

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
Principal Bankers	Barclays Bank Plc 14 Commercial Street, Newport, South Wales NP20 1YG
Legal Advisors	Hammonds LLP Rutland House, 148 Edmund Street, Birmingham B3 2JR
Financial Advisors and Brokers	Arden Partners Plc 125 Old Broad Street, London EC2N 1AR
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-seventh annual general meeting of C.H. Bailey Plc will be held at Hotel Du Vin, New Street, Henley-on-Thames, RG9 2BP on 13th September 2010 at 3.00pm 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 2010.
2. To re-appoint the auditors and authorise the directors to determine their remuneration.
3. To re-elect as director Sir William McAlpine Bt., who retires by rotation and, being eligible, offers himself 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 9th September 2010 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.
20th July 2010

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 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)

Overview

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.

C. H. BAILEY PLC

CHAIRMAN'S STATEMENT AND FINANCIAL RESULTS YEAR ENDED 31ST MARCH 2010

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

www.CHBaileyplc.co.uk

C. H. BAILEY PLC

DIRECTORS' REPORT YEAR ENDED 31ST MARCH 2010

The directors submit their report and accounts for the year ended 31st March 2010.

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 £1,104,481 (2009: £276,582)

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 2010 (2009: £Nil).

Change in fixed assets

A summary of the changes in property, plant and equipment is given in note 14 to the accounts.

A summary of the changes in investments in subsidiary undertakings is given in note 15 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.

Directors

The board of directors on 31st March 2010 consisted of Charles H. Bailey, Mrs S.A. Bailey, Sir William McAlpine Bt. and Mr D.C.Orchard. The director retiring by rotation is Sir William McAlpine Bt., who, being eligible, offers himself for re-election. No director had, in the financial year to 31st March 2010, 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 the chairman of the Dartmouth Steam Railway and Riverboat Company 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.

Interests in the capital of the group

Directors

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

	15 th July 2010	31 st March 2010	31 st March 2009
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	12,200	8,000

C. H. BAILEY PLC

DIRECTORS' REPORT YEAR ENDED 31ST MARCH 2010

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
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Charitable and political contributions

During the year the group made no contributions of a charitable or political nature (2009: £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.

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.

C. H. BAILEY PLC

DIRECTORS' REPORT YEAR ENDED 31ST MARCH 2010

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 31 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.

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 s418 of the Companies Act 2006.

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
20th July 2010

By order of the board
B.J. Warren
Secretary

C. H. BAILEY PLC

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND FINANCIAL STATEMENT YEAR ENDED 31ST MARCH 2010

The directors are responsible for preparing the annual report and the group and parent financial statements in accordance with applicable law and regulations. Company law requires the directors to prepare group and parent company financial statements for each financial year. As required by the AIM rules of London Stock Exchange they are required to prepare the group financial statements in accordance with IFRSs as adopted by the European Union and applicable law and have elected to prepare the parent company financial statements in accordance with IFRS.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are 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 that are sufficient to show and explain the parent company's transactions and 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 2006. 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 2010

We have audited the group and individual company financial statements of C.H. Bailey Plc for the year ended 31st March 2010 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated and parent company balance sheets, the consolidated cashflow statement, the consolidated and parent company statements of changes in equity and the related notes 1 to 33. The financial reporting framework that has been applied in the preparation of the group and company financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of part 16 of the Companies Act 2006. 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

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and or being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion:

- The financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2010 and of the group's profit for the year then ended;
- The financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- The financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where Companies Act 2006 requires us to report to you if, in our opinion:

C. H. BAILEY PLC

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF C.H.BAILEY PLC
YEAR ENDED 31ST MARCH 2010**

- Adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- The parent company financial statements are not in agreement with the accounting records and returns; or
- Certain disclosures of directors' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit.

