



BAILIWICK
INVESTMENTS

**REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2010**

**BAILIWICK INVESTMENTS LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2010**

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BAILIWICK INVESTMENTS LIMITED
DIRECTORY

Registered Office	Bordeaux Court Les Echelons St. Peter Port Guernsey GY1 6AW	
Directors	David Lowe (Chairman) John Henwood Susie Farnon	
Manager	Cenkos Channel Islands Investment Management Limited 16 New Street St. Peter Port Guernsey GY1 4JG	
Administrator and Registrar	Bordeaux Services (Guernsey) Limited Bordeaux Court Les Echelons St. Peter Port Guernsey GY1 6AW	
Independent Auditors	Grant Thornton Limited Lefebvre House Lefebvre Street St Peter Port Guernsey GY1 3TF	
Legal advisors	Mourant Ozannes 1 Le Marchant Street St. Peter Port Guernsey GY1 4HP	
Listing Sponsors	Bordeaux Services (Guernsey) Limited Bordeaux Court Les Echelons St. Peter Port Guernsey GY1 6AW	(appointed 1 January 2011)
	Ozannes Securities Limited 1 Le Marchant Street St. Peter Port Guernsey GY1 4HP	(resigned 1 January 2011)
Property valuers	Montagu Evans (C.I.) Limited Les Landes Forest Guernsey GY8 0DD	
Registered Number	49479	

**BAILIWICK INVESTMENTS LIMITED
CHAIRMAN'S STATEMENT
FOR THE YEAR ENDED 31 OCTOBER 2010**

Dear Shareholder

It has been clear that since the global events of 2008/2009, investor appetite has been redirected towards income yield. To this end the Company has been actively searching for investment opportunities that offer attractive yields alongside capital growth.

The Board of Directors of the Company was pleased to declare a dividend from distributable reserves to shareholders of 1.5p per share in October 2010.

During the financial year to October 2010, and up to the time of writing, it is disappointing that the Company has not announced any large new acquisitions. Your Board is aware of potential investments that the Investment Committee is in advanced discussions on and we will make details of these known as soon as successful conclusions have been reached.

The Board has shared the Investment Committee's frustration at the length of time some negotiations have been taking. The Committee continues to review potential investment opportunities and your Board is kept fully abreast of progress.

I am comforted by the continuing positive performance of the equity investments in the portfolio, the result of which has been a steady rise in the Net Asset Value of the Company since last October.

Carey House has seen a slight improvement to its valuation this year and I look forward to a positive outcome to next years' rent review. Both Commerce House and Nelson House have excellent covenants and continue to provide a strong core investment in the Company's portfolio.

I remain confident that the Company will see an increase in investment activity over the next financial year, which will lead us to become more fully invested, whilst still actively searching for new opportunities. The Board, Investment Manager and the Investment Committee are committed to providing long term value for their shareholders, through the originally stated prime objective of capital growth plus dividend distribution.



David Lowe
Chairman

25 January 2011

**BAILIWICK INVESTMENTS LIMITED
INVESTMENT MANAGER'S REPORT
FOR THE YEAR ENDED 31 OCTOBER 2010**

Latest Net Asset Value per share as at 31 October 2010 was 92.85p (31 October 2009, 91.21p)

Current Share Price 90p - 95p

The published Net Asset Value of Bailiwick Investments Limited ("the Company") has steadily increased by 1.8% over the financial year. The share price has held steady at between 90p – 95p for much of the year and there has been a small amount of low level trading in the stock.

In October, the Board announced that the Company would pay a dividend of 1.5p per share, which was paid to shareholders on 5th November 2010.

Following the launch of the Company in September 2008, global economic events sparked a change in investor focus and low bank interest rates prompted a strong demand for higher yielding investments. Over this period bond yields have fallen dramatically. The 10 year gilt yield has declined by about 30% from 4.55% at the end of September 2008 to the current level of about 3.2%; this has been extremely supportive for fixed income assets.

The aim of the Company is still to provide shareholders with long term capital growth, however, given the focus of investors has moved to income yield, the Board, acting on the advice of the Manager, felt it appropriate to pay a dividend from the surplus funds generated by the Company.

The Manager will continue to look at the portfolio as a whole on a capital growth basis, but with one eye on the income producing elements of the underlying assets with a view to distributing surplus funds should this be in the best interests of the underlying shareholders.

