

C H BAILEY PLC

Chairman's statement and financial results

Year ended 31 March 2010

Overview

	2010	2009	2008	2007
	£	£	£	£
Revenue – continuing operations	3,897,260	5,369,623	5,526,195	5,594,850
Gross profit – continuing operations	781,182	681,644	912,691	1,133,398
Gross profit margin	<i>20.04%</i>	<i>12.69%</i>	<i>16.52%</i>	<i>20.26%</i>
Operating (loss) on continuing operations before exceptional items, investment activities and depreciation	(237,573)	(729,683)	(723,479)	(401,919)
Profit (loss) for the financial year	1,104,481	276,582	(2,162,787)	(691,436)
Earnings (loss) per share from continuing operations	13.25p	4.53p	(17.77p)	(2.64p)
Earnings (loss) per share from total operations	13.25p	3.38p	(26.40p)	(8.44p)

The results for the period under review show that the Group has made a profit after tax and minority interests of £1,104,481 (2009: £276,582). Similarly to last year's profit, this has come about from the sale of property assets in Malta. There has also been an increase in the gross profit margin on trading activities from approximately 13% last year to 20% this year. Overall EBITDA (excluding property profits), whilst not yet positive, has been reduced from last year's loss by £238,691.

We anticipated that 2009/10 would be a challenging year for the Group but were confident that we would be in a position to be able to ride out the global economic downturn. I am pleased to report that the initiatives which management put in place last year have borne fruit in reducing overheads and increasing margins. We continue to look at other ways of returning the Group to a trading profit position.

UK Operations

The UK operations were scaled back last year with the Group reducing its exposure in the Engineering sector by closing both Midway Precision and Modular Automation International. Whilst Bailey Industrial Engineering has been significantly affected by the downturn in the UK economy, and the loss of a major customer, management and employees worked together very effectively and were able to retain market share. They are to be congratulated for their efforts in particularly difficult conditions, and customer demand is now beginning to show signs of recovery.

Malta

As announced in October 2009, the Group sold part of the hotel complex and entered into a conditional sale agreement for the remainder of the site in St George's Bay. The sale of part of the hotel complex has now been completed and is reflected in these accounts. The conditional sale for the remainder of the site, which is expected to be completed in March 2013, remains contingent on receipt of planning permission by the purchaser. Meanwhile, the hotel continues to trade profitably and contributes to central overheads.

As reported in my interim statement, the Group settled a longstanding dispute with the Maltese authorities during the year and received compensation of £253,193.

Tanzania

The recent re-opening of the Oyster Bay hotel has been very well received by the market and revenues for the operation overall have doubled. We are currently in discussions with the banks for additional borrowing facilities to enable us to further develop the hotel, and we have already started to clear the site for the developers.

Beho Beho, like most other safari camps, has been affected by the world downturn. However, I am pleased to report that bookings for the coming year are above the previous year's figures and we expect that the level of bookings will continue to improve.

Sales at **Mikumi Wildlife Camp** were also affected but less so than Beho Beho as the majority of its revenue comes from the local market. We are currently looking at a possible redevelopment of the site to improve the standard of guest services and generally upgrade the camp's facilities.

Investments

The fluctuations in the world financial markets continue and we expect that to continue, which makes it hard to predict when we shall see real recovery happen.

Current Trading and Outlook

The sale of property in Malta has enabled us to strengthen our reserves. With the modest growth being seen in Tanzania and Malta and signs of recovery in the UK engineering business, together with the reduction in overheads, I feel that we are beginning to see benefits from those initiatives that have been introduced across the Group.

I would like to take this opportunity to thank all our employees for their cooperation and their willingness to accept the changes which have been needed over the last year.

Charles H. Bailey

Chairman. 20th July 2010

Consolidated income statement

Year ended 31 March 2010

	2010	2009
	£	£
Continuing operations		
Revenue	3,897,260	5,369,623
Cost of sales	(3,116,078)	(4,687,979)
Gross profit	781,182	681,644
Profit on the sale of property	2,013,442	1,847,320
Administrative expenses	(1,432,691)	(1,890,935)
Trading profit	1,361,933	638,029
Investment activities and other income	196,138	449,557
Operating profit	1,558,071	1,087,586
EBITDA*	(41,435)	(280,126)
Depreciation	(414,431)	(412,413)
Profit (loss) on the sale of plant and equipment	495	(67,195)
Normalised operating (loss)	(455,371)	(759,734)
Profit on sale of property	2,013,442	1,847,320
Operating profit	1,558,071	1,087,586
Finance income	10,409	18,449
Finance costs	(199,758)	(337,381)
Profit before taxation	1,368,722	768,654
Taxation	(241,708)	(379,556)
Minority interest	(22,533)	(18,295)
Profit for the year from continuing operations	1,104,481	370,803

Discontinued operations

(Loss) for the year from discontinued operations	-	(94,221)
Profit for the financial year	1,104,481	276,582
Earnings per share from continuing operations	13.25p	4.53p
Earnings per share from total operations	13.25p	3.38p

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

Consolidated statement of comprehensive income**Year ended 31 March 2010**

	2010	2009
	£	£
Profit for the financial year	1,104,481	276,582
Exchange differences	119,050	196,051
Sale of investment in own shares	-	71,216
Total comprehensive income for the year	1,223,531	543,849

Consolidated balance sheet at 31 March 2010

	2010	2009
	£	£
Non-current assets		
Property, plant and equipment	10,431,270	11,121,914
Deferred tax asset	162,278	174,660
	10,593,548	11,296,574
Current assets		
Inventory	31,462	40,582