Walter Hunter & Co Limited
Newport, South Wales

Mr Jonathan Rhodes BSc (Hons) FCA
12th August 2010

C. H. BAILEY PLC

**CONSOLIDATED INCOME STATEMENT
YEAR ENDED 31ST MARCH 2010**

	Notes	2010 £	2009 £
Continuing operations			
Revenue	4	3,897,260	5,369,623
Cost of sales		<u>(3,116,078)</u>	<u>(4,687,979)</u>
Gross profit		781,182	681,644
Profit on the sale of property	8	2,013,442	1,847,320
Administrative expenses		<u>(1,432,691)</u>	<u>(1,890,935)</u>
Trading profit		1,361,933	638,029
Investment activities and other income	5	<u>196,138</u>	<u>449,557</u>
Operating profit		1,558,071	1,087,586
<hr/>			
EBITDA*		(41,435)	(280,126)
Depreciation		(414,431)	(412,413)
Profit (loss) on the sale of plant and equipment		<u>495</u>	<u>(67,195)</u>
Normalised operating (loss)		(455,371)	(759,734)
Profit on sale of property		<u>2,013,442</u>	<u>1,847,320</u>
Operating profit		1,558,071	1,087,586
<hr/>			
Finance income	6	10,409	18,449
Finance costs	7	<u>(199,758)</u>	<u>(337,381)</u>
Profit before taxation	8	1,368,722	768,654
Taxation	11	(241,708)	(379,556)
Minority interest		<u>(22,533)</u>	<u>(18,295)</u>
Profit for the year from continuing operations		1,104,481	370,803
Discontinued operations			
(Loss) for the year from discontinued operations	12	<u>-</u>	<u>(94,221)</u>
Profit for the financial year		<u>1,104,481</u>	<u>276,582</u>
Earnings per share from continuing operations	13	13.25p	4.53p
Earnings per share from total operations	13	13.25p	3.38p

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

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME YEAR ENDED 31ST 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

C. H. BAILEY PLC

BALANCE SHEETS AT 31ST MARCH 2010

		Group		Company	
	Notes	2010	2009	2010	2009
		£	£	£	£
Non-current assets					
Property, plant and equipment	14	10,431,270	11,121,914	1,946	-
Investments in subsidiary undertakings	15	-	-	3,272,063	5,471,948
Deferred tax asset	16	162,278	174,660	162,278	174,660
		<u>10,593,548</u>	<u>11,296,574</u>	<u>3,436,287</u>	<u>5,646,608</u>
Current assets					
Inventory	17	31,462	40,582	-	-
Trade and other receivables	18	919,346	1,085,953	1,562,779	1,591,589
Current asset investments	19	1,544,853	1,052,308	507,380	344,315
Cash and cash equivalents	20	1,886,316	605,494	24	-
		<u>4,381,977</u>	<u>2,784,337</u>	<u>2,070,183</u>	<u>1,935,904</u>
Current liabilities					
Trade and other payables	21	(1,967,095)	(1,735,594)	(3,102,792)	(4,025,338)
Bank loans and overdrafts	22	(974,888)	(1,742,463)	(333,835)	(311,128)
Other loans	22	(669,014)	(662,139)	-	-
Obligations under finance leases	24	(26,897)	(38,421)	-	-
Provisions	25	(225,000)	(225,000)	(225,000)	(225,000)
		<u>(3,862,894)</u>	<u>(4,403,617)</u>	<u>(3,661,627)</u>	<u>(4,561,466)</u>
Net current assets		<u>519,083</u>	<u>(1,619,280)</u>	<u>(1,591,444)</u>	<u>(2,625,562)</u>
Total assets less current liabilities		11,112,631	9,677,294	1,844,843	3,021,046
Non-current liabilities					
Trade and other payables	23	(734,178)	-	-	-
Bank loans	22	(1,909,535)	(2,379,627)	-	-
Obligations under finance leases	24	(10,971)	(35,794)	-	-
Deferred tax liabilities	26	(735,862)	(783,762)	-	-
Net assets		<u>7,722,085</u>	<u>6,478,111</u>	<u>1,844,843</u>	<u>3,021,046</u>
Equity					
Called-up share capital	27	833,541	833,541	833,541	833,541
Share premium account	28	609,690	609,690	609,690	609,690
Capital redemption reserve	28	5,163,332	5,163,332	5,163,332	5,163,332
Translation reserve	28	769,123	713,232	-	-
Retained earnings	28	267,376	(900,264)	(4,761,720)	(3,585,517)
Surplus attributable to the parent's shareholders		7,643,062	6,419,531	1,844,843	3,021,046
Minority interest	28	79,023	58,580	-	-
Total equity		<u>7,722,085</u>	<u>6,478,111</u>	<u>1,844,843</u>	<u>3,021,046</u>

