss) for the financial year	276,582	(2,162,787)	(691,436)	(1,228,706)	(781,439)
Earnings (loss) per share	3.38p	(26.40p)	(8.44p)	(15.24p)	(9.87p)

Prior years are stated under UK GAAP as transition to IFRS did not have a material impact on the reported profit.

Reclassifications have been made where applicable.