As at 31st October 2010, the Company's portfolio holdings are shown below;

Asset Class	Gross % of Portfolio
Property Investments	61.60
Private Equity Investments	3.70
Listed Investments	4.21
Fixed Income Investments	2.83
Cash and cash equivalents	27.67

It has been disappointing that at the time of writing we are yet to announce a major investment by the Company. We are extremely close to finalising Heads of Terms on one project which we have been working on for over a year.

Negotiations on other deals continue to progress but the Committee has been frustrated and indeed surprised at the length of time these are taking. The Committee has also been surprised at the unrealistic view some investors have on the value of their businesses and negotiations on several opportunities have stagnated or fallen away as a result. In certain cases, however, the Committee has been able to revisit deals once realistic expectations have been met.

Over the year the Committee has recommended to the Board increases in shareholdings of The Channel Islands Stock Exchange ("CISX"), Jersey Electricity Company ("JEC") and Breedon Aggregates Limited ("Breedon") (previously Marwyn Materials Limited).

The Company now holds a total of 9,800,000 shares in Breedon, which represents approximately 5% of the NAV of Bailiwick Investments Limited. This investment has performed remarkably well with shares now trading at a premium of approximately 25% of cost, showing an unrealised profit of £321,985. In August Marwyn Materials acquired Ennstone Plc and renamed the company Breedon Aggregates. Breedon Aggregates Limited is the largest independent aggregates operator in the UK after the five global majors. The directors of Breedon continue to look for opportunities to create shareholder value through acquisition-led strategies.

**BAILIWICK INVESTMENTS LIMITED
INVESTMENT MANAGER'S REPORT
FOR THE YEAR ENDED 31 OCTOBER 2010**

The Company owns 17,500 shares in JEC. JEC offers a consistent return to its shareholders through its sustainable dividend policy on the back of consistent trading results. As at 30th June, all business units were trading ahead of the corresponding financial position last year and it had a cash balance of £21m at 30th June 2010. This is to be absorbed by its capital expenditure programme in the medium term.

The portfolio of Bailiwick Investments Limited remains heavily weighted to commercial property. Commercial property values in the United Kingdom stopped their decline in the autumn of 2009 with levels stabilising at this time. Although the availability of debt in the UK remains relatively poor, investors in the Channel Islands are still achieving debt for property transactions, albeit at a lower loan to value than was seen pre 2008.

Investment in Channel Islands commercial property offers an attractive investment opportunity. The Channel Islands have relatively resilient property markets which offer good availability of high grade freehold properties with long occupational leases, typically in excess of 15 years and three yearly upward only rent reviews in the main. As a consequence investor appetite in this sector has increased.

Carey House was valued by Montagu Evans (C.I.) Limited ("MECI") at the end of October 2010 at £15,583,000 with a yield of 6.19%. The valuation was undertaken within the definition of market value as set out in the current edition of the RICS Valuation and Standards (6th edition). This marginal rise of 1% reflects the expectation of a strong rent review in 2011. Evidence to date indicates a continuing upwards trend in rates and several prime office buildings in St Peter Port are currently undergoing rent reviews. This evidence, as noted in previous reports, will give a good indication of the rent levels that we may achieve for Carey House next year.

There have been two rent reviews for tenants of Nelson House this year, one a commercial tenant and one a residential tenant which saw rent increases in line with the Guernsey Retail Price Index as per their respective leases. We believe that Nelson House retains its strong covenants. Despite this, Tony Rowbotham of MECI has expressed in his report some reservations on the occupational and investor demand in the local retail market. He has valued Nelson House slightly lower than last year at £6,665,000.

The Committee acknowledges that it has made a slow start to investing Company funds, however both the Manager and Committee remain confident in finding and completing on suitable investments for the Company over the next financial year.

Cenkos Channel Islands Investment Management Limited

25 January 2011

**BAILIWICK INVESTMENTS LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 OCTOBER 2010**

The Directors are pleased to present their report together with the audited consolidated financial statements of Bailiwick Investments Limited (the "Fund") and its subsidiaries (together the "Group") for the year ended 31 October 2010.

Background

The Fund is a closed-ended investment company registered with limited liability in Guernsey on 22 September 2008 and is authorised under Section 8 of the Protection of Investors (Bailiwick of Guernsey) Law 1987, as amended.

Principal activity

The principal activity of the Fund is to achieve long term capital growth by investment in a diversified portfolio of investments, principally in businesses, property and assets situate, registered, headquartered in or managed from the Channel Islands or in relation to which through the involvement of Channel Islands businesses or individuals, resident in the Channel Islands, there is a material Channel Islands interest.