These financial statements were approved by the board of directors on 20th July 2010 and were signed on its behalf by:

CHARLES H. BAILEY, Director

C. H. BAILEY PLC

CONSOLIDATED CASH FLOW STATEMENT YEAR ENDED 31ST MARCH 2010

	Notes	2010 £	2009 £
Cash flows from operating activities			
Cash generated from operations	29	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)
Net cash flow from operating activities		(315,575)	(2,419,924)
Investing activities			
Sale of property, plant and equipment		2,307,972	3,975,127
Deferred income on property sale	23	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
Net cash flow from investing activities		2,556,718	2,611,849
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)
Net cash flow from financing activities		(207,369)	(248,681)
Net increase (decrease) in cash and cash equivalents			
Cash and cash equivalents at beginning of year	30	(1,136,969)	(1,101,729)
Exchange differences		14,623	21,516
Cash and cash equivalents at end of year	30	911,428	(1,136,969)
Reconciliation of net cash flow to movement in net debt in the year			
Net increase (decrease) in cash and cash equivalents		2,033,774	(56,756)
Cash outflow from the increase in debt		365,890	336,649
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)
Net debt at the end of the year	30	(1,704,989)	(4,252,950)

C. H. BAILEY PLC

STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED 31ST MARCH 2010

	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)	-	-
Profit 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
Profit for the financial year	-	-	-	-	-	1,104,481	22,533	1,127,014
Exchange differences	-	-	-	-	55,891	63,159	(2,090)	116,960
At 31st March 2010	833,541	609,690	5,163,332	-	769,123	267,376	79,023	7,722,085
Company								
At 1st April 2008	833,541	609,690	5,163,332	(187,528)	-	(1,462,825)	-	4,956,210
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	-	-	-	-	-	(2,006,380)	-	(2,006,380)
At 31st March 2009	833,541	609,690	5,163,332	-	-	(3,585,517)	-	3,021,046
Loss for the financial year	-	-	-	-	-	(1,176,203)	-	(1,176,203)
At 31st March 2010	833,541	609,690	5,163,332	-	-	(4,761,720)	-	1,844,843

There were no transactions with owners recorded directly in equity during the year ended 31st March 2010.

C. H. BAILEY PLC

NOTES TO THE ACCOUNTS YEAR ENDED 31ST MARCH 2010

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 2006. 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 7.

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 2006. Therefore these financial statements comply with the AIM rules.

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.

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 the group is a going concern is given in the financial review section of the Directors' Report.

Accounting period

The current period is for 12 months ended 31st March 2010 and the comparative period is for the 12 months ended 31st March 2009.

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.

Initial Adoption of International Financial Reporting Standards

These are the group's fourth 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.

International Financial Reporting Standards adopted for the first time this accounting period

The group has adopted with effect from 1st April 2009 the following accounting policies;

- Determination and presentation of operating systems – IFRS 8.

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- Presentation of financial statements – ISA 1 (revised)
- Improving disclosures about financial instruments – IFRS 7 amended
- IAS 23 (Revised 2007) Borrowing Costs.

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): Improved structure. Effective for periods commencing on or after 1 July 2009.
- IFRS 2 (Amendment) Group cash settled share-based payment transactions. Effective for periods commencing on or after 1 January 2010.
- IFRS 3 (Amendment) Business Combinations. Effective for periods commencing on or after 1 July 2009.
- IFRS 9 Financial Instruments (effective for periods beginning on or after 1 January 2013)
- Amendments to IFRS 5 Non-current Assets held for sale and Discontinued Operations (effective date of 1 January 2010)
- Amendments to IAS 7 Statement of Cash Flows (effective date of 1 January 2010)
- IAS 24 (Amendment) Related party transactions. Effective for periods commencing on or after 1 February 2010.
- IAS 27 (Revised 2008) Consolidated and Separate Financial Statements. Effective for periods commencing on or after 1 July 2009.
- IAS 32 (Amendment) Classifications of rights issues. Effective for periods commencing on or after 1 January 2010.
- IAS 39 (Amendment) and IFRIC 9 (Amended) Prepayments of a minimum funding requirement. Effective for periods commencing on or after 1 July 2009.
- 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 2010. 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.

