



financial summary 2010

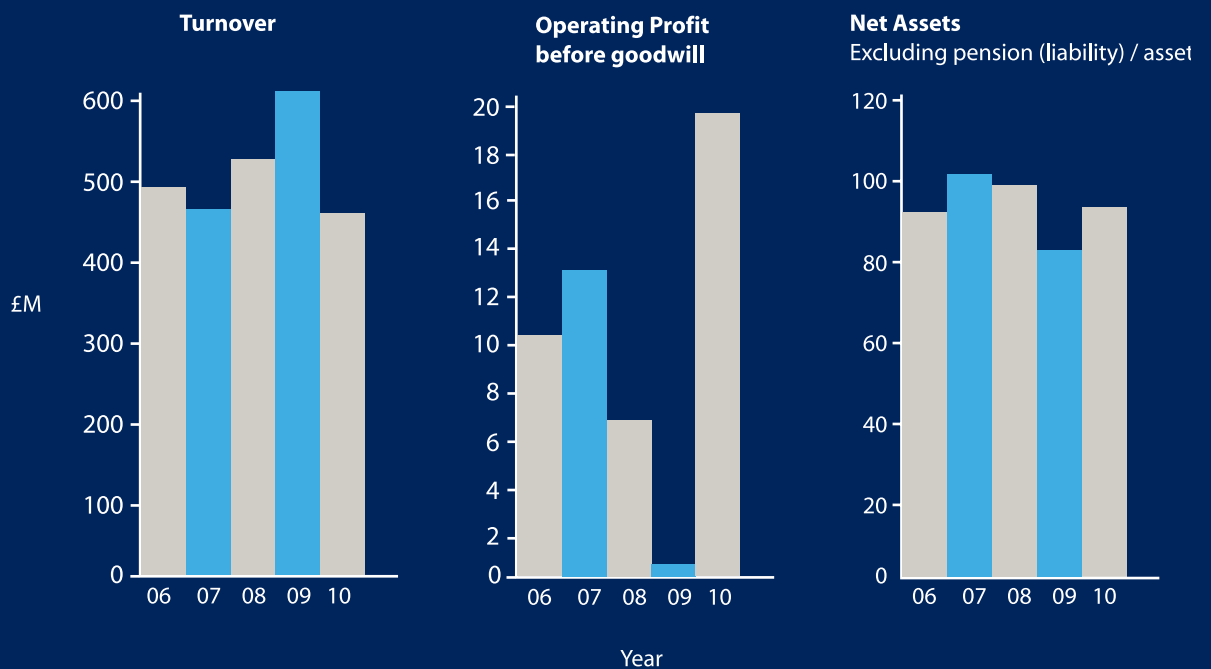


For Life in Buildings



Burnley College, Lancashire

2009/10 was a tough, yet very successful year for NG Bailey. The strength of the company's offering is evident. Our longevity and strong position in the marketplace, coupled with a fantastic reputation and differentiation through our For Life in Buildings approach, makes us one of the leading building services and systems players in the construction industry today.



2 Chairman’s statement
 “Whilst others felt the economic downturn in 2008/09, it took until early 2009/10 to impact the construction industry.”
Nimble Thompson
 Chairman



3 Chief executive’s report
 “The position of strength we have comes from the quality and dedication of our people.”
Chris Newton
 Acting chief executive officer



4 Chief financial officer’s report
 “We are committed to our For Life in Buildings strategy, through which we continue to create value and a technical advantage for both ourselves and our clients.”
Paul Cogan
 Acting chief financial officer



- 6 Case studies
- 8 Independent auditors’ statement
- 9 Summary consolidated profit & loss account
- 10 Summary consolidated balance sheet
- 11 Notes

Grace Academy, a first-class learning facility in Coventry





“Whilst others felt the economic downturn in 2008/09, it took until early 2009/10 to impact the construction industry.”

Nimble Thompson
Chairman.

Whilst others felt the economic downturn in 2008/09, it took until early 2009/10 to impact the construction industry. However, as we expected, the new financial year started poorly, with unprecedented uncertainty, fewer projects, more competition, less lending and lower margins. The end of the year saw a change of leadership and I would like to take this opportunity to thank Mark Andrews for his contribution during his term in office. We gained much from his vision, enthusiasm and development of our For Life in Buildings strategy.