Results and dividends

The results for the year are set out in the Consolidated Statement of Comprehensive Income on page 11. Following approval by the Directors, the Fund announced on 12 October 2010 a dividend of 1.5 pence per share which was paid to shareholders on 5 November 2010.

Directors

The Directors who served on the Board during the year, together with their beneficial interests at 31 October 2010, were as follows:

	Ordinary shares	% of shareholdings
David Lowe OBE	500,000	1.88%
John Henwood MBE	75,000	0.28%
Susie Farnon	225,000	0.85%

Corporate Governance

A report on Corporate Governance is included on pages 7 to 9.

Statement of directors' responsibilities in respect of financial statements

The Directors are responsible for preparing financial statements for the year which give a true and fair view of the state of affairs of the Group as at the end of the financial year and of the Consolidated Statement of Comprehensive Income of the Group for that year in accordance with The Companies (Guernsey) Law, 2008. In preparing these financial statements, the directors are required to:

- select suitable accounting standards and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

**BAILIWICK INVESTMENTS LIMITED
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 31 OCTOBER 2010**

To the members of Bailiwick Investments Limited

We have audited the consolidated financial statements of Bailiwick Investments Limited for the year ended 31 October 2010 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation, is in accordance with applicable law and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board ("IASB").

This report is made solely to the company's members, as a body, in accordance with Section 262 of The Companies (Guernsey) Law, 2008. 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 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, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities on page 5 the directors are responsible for the preparation of the consolidated financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit the financial statements in accordance with applicable legal and regulatory requirements and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board'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 consolidated 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 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 the financial statements

In our opinion the consolidated financial statements:

- give a true and fair view of the state of the group's affairs as at 31 October 2010 and of the group's profit for the year then ended;
- have been properly prepared in accordance with IFRSs as issued by the IASB; and
- have been prepared in accordance with the requirements of The Companies (Guernsey) Law, 2008.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where The Companies (Guernsey) Law, 2008 requires us to report to you, if in our opinion:

- the group has not kept proper accounting records; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations, which to the best of our knowledge and belief, are necessary for the purposes of our audit.



**Grant Thornton Limited
Chartered Accountants
Channel Islands**

25 January 2011

BAILIWICK INVESTMENTS LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 OCTOBER 2010

	Notes	1 November 2009 to 31 October 2010 £	22 September 2008 to 31 October 2009 £
Rental income	2	1,343,192	1,131,954
Service charge income	2	21,767	17,742
Property expenses		(12,277)	(26,990)
Fair value adjustment on revaluation of investment properties	6	27,000	(1,779,000)
Fair value adjustment on revaluation of financial assets	7	(6,282)	111,282
Realised loss on sale of financial assets	7	(550)	-
Gross operating profit / (loss)		1,372,850	(545,012)
Administration and other expenses	4	(502,765)	(557,865)
Other income	5	70,665	3,219
Initial expenses		-	(93,200)
Operating profit / (loss) before finance costs		940,750	(1,192,858)
Finance costs		(247,590)	-
Profit / (loss) before income tax		693,160	(1,192,858)
Taxation	16	24,153	(175,910)
Retained profit / (loss) for the year / period		717,313	(1,368,768)
Weighted average shares in issue during the year/period		26,600,000	21,069,307
Profit/(loss) per Ordinary Share (basic and diluted)		£0.0270	(£0.0650)

All items in the above statement are derived from continuing operations.

The accompanying notes form part of these financial statements.

BAILIWICK INVESTMENTS LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 OCTOBER 2010

	Notes	31 October 2010 £	31 October 2009 £
Non-current assets			
Investment property	6	22,248,000	22,221,000
Current assets			
Financial assets at fair value through profit or loss	7	7,125,898	2,251,625
Other receivables and prepayments	9	29,926	8,413
Cash and cash equivalents	10	6,743,754	11,634,260
Total assets		36,147,578	36,115,298
Equity			
Share Premium	14	25,581,500	25,581,500
Retained loss		(1,050,455)	(1,368,768)
Total equity		24,531,045	24,212,732
Liabilities			
Non-current liabilities			
Borrowings	11	10,470,973	10,559,959
Current liabilities			
Borrowings	11	255,408	296,236
Due to brokers		-	526,091
Dividends	15	399,000	-
Taxation	16	151,007	175,910
Other payables	12	340,145	344,370
Total liabilities		11,616,533	11,902,566
Total equity and liabilities		36,147,578	36,115,298
Net Asset Value per Ordinary Share	17	£0.9222	£0.9103

Approved by the Board of Directors on 25 January 2011 and signed on its behalf by:


David Lowe
Chairman


Susie Farnon
Director

The accompanying notes form part of these financial statements.