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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.

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 capitalised and depreciated in accordance with the accounting policy

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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.

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”

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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.

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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

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.

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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.

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.

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NOTES TO THE ACCOUNTS YEAR ENDED 31ST MARCH 2010

4. Segmental information

Classes of business		Revenue continuing operations £	Operating profit (loss) continuing operations £	Operating (loss) from discontinued operations £	Net assets £
Industrial:					
	2010	857,848	(131,904)	-	453,416
	2009	2,210,394	(309,588)	(66,889)	383,478
Leisure:					
	2010	3,020,912	2,043,054	-	7,451,388
	2009	3,140,730	1,494,214	-	6,671,185
Management and investment:					
	2010	18,500	(353,079)	-	(182,719)
	2009	18,499	(97,040)	-	(576,552)
Total:					
	2010	3,897,260	1,558,071	-	7,722,085
	2009	5,369,623	1,087,586	(66,889)	6,478,111
Geographical segments					
United Kingdom:					
	2010	1,904,801	(335,720)	-	(371,873)
	2009	3,526,242	(481,962)	(66,889)	(273,275)
Malta, Tanzania and Rest of the World:					
	2010	1,992,459	1,893,791	-	8,093,958
	2009	1,843,381	1,569,548	-	6,751,386
Total:					
	2010	3,897,260	1,558,071	-	7,722,085
	2009	5,369,623	1,087,586	(66,889)	6,478,111

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NOTES TO THE ACCOUNTS YEAR ENDED 31ST MARCH 2010

	2010 £	2009 £
5. Investment activities and other income		
Income from current asset investments	70,603	140,496
Profit on sale of current asset investments	5,703	760
Decrease (increase) in provision on current asset investments	244,665	(249,027)
Net foreign exchange (loss) gain	(209,376)	558,490
Fair value movement on investments	84,543	(1,162)
	196,138	449,557
6. Finance income		
Bank deposits	10,409	18,449
7. Finance costs		
Bank loans	113,512	236,734
Directors' loans	45,609	58,458
Other loans	31,330	30,945
Finance leases	9,307	11,244
	199,758	337,381
8. Profit before taxation		
The following have been charged in arriving at the profit before taxation:		
Depreciation continuing operations - owned assets	375,200	374,182
Depreciation discontinuing operations - owned assets	-	14,340
Depreciation continuing operations - finance leased assets	39,231	39,231
Profit on the sale of property	2,013,442	1,847,320
Profit (loss) on the sale of plant and equipment continuing operations	(495)	67,195
Operating lease rental payments continuing operations	22,601	61,301
Operating lease rental payments discontinuing operations	-	92,999
The profit on the sale of property arises on the sale of part of the hotel complex in Malta.		
9. Auditors' remuneration		
A detailed analysis of auditors' remuneration on a worldwide basis is as follows:		
Auditor's fees	- statutory audit	20,000
	- audit related services	10,000
	- tax compliance services	8,300
	- interim review	9,700
Overseas auditors' fees	- statutory audit	18,883
	- audit related services	-

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NOTES TO THE ACCOUNTS YEAR ENDED 31ST MARCH 2010

	2010	2009
	£	£
10. Employee information		
The average number of employees employed during the year was:		
Management	12	19
Administration	14	28
Production	82	162
	108	209

Staff costs, including directors' remuneration amounted to:		
Wages and salaries	1,101,716	3,512,851
Social security costs	78,567	315,234
Pensions (defined contribution schemes)	3,942	20,812
	1,184,225	3,848,897

Total directors' emoluments were as follows:

	Fees	Salary	Benefits	Pension contributions	Total emoluments	
					2010	2009
					£	£
Charles H. Bailey	10,000	35,000	413	-	45,413	80,741
Mrs S.A. Bailey	4,200	4,816	1,307	-	10,323	10,294
Sir William McAlpine Bt.	4,000	-	-	-	4,000	4,000
D.C. Orchard	4,000	-	-	-	4,000	39,070
	22,200	39,816	1,720	-	63,736	134,105

The number of directors accruing retirement benefits under defined contribution schemes

	1	2
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The group does not operate a profit share or bonus scheme for directors.

