Group Highlights

- **Turnover up 22% to £2.9m (2015: £2.4m)**
- **Operating profit of £577k (2015 loss: £494k), assisted by foreign exchange gains and performance of current asset investments**
- **EBITDA at £1.1m (2015: loss of £70k)**
- **Overall profit for the period of £361k (2015: loss £717k)**
- **Retail and offices in Tanzania at 85% occupancy and serviced accommodation increasing in line with two year plan**
- **Development of St Lucia Street property in Malta nearing completion and refurbishment of Galenia Estate hospitality unit completed**

Group Financial Summary

Summary of interim group results	2016 £'000s	2015 £'000s	2014 £'000s	2013 £'000s
Revenue from continuing operations	2,924	2,395	2,739	2,409
Gross profit from continuing operations	881	628	833	530
Gross profit margin	30.2%	26.2%	30.5%	22.0%
Operating profit/(loss) from continuing operations, before exceptional items, investment activities and depreciation	461	309	371	(18)
Profit/(loss) before tax and minority interests	363	(718)	30	(864)
Profit/(loss) from continuing operations after tax	361	(717)	32	(854)
Earnings/(loss) per share from continuing operations	4.73p	(9.43)p	0.43p	(11.22p)
Earnings/(loss) per share from total operations	4.73p	(9.43p)	0.43p	(11.22p)

Overview

Financial Information

Chairman's Statement

CH Bailey plc ("CH Bailey", the "Company" or, together with its subsidiaries, the "Group"), announces its interim results for the half year ended 30 September 2016.

Interim Statement and Results

Our interim results for the 6 month period ended 30 September 2016 show a profit for the period of £381,000 (2015: loss £717,000). Revenue has increased by 22% to £2.9m (2015: £2.4m) with cost of sales increasing by 16% to £2.0m (2015:£1.8m). This has resulted in an operating profit for the period of £577,000 (2015: loss £494,000). EBITDA has risen from a small loss of £52,000 to earnings for the period of £1.1m.

These improved results arise from a combination of increased sales from the serviced offices and accommodation in Tanzania, profits on our current asset investments and the positive effect of the slide in the value of the pound.

The Phase III of our offices in Tanzania is now fully let and we have seen a build up throughout the period in the occupancy of our new serviced accommodation in Dar es Salaam. Despite a turbulent time for engineering in South Wales, Bailey Industrial Engineering Limited ("BIE") has traded in line with our internal forecasts.

During the period we have been working on the development at St Lucia Street in Valletta, Malta, which is nearing completion, and have refurbished the hospitality unit at Montagu in South Africa.

Overhead costs have generally been kept in line with the prior period, although the pre-revenue planning work in Malta coupled with additional overheads incurred in South Africa in connection with the renovation of the hospitality unit ready for occupancy have resulted in administrative expenses increasing from £761,000 in the same period last year to £944,000 this time.

Tanzania

Despite significant economic uncertainty in Tanzania, the Phase III offices are now fully let, with our overall office and retail occupancy in Dar es Salaam now at over 85%.

Our new serviced accommodation, the Oyster Bay Suites, has been building occupancy levels during the period. These have continued to climb in the two months since the period end and in line with our internal forecast that it would take two years for the product to become established in the market.

By contrast, although the quality of our accommodation continues to be recognised with various awards, the hospitality business in Tanzania (The Oyster Bay and Beho Beho) has remained subdued, primarily due to the imposition of VAT on tourist revenue, which has made it difficult to compete with similar offerings in other countries, such as Kenya. However, these leisure assets represent less than 20% of our revenue in Tanzania.

South Africa

We are pleased with progress at our hospitality unit outside Montagu, now re-named the Galenia Estate. Following its refurbishment over the low season, it has been able to maintain similar occupancy levels to those seen previously, but at a much enhanced room rate.

We continue to discuss our approach to the Galenia Estate and Little Bean Farm sites with local planning authorities and we believe that both have significant long term development potential.

The appointment of Marinus Venter, with his African property sector background, as Head of Development and Operations, has added impetus to our search for additional development opportunities in the Western Cape of South Africa and we have identified several interesting development properties.