The financial results for 2009/10 clearly show that, despite a distinct fall in turnover, the Group made a profit after tax of £13.5m. We are delighted with this result, after last year's very disappointing figures, but I'd like to explain how this arose. Firstly, some of our most successful projects came to a financial close, resulting in us being able to take profit on these in accordance with our recognised accounting policies. Secondly, we saw a welcome revaluation of our investment portfolio. This profit and the improvement on last year enhances our already robust balance sheet and strengthens our position in the industry.

Despite such rewarding results, which reflect the Group's earlier efforts, regrettably we needed to reduce our workforce by seven per cent to deal with the recession and secure our continued success. The next couple of years will be more challenging and we do not expect significant sales growth. We have restructured the business to match our future expectations so as to safely weather the continued storm.

Regrettably, we had no alternative but to close the final salary pension scheme. Although at the year end the statutory deficit had reduced substantially, the continuing volatility in defined benefit schemes

presented too great a risk to our business and our employees for us to allow it to continue. The right decision was made but with a very heavy heart.

Looking forward, the development and delivery of For Life in Buildings will continue to differentiate us from our competitors and add value for our customers. The board has set aside investment for a number of projects during 2010/11 which will improve our market penetration, capitalise on our technical expertise and target new sectors.

The efforts of all those involved at NG Bailey, the financial strength of the Group and the wholehearted support of the Bailey family mean that we have full confidence in our ability to ride through the industry's difficult times ahead and emerge strengthened to take on future opportunities.

We have announced the appointment of David Hurcomb as our new chief executive officer. David's fruitful career with companies including Carillion and Mansell means he brings with him a wealth of relevant experience that will benefit the Group immensely. I look forward to working with David and with Chris Newton as he resumes his role as chief financial officer. I would like to thank Chris and pay tribute to his efforts and successful time as acting CEO.

I would also like to welcome Mike Brown, managing director, Initial Facility Services with Rentokil Initial plc, to the board as a non-executive director. In the short time he has been with us, he has already validated our choice of appointment. Finally, I am sorry to say goodbye to Richard Maudslay. Richard has been the very model of a non-executive director. His robust and clear thinking views, delivered in a polite and straightforward manner, have been of great benefit to us. On behalf of NG Bailey, I would like to thank him for his support over the last nine years.

“The position of strength we have comes from the quality and dedication of our people.”



Chris Newton
Acting chief executive officer.

There's no doubt in anyone's mind that the construction industry has felt one of its toughest years. It is also clear that NG Bailey has seen the effects of the credit crunch and subsequent recession. However, our 2009/10 results don't appear to reflect this, as our chairman Nimble Thompson has articulated.

The encouraging nature of the results should be taken with a hint of caution, as the industry continues to face turbulent and indeed challenging times ahead. Much work still needs to be done to achieve the kind of order book we would wish for in the years to come, but our position in the marketplace gives us the perfect opportunity to rise to this challenge.

The position of strength we have comes from the quality and dedication of our people. I would like to thank all of our employees for their sterling efforts in keeping NG Bailey on track, especially as we have had to adjust the size of the Group to prepare it for the future. Working under pressure, our people have demonstrated the values of passion, integrity and excellence by which NG Bailey maintains its unique reputation. Our people have made this business what it is today and each and every one of our employees should be proud of what they achieve.

Safety is, and always has been, of paramount importance to NG Bailey and once again I am very pleased to report impressive RIDDOR (Reportable Injuries, Diseases and Dangerous Occurrences Regulations) statistics with accidents reduced overall across the Group by 28 per cent. Over the last six years our RIDDOR accidents have continuously been well below the national average in our particular sector, compared to figures published by the Health and Safety Executive and other trade associations. This

excellent achievement is a direct result of a highly focused effort by our safety, health and environment team and the introduction of a 'Safety First and Foremost' campaign to all those working on our sites.

Our Group strategy of For Life in Buildings continues to be the guiding principle by which we operate. It remains at the core of our ability to deliver long-term, cutting edge and sustainable solutions and our commitment to this strategy is as strong as ever. For Life in Buildings encourages us to work more closely together as an organisation, delivering significant benefits for our clients, such as more integration at the design stage and fewer interfaces on site.