In addition to the above, £7,500 was charged to group companies for services provided by QED Enterprise Limited, a company controlled by Mr D.C. Orchard.

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NOTES TO THE ACCOUNTS YEAR ENDED 31ST MARCH 2010

	2010 £	2009 £
11. Taxation		
Current tax - overseas tax based on taxable profit for the year	251,712	468,326
Deferred tax (credit) on the origination and reversal of temporary differences	(10,004)	(88,770)
	241,708	379,556
Total tax charge for the financial year attributable to total operations	241,708	379,556
<p>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:</p>		
Profit (loss) before taxation:		
Continuing operations	1,368,722	768,654
Discontinuing operations	-	(94,221)
	1,368,722	674,433
Tax at the UK effective corporation tax rate of 28% (2009: 28%)	383,242	188,841
Effects of:		
Non-deductable expenses	657	2,304
Differences arising on overseas earnings	(103,020)	13,385
Differences arising on capital sales and investment income	(74,393)	68,242
Deferred tax on losses not recoverable	35,222	106,784
Total tax charge for the financial year	241,708	379,556

12. Discontinued operations

Profit on disposal	-	688,901
Trading (loss)	-	(755,790)
Operating (loss)	-	(66,889)
Finance costs	-	(27,332)
(Loss) for the year from discontinued operations	-	(94,221)

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 8,335,414 (2009: 8,192,980) which excludes own shares held. There are no share options, convertible equity or debt instruments in issue.

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NOTES TO THE ACCOUNTS YEAR ENDED 31ST MARCH 2010

	Continuing earnings	Discontinued (loss)	Total earnings	Number of shares
2010				
Basic earnings / weighted average number shares	1,104,481	-	1,104,481	8,333,541
Basic earnings per share (pence)	13.25p	-	13.25p	
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	

14. 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	2,525,002	-	-	2,525,002
At cost	4,006,342	4,384,821	3,644,000	12,035,163
At 1st April 2009	6,531,344	5,033,358	3,644,000	15,208,702
Exchange differences	(212,613)	(116,064)	(133,023)	(461,700)
Additions	106,914	77,268	154,025	338,207
Disposals	(293,469)	-	(6,315)	(299,784)
At 31st March 2010	6,132,176	4,994,562	3,658,687	14,785,425
Depreciation				
At 1st April 2009	351,473	1,110,543	2,624,772	4,086,788
Exchange differences	(11,441)	(32,485)	(97,389)	(141,315)
Charge for year	24,481	196,410	193,540	414,431
Disposals	-	-	(5,749)	(5,749)
At 31st March 2010	364,513	1,274,468	2,715,174	4,354,155
Carrying value				
2010	5,767,663	3,720,094	943,513	10,431,270
2009	6,179,871	3,922,815	1,019,228	11,121,914

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

At 31st March 2010 the group's carrying value of plant and equipment held under finance leases and similar agreements was £174,607 (2009: £196,636).

At 31st March 2010 the group had entered into contractual commitments for the acquisition of property, plant and equipment of £Nil (2009: £Nil).

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NOTES TO THE ACCOUNTS YEAR ENDED 31ST MARCH 2010

	2010 £	2009 £
15. Investment in subsidiary undertakings		
Company		
At 1st April 2009	5,471,948	6,833,363
Disposal and impairment provisions	<u>(2,199,885)</u>	<u>(1,361,415)</u>
At 31st March 2010	<u>3,272,063</u>	<u>5,471,948</u>

A list of the significant investments in subsidiaries, including the country of incorporation, is given on page 36.