BAILIWICK INVESTMENTS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 OCTOBER 2010

Period from 22 September 2008 to 31 October 2009	Notes	Share capital £	Share premium £	Retained earnings £	Total £
Balance at 22 September 2008		-	-	-	-
Issue of ordinary shares	14	-	26,600,000	-	26,600,000
Share issue costs	14	-	(1,018,500)	-	(1,018,500)
Loss attributable to equity shareholders		-	-	(1,368,768)	(1,368,768)
Balance at 31 October 2009		-	25,581,500	(1,368,768)	24,212,732
Year ended 31 October 2010					
Balance at 1 November 2009		-	25,581,500	(1,368,768)	24,212,732
Profit attributable to equity shareholders		-	-	717,313	717,313
Dividends	15	-	-	(399,000)	(399,000)
Balance at 31 October 2010		-	25,581,500	(1,050,455)	24,531,045

The accompanying notes form part of these financial statements.

BAILIWICK INVESTMENTS LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 OCTOBER 2010

	Notes	1 November 2009 to 31 October 2010 £	22 September 2008 to 31 October 2009 £
Cash flows from operating activities			
Retained profit / (loss) for the year / period		717,313	(1,368,768)
Adjusted for:			
Financing costs		247,590	-
Increase in receivables	9	(21,513)	(8,413)
(Decrease) / increase in payables		(29,128)	520,280
Fair value adjustment on investment properties	6	(27,000)	1,779,000
Fair value adjustment on revaluation of financial assets	7	6,282	(111,282)
Realised loss on sale of financial assets	7	550	-
Loan interest paid	2	(177,404)	(143,805)
Net cash flows from operating activities		<u>716,690</u>	<u>667,012</u>
Cash flows from investing activities			
Purchase of investment property	6	-	(24,000,000)
Purchase of financial assets		(5,532,211)	(1,614,252)
Sale of financial assets		125,015	-
Net cash flows from investing activities		<u>(5,407,196)</u>	<u>(25,614,252)</u>
Cash flows from financing activities			
Proceeds from issue of Ordinary Shares	14	-	26,600,000
Expenses on issue of Ordinary Shares	14	-	(1,018,500)
Proceeds from borrowings	11	-	11,000,000
Repayment of borrowings		(200,000)	-
Net cash flows from financing activities		<u>(200,000)</u>	<u>36,581,500</u>
(Decrease) / increase in cash and cash equivalents		(4,890,506)	11,634,260
Cash and cash equivalents at start of year / period		11,634,260	-
Cash and cash equivalents at end of year / period		<u><u>6,743,754</u></u>	<u><u>11,634,260</u></u>

The accompanying notes form part of these financial statements.

BAILIWICK INVESTMENTS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2010

1 GENERAL INFORMATION

Bailiwick Investments Limited (the "Fund") is a closed-ended investment company registered with limited liability in Guernsey on 22 September 2008 and is authorised under Section 8 of The Protection of Investors (Bailiwick of Guernsey) Law 1987, as amended. The Fund was admitted to the Channel Islands Stock Exchange (the "CISX") on 15 December 2008.

The principal activity of the Fund is to achieve long term capital growth by investment in a diversified portfolio of investments, principally in businesses, property and assets situate, registered, headquartered in or managed from the Channel Islands or in relation to which through the involvement of Channel Islands businesses or individuals, resident in the Channel Islands, there is a material Channel Islands interest.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following principle accounting policies have been applied consistently in the preparation of the financial statements:

Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS's") issued by the International Accounting Standards Board ("IASB") and with those parts of The Companies (Guernsey) Law 2008, applicable to companies preparing their accounts under IFRS. The financial statements have been prepared on a going concern basis, under the historical cost convention as modified by the revaluation of investments and assets and liabilities at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from such estimates.

Standards and amendments to existing standards effective for the year ended 31 October 2010

IAS 1 – Presentation of Financial Statements (amended)

The adoption of amended IAS 1 makes certain changes to the format and titles of the primary financial statements and to the presentation of some items within these statements. It also gives rise to additional disclosures. The measurement and recognition of the Fund's assets, liabilities, income and expenses is unchanged. IAS 1 affects the presentation of owner changes in equity and introduces a "Statement of Comprehensive Income".