Trade and other receivables	919,346	1,085,953
Current asset investments	1,544,853	1,052,308
Cash and cash equivalents	1,886,316	605,494
	<hr/>	
	4,381,977	2,784,337
	<hr/>	
Current liabilities		
Trade and other payables	(1,967,095)	(1,735,594)
Bank loans and overdrafts	(974,888)	(1,742,463)
Other loans	(669,014)	(662,139)
Obligations under finance leases	(26,897)	(38,421)
Provisions	(225,000)	(225,000)
	<hr/>	
	(3,862,894)	(4,403,617)
	<hr/>	
Net current assets	519,083	(1,619,280)
	<hr/>	
Total assets less current liabilities	11,112,631	9,677,294
Non-current liabilities		
Trade and other payables	(734,178)	-
Bank loans	(1,909,535)	(2,379,627)
Obligations under finance leases	(10,971)	(35,794)
Deferred tax liabilities	(735,862)	(783,762)
	<hr/>	
Net assets	7,722,085	6,478,111
	<hr/>	
Equity		
Called up share capital	833,541	833,541
Share premium account	609,690	609,690
Capital redemption reserve	5,163,332	5,163,332

Translation reserve	769,123	713,232
Retained earnings	267,376	(900,264)
		<hr/>
Surplus attributable to the parent's shareholders	7,643,062	6,419,531
Minority interest	79,023	58,580
		<hr/>
Total equity	7,722,085	6,478,111
		<hr/>

Consolidated cash flow statement

Year ended 31 March 2010

	2010	2009
	£	£
Cash flows from operating activities		
Cash generated from operations	135,895	(1,586,885)
Interest paid – continuing operations	(199,758)	(337,381)
Interest paid – discontinued operations	-	(27,332)
Overseas tax paid	(251,712)	(468,326)
		<hr/>
Net cash flow from operating activities	(315,575)	(2,419,924)
		<hr/>
Investing activities		
Sale of property, plant and equipment	2,307,972	3,975,127
Deferred income on property sale	734,178	-
Purchase of property, plant and equipment	(338,207)	(1,400,743)
Sale of investments	233,089	19,807
Purchase of investments	(390,723)	(791)
Interest received	10,409	18,449
		<hr/>

Net cash flow from investing activities	2,556,718	2,611,849
<hr/>		
Financing activities		
Sale of own shares	-	71,216
Movement in bank loans	(336,418)	(271,942)
Movement in directors' loans	158,521	16,752
Movement in other loans	6,875	9,385
Movement in capital element of finance leases	(36,347)	(74,092)
<hr/>		
Net cash flow from financing activities	(207,369)	(248,681)
<hr/>		
Net increase (decrease) in cash and cash equivalents	2,033,774	(56,756)
Cash and cash equivalents at beginning of year	(1,136,969)	(1,101,729)
Exchange differences	14,623	21,516
<hr/>		
Cash and cash equivalents at end of year	911,428	(1,136,969)
<hr/>		

Reconciliation of net cash flow to movement in net debt in the year

	2010	2009
	£	£
Net increase (decrease) in cash and cash equivalents	2,033,774	(56,756)
Cash outflow from the increase in debt	365,890	336,649
<hr/>		
Movement in net debt during the year	2,399,664	279,893
Net debt at the beginning of the year	(4,252,950)	(3,909,938)
Exchange differences	148,297	(622,905)
<hr/>		
Net debt at the end of the year	(1,704,989)	(4,252,950)
<hr/>		

Consolidated statement of changes in equity

Year ended 31 March 2010

	Share capital	Share premium account	Capital redemption reserve	Investment In own shares	Translation reserve	Retained earnings	Minority interest	Total
	£	£	£	£	£	£	£	£
At 1 April 2008	833,541	609,690	5,163,332	(187,528)	195,695	(739,048)	33,380	5,909,06 2
Sale of investment in own shares	-	-	-	71,216	-	-	-	71,216
Loss on investment in own shares	-	-	-	116,312	-	(116,312)	-	-
Profit for the financial year	-	-	-	-	-	276,582	18,295	294,877
Exchange differences	-	-	-	-	517,537	(321,486)	6,905	202,956
At 31 March 2009	833,541	609,690	5,163,332	-	713,232	(900,264)	58,580	6,478,11 1
Profit for the financial year	-	-	-	-	-	1,104,481	22,533	1,127,01 4
Exchange differences	-	-	-	-	55,891	63,159	(2,090)	116,960
At 31 March 2010	833,541	609,690	5,163,332	-	769,123	267,376	79,023	7,722,08 5

Notes

1. The financial information contained in this preliminary announcement does not constitute statutory accounts of C H Bailey Plc as defined in Section 434 of the Companies Act 2006, and is unaudited. The financial information for the year ended 31 March 2009 is extracted from the statutory accounts of the Group for that financial year and does not constitute statutory accounts as defined in Section 240 of the Companies Act 1985. The report of the auditors was (i) unqualified; (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 237 (2) or (3) of the Companies Act 1985.

2. Copies of the 2010 annual report and accounts will be sent to shareholders shortly, and these can be obtained from the Company's registered office or website: www.chbaileypkc.co.uk.

Enquiries:

C H Bailey Plc Charles Bailey
Bryan Warren (Tel: 01633 262961)

Arden Partners plc Richard Day (Tel: 020 7614 5932)
Colin Smith (Tel: 0121 423 8940)