16. Deferred tax asset

	Tax losses recognised £	Unremitted overseas earnings £	Total £
Group			
At 1st April 2009 at 28%	410,572	(235,912)	174,660
Charged (credited) to income statement	104,104	(116,486)	(12,382)
At 31st March 2010 at 28%	<u>514,676</u>	<u>(352,398)</u>	<u>162,278</u>
Company			
At 1st April 2009 at 28%	410,572	(235,912)	174,660
Charged (credited) to income statement	104,104	(116,486)	(12,382)
At 31st March 2010 at 28%	<u>514,676</u>	<u>(352,398)</u>	<u>162,278</u>

Deferred tax at 31st March 2010 has been calculated using the rate of tax that is expected to apply when timing differences reverse. At 31st March 2010 the group had unused capital losses of £464,496 (2009: £472,830) 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.

	2010 £	2009 £
17. Inventory		
Raw materials and consumables	<u>31,462</u>	<u>40,582</u>

18. Trade and other receivables

Trade debtors	493,358	856,143	-	9,020
Amounts recoverable on long term contracts	29,694	86,763	-	-
Loans to group undertakings	-	-	1,548,769	1,547,878
Other debtors	198,435	28,162	4,995	9,675
Prepayments and accrued income	109,430	114,885	5,040	25,016
Social security and other taxes	88,429	-	3,975	-
	<u>919,346</u>	<u>1,085,953</u>	<u>1,562,779</u>	<u>1,591,589</u>

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NOTES TO THE ACCOUNTS YEAR ENDED 31ST MARCH 2010

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
19. Current asset investments				
Listed investments	1,484,057	892,195	449,060	187,475
Unlisted investments	60,796	160,113	58,320	156,840
	1,544,853	1,052,308	507,380	344,315

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

20. Cash and cash equivalents

Cash at bank and in hand	258,507	210,778	24	-
Deposit accounts	1,627,809	394,716	-	-
	1,886,316	605,494	24	-

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

21. Trade and other payables

Trade creditors	404,699	393,887	43,373	50,056
Payments on account	-	42,595	-	-
Loans from group undertakings	-	-	2,160,864	3,300,358
Social security and other taxes	59,062	79,027	4,669	5,578
Directors' loans	1,176,724	1,018,203	814,112	639,075
Accruals and deferred income	254,839	129,545	29,692	27,117
Other creditors	71,771	72,337	50,082	3,154
	1,967,095	1,735,594	3,102,792	4,025,338

22. Borrowings

Current liabilities

Bank loans and overdrafts	974,888	1,742,463	333,835	311,128
Other loans	669,014	662,139	-	-
	1,643,902	2,404,602	333,835	311,128

Non-current liabilities

Bank loans	1,909,535	2,379,627	-	-
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Bank loans

Over one year and under two years	492,705	528,806	-	-
Over two years and under five years	1,416,830	1,850,821	-	-
	1,909,535	2,379,627	-	-

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NOTES TO THE ACCOUNTS YEAR ENDED 31ST MARCH 2010

There are no fixed rate liabilities. Bank borrowings are at a floating interest rates based on the relevant LIBOR equivalent. At the 31st March 2010 the group had £3,759,631 (2009: £4,327,074) of committed facilities of which £2,884,423 (2009: £4,122,090) was utilised.

The group's UK bank loans are secured by a charge over certain assets of the group and by cross guarantees between the UK undertakings. These borrowings at 31st March 2010 were £494,327 (2009: £692,263). Industrial Investment Corporation Limited has provided guarantees of £500,000 to Barclays Bank Plc in respect of UK bank borrowings.

St Georges Bay Hotel Limited (Malta) had borrowings at 31st March 2010 of £17,832 (2009: £42,743) secured by a fixed and floating charge over its assets.

Cordura Limited (Tanzania) had borrowings at 31st March 2010 of £2,402,240 (2009: £3,048,100) secured by a fixed and floating charge over its assets. Industrial Investment Corporation has provided guarantees of \$500,000 in respect of Tanzanian bank borrowings.

23. Contingent Asset

On the 9th 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, to Vic Bon Limited, a company incorporated in Malta. A deposit of 815,300 Euros (£750,076) was paid by the buyer. This deposit at 31st March 2010 is £734,178.