Malta

Valletta continues to exhibit increasing demand for well-appointed office and residential property. The refurbishment of the St Lucia Street property is nearing completion and we are starting to market it, as single or multiple tenant office space. We are also considering various options to generate income from the property on St Barbara Bastions.

We have received MEPA planning consent for the Charles Street property and are hoping to receive consent for the Archbishop Street property in the New Year. We expect to start development work on one of these as soon as St Lucia Street is generating income.

UK Operations

Bailey Industrial Engineering in Newport has faced many challenges associated with the sector in that part of the world. However, recent months have seen an improvement in orders as the TATA plant at Port Talbot came back after a period of inactivity, due to the threat of closure, and other client orders also picked up. The result is revenue only 7% down from the previous period and with improved margins and controlled overhead costs, the business produced a 134% increase in operating profit, from £17,000 in the prior period to £40,000.

The future remains uncertain, but TATA and the potential of work arising from the go ahead for Hinkley Point give cause for a more positive view. Our lease at Newport expires in 2017 and, as a result, we are currently considering our options.

Outlook

Market conditions have been difficult in several of our sectors, with the effect of the oil and gas prices and general economic uncertainty. During the first six months of this financial year, this was offset by newer revenue streams coming on line and by the fact that almost all of our non-UK revenue is denominated in US dollars, with many costs and much of our borrowing in local currencies. This has resulted in a significant foreign currency benefit. We are cautious about prospects, as there are few signs that economic uncertainty will reduce in the short term and currencies may not remain in our favour.

We therefore continue to keep costs under review, whilst looking for ways to increase the value of our existing property assets. We are also seeking interesting property trading and development opportunities in more buoyant markets, where we have market knowledge and connections, such as the Western Cape.

The key focus of your Group is on leisure and commercial operations and properties in Tanzania, South Africa and Malta. I am confident that the Group is well placed in these countries to add value for shareholders.

David Wilkinson
21 December 2016

Consolidated Income Statement
for the six months ended 30 September 2016

	Notes	September 2016	September 2015	March 2016
		£	£	£
Continuing operations				
Revenue	**4**	2,923,756	2,395,441	5,105,211
Cost of sales		(2,042,291)	(1,767,144)	(3,576,420)
Gross profit		881,465	628,297	1,528,791
Administrative expenses		(944,185)	(761,232)	(1,711,538)
Investment activities and other income	**5**	639,630	(360,588)	216,207
Operating profit (loss)		576,910	(493,523)	33,460
EBITDA*		1,100,589	(51,924)	946,526
Depreciation		(523,071)	(440,767)	(918,920)
(Loss) profit on sale of plant and equipment		(608)	(832)	5,854
Operating profit (loss)		576,910	(493,523)	33,460
Finance income	**6**	901	14,103	25,846
Finance costs	**7**	(215,185)	(239,012)	(457,849)
Profit (loss) before taxation		362,626	(718,432)	(398,543)
Taxation		(1,869)	945	(28,115)
Minority interest		59	305	344
Profit (loss) for the financial period		360,816	(717,182)	(426,314)
Earnings (loss) per share from continuing and total operations	**8**	4.73p	(9.43p)	(5.60p)

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

Consolidated Statement of Comprehensive Total Income

for the six months ended 30 September 2016

	September 2016 £	September 2015 £	March 2016 £
Profit (loss) for the financial period	360,816	(717,182)	(426,314)
Items that may be reclassified to profit and loss:			
Exchange differences	822,397	(1,654,433)	(1,543,976)
Total comprehensive income for the period	1,183,213	(2,371,615)	(1,970,290)