For me the past year has held particular significance as I was asked by the board of NG Bailey to step into the role of acting chief executive officer. I have enjoyed the last ten months at the helm and look forward to handing over the reins to our new CEO, David Hurcomb. I will be resuming the role of chief financial officer, working with David, the other members of the board and executive leadership team. Together we will commit to provide our customers with a coalition of industry knowledge and expertise, combined with the core strength and capabilities of our Group.



“We are committed to our For Life in Buildings strategy, through which we continue to create value and a technical advantage for both ourselves and our clients.”

Paul Cogan
Acting chief financial officer.

The 2009/10 results have been delivered against the backdrop of one of the most challenging economic environments that the construction industry has ever experienced. During the year there has been a significant reduction in private sector spending and, whilst growth in public sector work has gone some way to fill that gap, the winning of this work has been the subject of intense competition.

NG Bailey has not been immune to the downturn and indeed has seen turnover drop by almost a quarter from the previous year. In addition to competitive pressure on margins, we have also been impacted by the insolvency of some of our clients. Despite these challenges we have been able to utilise our strong reputation, healthy balance sheet and continued investment in our business, to return a positive result for the year.

The work

Our building services business entered 2009/10 with a strong order book, with many longer term projects having already commenced in previous years. During the year we completed a number of prestigious commercial developments in central London, whilst in the North we handed over our work on another high profile contract, the BBC's Media City at Salford Quays, a project that started in 2008. In addition, we completed the majority of the work on our longest running project, the Whiston PFI scheme, for the St Helens & Knowsley NHS Trust, in conjunction with Vinci Construction UK.

Work secured within the building services business offset the worst of the ICT portfolio decline. The first half of the year was very challenging for Bailey Teswaine, but

the hard work and determination of the team resulted in a number of long-term contract wins. These included a five-year deal with BT on the MoD's Defence Fixed Telecommunications Service contract. 2009/10 was also difficult for Integrated Control Systems and s2s, as work in their core areas became much harder to secure.

More positively, our maintenance business saw a distinct turnaround in performance. Last year the business was trading adversely, with a number of contracts impossible to deliver within the tendered cost structure. After appointing a new senior management team, the business has a renewed focus and is already delivering much improved returns. We are also encouraged that our off-site manufacturing business continues to go from strength to strength, achieving some excellent project wins and reporting results ahead of plan.

The figures

In an incredibly challenging marketplace, 2009/10 saw the Group's turnover drop 23 per cent, from £600m to £464m. The reduction in volume necessitated the execution of some difficult decisions throughout the year. In particular, we have regrettably lost seven per cent of our workforce as a result of business reorganisation. The swift action taken to mitigate the reduction in sales has contributed to a reduction of over six per cent in the cost of sales as a percentage of the turnover, when compared to the prior year. In addition, spend in relation to administration expenses has been reduced by almost £10m. The year also saw us integrate our most recently acquired business, s2s, with Bailey Teswaine to further enhance our combined ICT proposition. Given the changes to s2s and its recent performance in challenging economic conditions, it

was deemed inappropriate to maintain the goodwill arising on the acquisition of this business on the balance sheet and as a result the remaining balance has been fully impaired.

The crisis in the world economy in 2008/9 had a major impact on our investment portfolio. This year as a result of improvements in global financial markets, our investments contributed a £6.7m profit compared to a £6.7m loss in the prior year.

In 2008/09 the asset performance of the pension fund took a net FRS17 surplus of £6.3m to a net deficit of £20.9m. In 2009/10, despite improvements to the value of assets held within the scheme, it still remained in deficit at the year end, with the calculation under FRS17 identifying a net shortfall of just under £4m. In response to the continued volatility of its performance and to underpin the strength and growth of the Group we have made the decision to close our defined benefits pension scheme. The consultation with employees has now been completed and the scheme closed on 31 May 2010. All employees have been encouraged to join NG Bailey's stakeholder scheme.

Taking all of these factors into account, the resulting profit before tax for NG Bailey was £19.9m, compared to a loss of £10.8m the previous year. After tax the Group made a profit of just over £13.5m, an excellent performance considering the challenges faced.