On completion (which is conditional on appropriate permission for the development of this property), St George's Bay Hotel Limited will receive further consideration of 28,301,867 Euros giving a total cash consideration for the hotel complex of 29,117,167 Euros.

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
24. Obligations under finance leases				
Amounts payable under finance leases:				
Within one year	35,144	45,778	-	-
Over one year and under five years	14,180	46,813	-	-
	49,324	92,591	-	-
Less future finance charges	(11,456)	(18,376)	-	-
Present value of lease obligations	37,868	74,215	-	-
Current liabilities	(26,897)	(38,421)	-	-
Non-current liabilities	10,971	35,794	-	-

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

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NOTES TO THE ACCOUNTS YEAR ENDED 31ST MARCH 2010

25. Provisions

	Legal £
Group	
At 1st April 2009	225,000
Charged to income statement	-
At 31st March 2010	225,000
Company	
At 1st April 2009	225,000
Charged to income statement	-
At 31st March 2010	225,000

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.

26. Deferred tax liabilities

	Revaluation surplus £
Group	
At 1st April 2009	783,762
Exchange differences	(25,514)
(Credited) to income statement	(22,386)
At 31st March 2010	735,862

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.

	2010 £	2009 £
27. 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

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NOTES TO THE ACCOUNTS YEAR ENDED 31ST MARCH 2010

28. Share capital and reserves

	Called-up share capital £	Share premium account £	Capital redemption reserve £	Translation reserve £	Retained earnings £	Minority interest £	Total £
Group							
At 1st April 2009	833,541	609,690	5,163,332	713,232	(900,264)	58,580	6,478,111
Profit for the financial year	-	-	-	-	1,104,481	22,533	1,127,014
Exchange differences	-	-	-	55,891	63,159	(2,090)	116,960
At 31st March 2010	<u>833,541</u>	<u>609,690</u>	<u>5,163,332</u>	<u>769,123</u>	<u>267,376</u>	<u>79,023</u>	<u>7,722,085</u>
Company							
At 1st April 2009	833,541	609,690	5,163,332	-	(3,585,517)	-	3,021,046
Loss for the financial year	-	-	-	-	(1,176,203)	-	(1,176,203)
At 31st March 2010	<u>833,541</u>	<u>609,690</u>	<u>5,163,332</u>	<u>-</u>	<u>(4,761,720)</u>	<u>-</u>	<u>1,844,843</u>

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

	2010 £	2009 £
29. Cash generated from operations		
Operating profit continuing operations	1,558,071	1,087,586
Operating (loss) discontinuing operations	-	(66,889)
Depreciation	414,431	426,753
(Profit) on the sale of property, plant and equipment	(2,013,937)	(1,780,125)
(Profit) on sale of current asset investments	(5,703)	(760)
Fair value movement of investments	(84,543)	1,162
(Profit) on disposal of subsidiary undertaking	-	(688,901)
Provision on current asset investments	(244,665)	249,027
Exchange differences	263,534	(1,052,169)
Cash generated from operations before movements in working capital	<u>(112,812)</u>	<u>(1,824,316)</u>
Decrease in inventories	9,120	14,141
Lease prepayment released	-	4,761
Decrease in trade and other receivables	166,607	817,695
Increase (decrease) in trade and other payables	72,980	(599,166)
Cash generated from operations	<u>135,895</u>	<u>(1,586,885)</u>

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NOTES TO THE ACCOUNTS YEAR ENDED 31ST MARCH 2010

	2010	2009
	£	£
30. Analysis of net debt		
Cash and cash equivalents	1,886,316	605,494
Bank loans and overdrafts	(974,888)	(1,742,463)
	<u>911,428</u>	<u>(1,136,969)</u>
Bank loans - non-current	(1,909,535)	(2,379,627)
Obligations under finance leases	(37,868)	(74,215)
Other loans	(669,014)	(662,139)
	<u>(1,704,989)</u>	<u>(4,252,950)</u>

31. 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 30, and equity comprising issued share capital, reserves and retained earnings as disclosed in note 28. The gearing ratio is:

Net debt	1,704,989	4,252,950
Equity	7,722,085	6,478,111
Net debt to equity percentage	22.1%	65.7%

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.