Consolidated Balance Sheet
as at 30 September 2016

	Notes	September 2016 £	September 2015 £	March 2016 £
Non-current assets				
Property, plant and equipment	**9**	14,461,315	12,455,865	12,827,555
Operating leases		92,979	35,175	87,626
Trade and other receivables		855,895	620,217	694,617
Deferred tax asset		268,460	187,272	231,757
		15,678,649	13,298,529	13,841,555
Current assets				
Inventory		19,976	15,622	19,851
Trade and other receivables		2,708,367	1,997,833	2,334,371
Current asset investments	**10**	1,755,653	1,889,234	1,522,622
Cash and cash equivalents	**13**	1,771,745	4,418,838	2,183,225
		6,255,741	8,321,527	6,060,069
Assets classified as held for sale		197,811	171,850	178,112
		6,453,552	8,493,377	6,238,181
Current liabilities				
Trade and other payables		(3,033,874)	(2,292,295)	(2,287,285)
Bank loans and overdrafts	**13**	(2,067,491)	(1,663,368)	(2,049,180)
Other loans	**13**	-	(793,787)	-
Obligations under finance leases		-	(17,181)	(1,934)
Provisions		(225,000)	(225,000)	(225,000)
		(5,326,365)	(4,991,631)	(4,563,399)
Net current assets		1,127,187	3,501,746	1,674,782
Total assets less current liabilities		16,805,836	16,800,275	15,516,337
Non-current liabilities				
Bank loans	**13**	(3,503,549)	(3,652,976)	(3,413,624)
Obligations under finance leases		-	-	-
Deferred tax liabilities		(46,013)	-	(42,190)
Net assets		13,256,274	13,147,299	12,060,523
Equity				
Called-up share capital	**11**	833,541	833,541	833,541
Share premium account		609,690	609,690	609,690
Capital redemption reserve		5,163,332	5,163,332	5,163,332
Investment in own shares		(915,616)	(960,509)	(929,955)
Translation reserve		59,535	50,978	54,470
Retained earnings		7,504,591	7,449,574	6,328,290
Surplus attributable to the parent's shareholders		13,255,073	13,146,606	12,059,368
Minority interest		1,201	1,093	1,155
Total equity		13,256,274	13,147,699	12,060,523

These financial statements were approved by the board of directors on 21 December 2016 and were signed on its behalf by:

David Wilkinson
C*hairman*

Consolidated Cash Flow Statement
for the six months ended 30 September 2016

	Notes	September 2016 £	September 2015 £	March 2016 £
Cash flows from operating activities				
Cash generated from operations	**12**	625,669	30,868	(281,549)
Interest paid		(215,185)	(239,012)	(457,849)
Overseas tax paid		(30,380)	(17,452)	(48,807)
Net cash flow from operating activities		380,104	(225,596)	(788,205)
Investing activities				
Sale of property, plant and equipment		6,586	11,330	32,304
Purchase of property, plant and equipment		(779,658)	(2,194,701)	(2,263,358)
Sale of investments		22,186	117,431	809,533
Purchase of investments		(21,372)	(574,800)	(949,787)
Interest received		901	14,103	25,846
Net cash flow from investing activities		(771,357)	(2,626,637)	(2,345,462)
Financing activities				
Equity dividends paid		-	-	(1,521,551)
Dividend to minority interest		-	-	-
Investment in own shares		12,492	-	32,988
Movement in bank loans		(268,823)	(625,876)	(1,083,462)
Movement in directors' loans		222,155	(15,533)	(18,636)
Movement in other loans		-	793,787	-
Movement in capital element of finance leases		(1,934)	(14,947)	(30,194)
Net cash flow from financing activities		(36,110)	137,431	(2,620,855)
Net (decrease) in cash and cash equivalents		(427,363)	(2,714,802)	(5,754,522)
Cash and cash equivalents at beginning of period		134,045	5,321,954	5,321,954
Exchange differences		(2,428)	148,318	566,613
Cash and cash equivalents at end of period	**13**	(295,746)	2,755,470	134,045

Reconciliation of net cash flow to movement in net (debt) in the period

	Notes	September 2016 £	September 2015 £	March 2016 £
Net (decrease) in cash and cash equivalents		(427,363)	(2,714,802)	(5,754,522)
Net cashflow from the movement in debt		270,757	(152,964)	1,113,656
		(156,606)	(2,867,766)	(4,640,866)
Movement in net (debt) during the period				
Net (debt) funds at the beginning of period		(3,281,513)	933,933	933,933
Exchange differences		(361,176)	225,359	425,420
Net (debt) at the end of period	**13**	(3,799,295)	(1,708,474)	(3,281,513)

Consolidated Statement of Changes in Equity
for the six months ended 30 September 2016