Moving forward

However pleasing it is to report strong results for 2009/10, it is increasingly evident that 2010/11 and 2011/12 will continue to be challenging, as the construction industry continues to struggle to recover from the economic recession. The reduction in our cost base across 2009/10 was necessary to ensure our stability, as we predict a year ahead without any significant growth in turnover. We are fortunate that our core businesses have secured over 80 per cent of their turnover for 2010/11 and, whilst this puts NG Bailey in a strong position, the existence of fewer large projects and continued downward pressure on gross margins will inevitably have an adverse impact on our profitability in the coming year.

It is imperative, in this incredibly competitive environment, that NG Bailey is able to continue to differentiate itself within its chosen markets. We are committed to our For Life in Buildings strategy, through which we continue to create value and a technical advantage for both ourselves and our clients. However, in difficult economic times, it is perhaps above all the strength of our balance sheet that will provide the greatest comfort to both our clients and supply chain.



BBC's Media City at
Salford Quays

Whiston Hospital



The Theory

St Helens and Knowsley Teaching Hospitals NHS Trust is a busy Trust providing a full range of patient and emergency services to the local communities across the North West.

In 2006, the Trust, one of the top performing NHS Trusts in the country, awarded a £350 million PFI scheme to the NewHospitals (Innisfree/Taylor Woodrow - VINCI Construction UK) to rebuild St Helens and Whiston hospitals as flagship, state-of-the-art, healthcare facilities.

The four-year Whiston redevelopment required a fresh approach to partnership, collaboration and on-site sequence allowing the project team to stretch the boundaries of off-site construction. Cue – NG Bailey.

Located just a few metres away from the existing 'live' hospital, the challenge for NG Bailey was to deliver its largest ever project, with little on-site storage, working on the same site as the busy hospital.

An additional challenge was achieving the appropriate level of buy-in from everyone involved in the project on the appropriate building services approach, due to the high complexity of services required by a hospital.

The Practice

Following a recommendation from NG Bailey it was agreed that a large percentage of the project would be completed through the use of off-site construction, putting it at the centre of one of the UK's biggest and most exciting modular M&E installations.

Following in-depth consultation at the design phase with all parties, detailed data sheets were compiled for each room covering lighting levels, air conditioning and specialist extraction systems. An early design freeze was put in place and NG Bailey used its 53,500sq ft factory to manufacture and store each part.

This careful planning allowed 90 per cent of the high level engineering services to be prefabricated, with 65 per cent of the installation completed on the first site visit. Each of the electrical and mechanical elements brought their own challenges, including the sheer size of the prefabricated ventilation plants that needed to be transported to site.

The project won the Off-Site Construction Award for the best project in the healthcare sector and during the build not a single clinic or operation was cancelled – which is no mean feat. Most importantly, and unlike many construction projects of this scale, the hospital opened in April 2010, six months ahead of schedule and within budget.

Client

St Helens and Knowsley Teaching Hospitals NHS Trust

Contract Value

£120 million

Main Contractor

VINCI Construction UK

Building Services and Systems

NG Bailey

Architect

Capita Architecture

Consultant

RPS Gregory and Arup

Cost Consultant

EC Harris

Heathrow Terminal Five Concourse (T5C) Nodes

The Theory

Having already installed off-site manufactured primary plant corridor modules and core service risers, at Heathrow's Terminal Five Concourse (T5C), BAA and Carillion knew first hand what NG Bailey's off-site capability had to offer.

As a result NG Bailey's development team was approached about building 12 nodes to see if they could be produced cheaper and quicker, with the added advantage of being manufactured in a safer working environment - compared to a traditional on-site method of construction.

Nodes are structures that connect departure lounges to aircraft, such as the new Airbus A380, to facilitate the quick and easy loading of up to 500 passengers through three separate aircraft doors.

Measuring 10m wide by 10m high by 15m long and weighing a total of 90 tonnes once assembled on site, the sheer size and scale of a node presented a unique engineering challenge to the off-site team.

The Practice

This is where NG Bailey's ability to deliver innovative bespoke solutions with engineer-to-order manufacturing came into play.