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NOTES TO THE ACCOUNTS YEAR ENDED 31ST MARCH 2010

	2010	2009	
	£	£	
Categories of financial instruments			
Cash and cash equivalents	1,886,316	605,494	
Bank loans and overdrafts - current	(974,888)	(1,742,463)	
Bank loans - non-current	(1,909,535)	(2,379,627)	
Other loans	(669,014)	(662,139)	
Obligations under finance leases	(37,868)	(74,215)	
Financial liabilities	<u>(1,704,989)</u>	<u>(4,252,950)</u>	
Current assets investments	1,544,853	1,052,308	
Other net operating assets	7,882,221	9,678,753	
Total net assets	<u>7,722,085</u>	<u>6,478,111</u>	
Financial liabilities	Dollar	(2,077,582)	(2,494,113)
	Sterling	(1,260,425)	(1,813,053)
	Euro	1,633,018	54,216
		<u>(1,704,989)</u>	<u>(4,252,950)</u>
Current asset investments	Dollar	1,037,473	663,957
	Sterling	507,380	344,315
	Other	-	44,036
		<u>1,544,853</u>	<u>1,052,308</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 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.

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NOTES TO THE ACCOUNTS YEAR ENDED 31ST MARCH 2010

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.

32. 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:

	2010	2009
	£	£
Within one year	1,083	11,910
After five years	13,185	13,185
	<u>14,268</u>	<u>25,095</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.

33. Related party transactions

At 31st March 2010, the group owed Charles H. Bailey £1,073,568 (2009 : £865,792) on which there was interest charged to the income statement of £42,473 (2009: 58,458). At 31st March 2010, the group owed Mrs S. A. Bailey £103,156 (2009: £152,411) on which there was interest charged to the income statement of £3,136 (2009: Nil). In addition, the group has made loans totalling 165,000 Euros to Sefranda Limited, a company controlled by Dr. A. Galea, a director of St Georges Bay Hotel Limited. Transactions between the company and its subsidiary undertakings, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

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NOTES TO THE ACCOUNTS YEAR ENDED 31ST MARCH 2010

	Percentage of ordinary share capital held	Principle activities
Industrial division:		
Bailey Industrial Engineering Limited (UK)	100%	Engineering
Leisure:		
Bay Travel Limited (UK)	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

	IFRS				UK GAAP
	2010 £	2009 £	2008 £	2007 £	2006 £
Continuing operations					
Revenue	3,897,260	5,369,623	5,526,195	5,594,850	5,263,729
Continuing operations					
Operating (loss) before exceptional items, investments activities and depreciation	(237,573)	(729,683)	(723,294)	(401,919)	(792,764)
Investment activities and other income	196,138	449,557	(35,302)	387,261	31,140
Depreciation	(414,431)	(412,413)	(266,857)	(198,921)	(227,294)
Profit (loss) on the sale of plant and equipment	495	(67,195)	85	-	-
Goodwill impairment	-	-	(29,750)	(1,750)	(1,750)
Profit on disposal of property	2,013,442	1,847,320	-	-	-
Restructuring costs	-	-	-	-	(144,340)
	1,558,071	1,087,586	(1,055,118)	(215,329)	(1,135,008)
Net finance costs	(189,349)	(318,932)	(209,339)	(105,756)	(99,298)
Profit (loss) before taxation	1,368,722	768,654	(1,264,457)	(321,085)	(1,234,306)
Taxation	(241,708)	(379,556)	(65,010)	105,237	126,386
Minority interest	(22,533)	(18,295)	(126,694)	(800)	(338)
Profit (loss) for the year from continuing operations	1,104,481	370,803	(1,456,161)	(216,648)	(1,108,258)
(Loss) for the year from discontinued operations	-	(94,221)	(706,626)	(474,788)	(120,448)
Profit (loss) for the financial year	1,104,481	276,582	(2,162,787)	(691,436)	(1,228,706)
Earnings (loss) per share	13.25p	3.38p	(26.40p)	(8.44p)	(15.24p)