	Called-up share capital	Share premium account	Capital redemption reserve	Investment in own shares	Translation reserve	Retained earnings	Minority interest	Total
	£	£	£	£	£	£	£	£
At 31 March 2015	833,541	609,690	5,163,332	(960,509)	51,307	9,820,860	1,370	15,519,591
Transactions with owners recorded directly in equity								
Equity dividends paid	-	-	-	-	-	(1,521,551)	-	(1,521,551)
Sale on investment in own shares	-	-	-	-	-	32,988	-	32,988
Cost of investment in own shares	-	-	-	30,554	-	(30,554)	-	-
Income statement								
(Loss) for the financial period	-	-	-	-	-	(426,314)	(344)	(426,658)
Items that may be reclassified to profit and loss								
Exchange differences	-	-	-	-	3,163	(1,547,139)	129	(1,543,847)
At 31 March 2016	833,541	609,690	5,163,332	(929,955)	54,470	6,328,290	1,155	12,060,523
Transactions with owners recorded directly in equity								
Sale on investment in own shares	-	-	-	-	-	12,492	-	12,492
Cost of investment in own shares	-	-	-	14,439	-	(14,439)	-	-
Income statement								
Profit for the financial period	-	-	-	-	-	360,816	(59)	360,757
Items that may be reclassified to profit and loss								
Exchange differences	-	-	-	-	5,065	817,332	105	822,502
At 30 September 2016	833,541	609,690	5,163,332	(915,516)	59,535	7,504,491	1,201	13,256,274

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Notes to the Accounts

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.

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

The interim financial statements 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; and

- Assets held for sales 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.

Accounting period
The current period is for the six months ended 30 September 2016 and the comparative period is for the six months ended 30 September 2015.

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

2. Significant accounting policies

Basis of consolidation
The consolidated financial statements incorporate the financial statements of the company and entities controlled by the company (its subsidiaries) made up to 31 March 2016. 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.

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.

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 as available for sale financial assets which are measured at cost, as the directors consider that fair value cannot be reliably measured, other than impairment losses which are recognised in the income statement. 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	Between 2% and 5%
Leasehold buildings	Period of the lease
Plant and equipment	Between 10% and 25%

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

Investment and development property

Properties are externally valued on the basis of fair value at the balance sheet date. Investment property is recorded at valuation whereas trading property is stated at the lower of cost and net realisable value. Any surplus or deficit arising is recognised in investment activities in the income statement.

The cost of properties in the course of development includes attributable interest and other associated outgoings. Interest is calculated on the development expenditure by reference to specific borrowings. Interest is not capitalised where no development activity is taking place. A property ceases to be a development property on practical completion.

Investment property disposals are recognised on completion. Profits and losses are recognised in investment activities in the income statement. The profit on disposal is determined as the difference between the net sale proceeds and the carrying amount of the asset at the commencement of the accounting period plus capital expenditure in the period.

Where investment properties are appropriated to trading stock, they are transferred at market value. If properties held for trading are appropriated to investment, they are transferred at book value.

Lessee accounting

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 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 they are immediately available for sale in their current condition and 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 value 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. The measurement of deferred tax reflects the tax consequences that would follow the manner in which the group expects, at the end of the reporting period, to recover or settle the carrying value of its assets and liabilities. 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 is charged or credited in the income statement except when it relates 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” 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. There are currently no financial liabilities held at “fair value through profit or loss”.

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 has loans held in US dollars which are disclosed in borrowings and are at fixed rates of 6.25% and 8%. The other group loans and overdrafts are 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. The group does not hold any derivative financial instruments or embedded derivative financial instruments at either period end.

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.

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 directors' 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 funds

Net funds 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 consolidated statement of changes in equity. All other exchange differences are included within the consolidated 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.

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.