After weeks of careful planning and design, the team set about getting to grips with the detail, creating a prototype to identify, log and resolve issues. The nodes were created using a hybrid of off-site manufactured elements including a volumetric reception area, panelised wall sections and several modular components - including a plant room, lift shaft and stair unit. All of the components were manufactured at the company's off-site facility in Bradford.

Transportation posed another challenge, taking three months of intensive logistical planning, including a trial run to ensure the convoys could clear all the motorway bridges. The nodes were delivered to Heathrow and each erected within a week, compared to a traditional on-site build that would have taken up to half a year to complete.

Not only did this method of manufacture realise significant savings in terms of time, labour and waste on-site, it also presented huge cost saving to the client through minimal disruption and downtime at the airport – testament to the 'value add' off-site manufacturing can bring.

Client

BAA

Contract Value

£5.5m

Main Contractor

Carillion

Building Services/Off-Site

Manufacturer

NG Bailey

Architect

Pascall & Watson

Consultant

DSSR

Client Cost Consultant

Davis Langdon



We have examined the summary financial statement for the year ended 26 February 2010 which comprises the Summary Consolidated Profit and Loss Account, Summary Consolidated Balance Sheet and the Directors' Remuneration Note.

This report is made solely to the company's members, as a body, in accordance with section 427 of the Companies Act 2006. Our 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, for our audit report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Financial Summary in accordance with applicable United Kingdom law.

Our responsibility is to report to you our opinion on the consistency of the summary financial statement within the Financial Summary with the full annual financial statements and the Directors' Report, and its compliance with the relevant requirements of section 427 of the Companies Act 2006 and the regulations made thereunder.

We also read the other information contained in the Financial Summary as described in the contents section, and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the summary financial statement.

We conducted our work in accordance with Bulletin 2008/3 issued by the Auditing Practices Board. Our report on the company's full annual financial statements describes the basis of our opinions on those financial statements and on the Directors' Report.

Opinion

In our opinion, the summary financial statement is consistent with the full annual financial statements and the Directors' Report of NG Bailey Limited for the year ended 26 February 2010 and complies with the applicable requirements of section 427 of the Companies Act 2006, and the regulations made thereunder.

Deloitte LLP

**Chartered Accountants and Registered Auditors
Leeds.**

Thursday 24th June 2010.

	2010 £000	2009 £000
Turnover	464,159	600,319
Cost of sales	377,895	525,231
Gross profit	86,264	75,088
Administrative expenses (including goodwill amortisation and impairment)	72,428	82,340
Operating profit before goodwill amortisation and impairment	19,878	643
Goodwill amortisation and impairment	(6,042)	(7,895)
Operating profit/(loss) after goodwill amortisation and impairment	13,836	(7,252)
Operating profit/(loss)	13,836	(7,252)
Profit on property disposals	165	851
Net interest receivable/(payable) and similar income/(charges)	6,719	(6,771)
Other finance income (net)	(800)	2,400
Profit/(loss) on ordinary activities before taxation	19,920	(10,772)
Tax on profit/(loss) on ordinary activities	6,388	405
Profit/(loss) for the financial year	13,532	(11,177)

	2010 £000	2009 £000
Fixed assets		
Intangible assets	225	6,267
Tangible assets	44,796	48,701
	45,021	54,968
Current assets		
Stocks	1,646	1,386
Debtors due within one year	99,423	141,446
Deferred tax	5,267	6,492
Investments		
Deposits and investments	74,014	76,184
Cash at bank and in hand	1,036	1,585
	181,386	227,093
Creditors: Amounts falling due within one year	134,078	200,049
Net current assets	47,308	27,044
Total assets less current liabilities	92,329	82,012
Creditors: Amounts falling due after more than one year	221	213
Net assets - excluding pension liability	92,108	81,799
Pension liability	(3,888)	(20,880)
Net assets - including pension liability	88,220	60,919
Capital and reserves		
Called up share capital	149	149
Reserves		
Revaluation reserve	12,101	13,277
Capital redemption reserve	9	9
Profit and loss account	75,961	47,484
	88,071	60,770
Equity shareholders' funds	88,220	60,919

The summary financial statement was approved by the Board of Directors on 10th June 2010 and was signed on its behalf by:

PJS Thompson.

CJL Newton.

	2010 £000	2009 £000
Directors		
Directors' remuneration		
The remuneration of the directors was as follows:		
Emoluments excluding long term incentive plans	1,177	1,381
Accrued long term incentive plans not yet payable	33	197
Compensation for loss of office	574	-
Defined contribution pension contributions	41	57
	1,825	1,635

Payments in respect of the long term incentive plans are dependent on the achievement of certain criteria.

	Number of Directors	Number of Directors
Pensions		
The number of directors who were members of company pension schemes was as follows:		
Defined contribution scheme	1	1
Defined benefit scheme	3	3
	4	4

	2010 £000	2009 £000
Highest paid director		
The above amounts for remuneration include the following in respect of the highest paid director:		
Emoluments excluding long term incentive plans	322	501
Accrued long term incentive plans not yet payable	-	158
Compensation for loss of office	574	-
	896	659

Included within the emoluments of the highest paid director is a sum of £40,563 (2009 - £57,000) relating to contributions to defined pension contribution schemes.

NG Bailey operates a Charitable Giving Committee, which is an independent panel, made up of family members and NG Bailey employees. The committee has the power, in line with the company's Charitable Policy, to offer funding to a wide range of worthy causes.

NG Bailey's Charitable Policy supports the company's values of passion, integrity and excellence. It encourages charitable activities amongst employees and provides support in accordance with clear and sound guidelines.

The committee offers funding in four key areas:

- To employees in support of their chosen charity
- To educational initiatives that inspire young people to work in the construction industry and provide learning and development opportunities to our people
- To initiatives in support of the company's sustainability commitment
- To charities supported by business partners of NG Bailey.

The committee, with a budget of £50,000 to spend in the 2009/10 financial year, had to ensure the funding delivered maximum benefit for both the good causes supported and for NG Bailey.

Employees

The committee supported 60 individual employee projects across the year, for charitable organisations including Help for Heroes, British Heart Foundation, Cancer Research UK, Great North Air Ambulance, Wateraid, Alzheimer's Society and the Royal National Lifeboat Institution. A Group-wide Give as You Earn Scheme was also introduced.

Education

The committee proactively identified education projects that would benefit individual schools, help us build a broader understanding of the delivery of positive educational outcomes and grow young people's interest in engineering as a career. In 2009/10 the committee supported projects run by a number of organisations and worked with the Engineering Development Trust, an independent registered charity whose mission is to inspire and motivate young people to fulfil their potential in the science, engineering and technology fields.

Sustainability

A number of sustainability projects were supported during the year. For example projects run by the Engineering Development Trust included the development of a concept renewable energy centre for site accommodation. In response to the catastrophic earthquake that struck Haiti in January 2010, the Committee pledged £10,000, through Habitat for Humanity, to the internationally recognised Help for Haiti Appeal.

Business partners

The committee supported causes for charitable organisations, including MacMillan Cancer Support, Great Ormond Street Hospital and Marie Curie, in partnership with customers such as Bovis, Vinci, Wates, and Henry Boot.

The committee's work in 2010/11 will include greater communication of its charitable activities, development of NG Bailey's Charitable Policy to incorporate further support for the communities within which the company operates and an improved process to ensure support for the charitable activities of key suppliers, customers and clients.

In 2009/10 NG Bailey supported the Engineering Development Trust, in aid of the independent registered charity's mission to inspire and motivate young people to fulfil their potential in the fields of science, engineering and technology.



This summary financial statement does not contain sufficient information to allow as full an understanding of the results of the Group and state of affairs of the Company or of the Group, as would be provided by the full annual financial statements. Members requiring more detailed information have the right to obtain, free of charge, a copy of the Company's last full financial statements and reports.

If you would like to receive, free of charge, a copy of the full annual financial statements and reports for the year ended 26 February 2010 or full financial statements and reports in place of the summary financial statements for all future years, please write to the Company Secretary at Denton Hall, Ilkley, West Yorkshire, LS29 0HH.

This information is also available online at www.ngbailey.com/financial

NG Bailey - For Life in Buildings

www.ngbailey.com



This paper is made from 100% de-inked post-consumer waste. The pulp is bleached using an elemental chlorine free (ECF) process, and the printing inks are made with vegetable-based oils. For more information, please see our website.