4. Segmental information

	Revenue continuing operations	Operating profit (loss) continuing operations	Depreciation and loss (profit) on sale of plant and equipment	EBITDA	Net assets
	£	£	£	£	£
Classes of business					
Engineering:					
September 2016	730,468	40,043	39,000	79,043	233,063
September 2015	781,372	17,104	39,000	56,104	251,905
March 2016	1,425,101	(36,813)	76,912	40,099	183,086
Tourism and serviced units:					
September 2016	2,189,324	367,718	473,430	841,148	6,312,883
September 2015	1,614,069	203,988	402,529	606,517	5,937,012
March 2016	3,680,110	642,507	818,309	1,460,816	5,219,364
Investment and development property:					
September 2016	3,964	(88,289)	11,249	(77,040)	4,025,896
September 2015	-	-	-	-	-
March 2016	-	126,137	17,705	143,842	3,799,978
Management:					
September 2016	-	257,438	-	257,438	2,684,432
September 2015	-	(714,615)	70	(714,545)	6,958,782
March 2016	-	(698,371)	140	(698,231)	2,858,095
Total:					
September 2016	**2,923,756**	**576,910**	**523,679**	**1,100,589**	**13,256,274**
September 2015	2,395,441	(493,523)	441,599	(51,924)	13,147,699
March 2016	5,105,211	33,460	913,066	946,526	12,060,523
Geographical segments					
United Kingdom:					
September 2016	774,970	16,814	39,000	55,814	827,884
September 2015	840,731	(135,605)	39,070	(96,535)	1,984,024
March 2016	1,515,725	(468,844)	77,052	(391,792)	530,105
Africa:					
September 2016	2,144,822	112,932	473,430	586,362	6,048,740
September 2015	1,554,710	27,767	394,309	422,076	3,719,519
March 2016	3,589,486	276,840	818,309	1,095,149	5,107,786
Malta and Rest of the World:					
September 2016	3,964	447,164	11,249	458,413	6,379,650
September 2015	-	(385,685)	8,220	(377,465)	7,444,156
March 2016	-	225,464	17,705	243,169	6,422,632
Total:					
September 2016	**2,923,756**	**576,910**	**523,679**	**1,100,589**	**13,256,274**
September 2015	2,395,441	(493,523)	441,599	(51,924)	13,147,699
March 2016	5,105,211	33,460	913,066	946,526	12,060,523

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5. Investment activities and other income

	September 2016 £	September 2015 £	March 2016 £
Income from current asset investments	78,195	72,459	91,907
Profit (loss) on sale of current asset investments	20,733	(9,497)	(37,098)
(Increase) in provision on current asset investments	(12,135)	(32,735)	(32,735)
Net foreign exchange gain (loss)	327,589	(248,755)	6,509
Current assets investment valuation movement	225,248	(142,060)	(163,956)
Investment and development property valuation movement	-	-	351,580
	639,630	(360,588)	216,207

6. Finance income

	September 2016 £	September 2015 £	March 2016 £
Bank deposits	901	14,103	25,846

7. Finance costs

	September 2016 £	September 2015 £	March 2016 £
Bank loans	214,553	234,473	448,980
Finance leases	632	4,539	8,869
	215,185	239,012	457,849

8. Earnings (loss) per share

The earnings per share has been calculated by reference to the weighted average number of ordinary shares of 10p each in issue of 7,631438 (September 2015: 7,607,755) (March 2016: 7,609,083) which excludes own shares held. The share options in issue have no dilutive effect on the weighted average number of ordinary shares.

9. Property, plant and equipment

	Freehold land and buildings	Leasehold land and buildings under 50 years	Plant and equipment	Investment and development property	Total
	£	£	£	£	£
Cost					
At 1 April 2016	2,265,823	9,794,062	3,564,617	2,098,769	17,723,271
Exchange differences	283,907	1,002,328	325,203	190,161	1,801,599
Additions	49,820	553,893	52,907	123,038	779,658
Disposals	-	(2,463)	(5,037)	-	(7,500)
At 30 September 2016	2,599,550	11,347,820	3,937,690	2,411,968	20,297,028
Depreciation					
At 1 April 2016	31,955	2,712,244	-	2,151,517	4,895,716
Exchange differences	3,481	221,429	-	192,322	417,232
Charge for year	13,738	256,972	-	252,361	523,071
Disposals	-	-	-	(306)	(306)
At 1 April 2016	49,174	3,190,645	-	2,595,894	5,835,713
Carrying value					
September 2016	**2,550,376**	**8,157,175**	**3,937,690**	**(183,926)**	**14,461,315**
March 2016	2,233,868	7,081,818	3,564,617	(52,748)	12,827,555

10. Current asset investments

	September 2016	September 2015	March 2016
	£	£	£
Listed investments	1,749,653	1,862,098	1,504,486
Unlisted investments	6,000	27,136	18,136
	1,755,653	1,889,234	1,522,622

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

11. Called-up share capital

	September 2016	September 2015	March 2016
	£	£	£
Issued and fully paid:			
8,335,413 ordinary shares of 10p each	833,541	833,541	833,541

The company retains as treasury shares 693,648 ordinary shares of 10 pence at a cost of £915,616. 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.

12. Cash generated from operations

	September 2016 £	September 2015 £	March 2016 £
Operating profit (loss) continuing operations	576,910	(493,523)	33,460
Depreciation	523,071	440,767	918,920
Loss (profit) on the sale of property, plant and equipment	608	832	(5,854)
(Profit) loss on sale of current asset investments	(20,733)	9,497	37,098
Fair value movement of investments	(225,248)	142,060	(187,624)
Provision on current asset investments	12,135	32,735	32,735
Exchange differences	(234,447)	106,860	(433,966)
Cash generated from operations before movements in working capital	632,296	239,228	394,769
Operating leases	4,338	(3,137)	(54,421)
(Increase) decrease in inventories	(125)	(1,904)	(6,133)
(Increase) in trade and other receivables	(535,274)	(195,751)	(606,289)
Increase (decrease) in trade and other payables	524,434	(7,568)	(9,475)
Cash generated from operations	625,669	30,868	(281,549)

13. Analysis of net funds (debt)

	September 2016 £	September 2015 £	March 2016 £
Cash and cash equivalents	1,771,745	4,418,838	2,183,225
Bank loans and overdrafts	(2,067,491)	(1,663,368)	(2,049,180)
	(295,746)	2,755,470	134,045
Bank loans - non-current	(3,503,549)	(3,652,976)	(3,413,624)
Obligations under finance leases	-	(17,181)	(1,934)
Other loans	-	(793,787)	-
Net (debt) funds	(3,799,295)	(1,708,474)	(3,281,513)

14. Significant investment in subsidiaries

	Percentage of ordinary share capital held	Principle activities
Industrial:		
Bailey Industrial Engineering Limited (UK)	100%	Engineering
Leisure:		
Bay Travel Limited (UK)	100%	Travel agency
Industrial Investment Corporation SA Property (Proprietary) Limited (South Africa)	100%	Operation of hotel
St. George's Bay Hotel Limited (Malta)	99%	Operation of hotel
Leonardo Da Vinci Knowledge Tourism Ltd (Malta)	99%	Property development
IIC (Malta) Ltd (Malta)	100%	Property development
Cordura Limited (Tanzania)	100%	Operation of hotel and safari camps
Kimbiji Bay Limited (Tanzania)	100%	Property development
Other activities:		
Industrial Investment Corporation Limited (Bermuda)	100%	Holding company
Kimbiji Bay Limited (Malta)	100%	Holding company

Shareholder information

Registered Office	C.H. Bailey plc Alexandra Docks Newport South Wales NP20 2NP	***Directors***	Mr Charles H. Bailey Sir William McAlpine, Bt Mr David Wilkinson Mr Christopher Fielding	***Auditors***	Haasco Limited Chartered Accountants 24 Bridge Street Newport South Wales NP20 4SF
Registered Number	190106	***Secretary***	Mr Bryan J. Warren	***AIM symbol***	BLEY
Principal Bankers	Barclays Bank plc 14 Commercial Street Newport South Wales NP20 1YG	***Financial Advisors and Brokers***	Arden Partners plc 125 Old Broad Street London EC2N 1AR	***Solicitors***	Squire Patton Boggs (UK) LLP Rutland House 148 Edmund Street Birmingham B3 2JR
Registrar	Computershare Investor Services plc P.O. Box 82 The Pavilions Bridgewater Road Bristol BS99 7NH	***Company Website***	www.chbaileyplc.co.uk		