IFRS 7 (amendments) – 'Financial instruments: Disclosures'

The IASB published amendments to IFRS 7 in March 2009. The amendments require enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendments require disclosure of fair value measurements by reference to a three-level fair value measurement hierarchy. In addition, it is clarified that the maturity analysis of liabilities should include issued financial guarantee contracts at the maximum amount at which the guarantee could be called; and secondly requires disclosure of remaining contractual maturities that are essential for the understanding of the timing of the cash flows. An entity has to disclose a maturity analysis of financial assets it holds for managing liquidity risk. The adoption of the amendments results in additional disclosures but does not have an impact on the Fund's financial position.

IFRS 8 – Operating Segments

IFRS 8 is effective for accounting periods beginning on or after 1 January 2009, it requires disclosure of information about the Fund's operating segments and replaced the requirement to determine primary (business) and secondary (geographical) reporting segments of the Fund. The Chief Operating Decision Maker has for management purposes, defined the Fund as a single operating segment. The segmental reporting required by IAS 34, included in note 18, is presented in accordance with IFRS 8.

BAILIWICK INVESTMENTS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2010

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Standards, interpretations and becoming effective in the year to 31 October 2010 but not relevant to the Group or Fund

IFRS 5 – non-current assets held for sale and discontinued operations.

IFRIC 11 – IFRS 2 - Group and treasury share transactions.

IFRIC 12 – Service concession arrangements.

IFRIC 13 – Customer loyalty programmes.

IFRIC 14 – IAS 19 - the limit on a defined benefit asset, minimum funding requirements and their interaction.

IFRIC 16 – hedges of net investment in a foreign operation.

IFRIC 17 – distribution of non-cash assets to owners.

IFRIC 18 – Transfers of assets from customers.

Standards, interpretations and amendments to published statements not yet effective

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 7 (revised), Financial Instruments: Disclosures. Published May 2010, effective 01/01/2011

IFRS 8 (amendment), Operating segments. Published: April 2009, effective: 01/01/2010

IFRS 9, Financial Instruments Classification and Measurement. Published: November 2009, effective: 01/01/2013

IAS 1 (revised), Presentation of Financial Statements. Published April 2009, effective: 01/01/2010

IAS 1 (revised), Presentation of Financial Statements. Published May 2009, effective: 01/01/2011

IAS 7 (revised), Statement of Cash Flows. Published: April 2009, effective 01/01/2010

IAS 24 (revised), Related Party Transactions. Published: 04/11/09, effective: 01/01/11

IAS 27 (revised), Consolidated and Separate Financial Statements. Published May 2010, effective: 01/07/2010

IAS 32 (amendment): Classification of rights issues. Published: 08/10/09, effective: 01/02/10

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments. Published: 26/11/09, effective: 01/07/10

Adoption of the above standards and interpretations are not expected to have a material impact on the Group's financial statements.

Other standards in issue but not yet effective which are not relevant to the Group or the Fund have not been listed above.

Significant accounting estimates and judgements

The Directors make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below:

Fair value of unlisted financial instruments

The Fund holds one stock not listed on a recognised exchange. The Directors make judgements as to the fair value of this investment based on estimates supplied by the Investment Manager. Valuation techniques use estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

BAILIWICK INVESTMENTS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2010

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant accounting estimates and judgements (continued)

Fair value of investment properties

The fair value of investment properties are calculated by independent appraisers and are undertaken with the definition of market value as set out in the current edition of the RICS Valuation and Standards. Due to the nature of these assets, such valuations are subject to significant uncertainty.

Consolidation

The consolidated financial statements comprise the Financial Statements of the Fund and its wholly owned subsidiary undertakings which are entities with limited liability incorporated and domiciled in Guernsey. All subsidiaries have a reporting date of 31 October.

Subsidiaries are fully consolidated from the date on which control is transferred to the Fund, and continue to be consolidated until the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between entities are eliminated on consolidation.

Functional and presentation currency

The performance of the Fund is measured and reported to investors in Sterling. The Directors consider Sterling as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are presented in Sterling, which is the Fund's functional and presentation currency.

Foreign currency

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income. Translation differences on non-monetary financial assets and liabilities such as equities at fair value through profit or loss are recognised in the Statement of Comprehensive Income.

Financial assets at fair value through profit or loss

The Fund classifies its investments as financial assets at fair value through profit or loss. These financial assets are classified as held for trading or designated by the Directors at fair value through profit or loss at inception. Financial assets held for trading are those acquired principally for the purposes of selling in the short term.

All regular way purchases and sales of investments are recognised on trade date - the date on which the Fund commits to purchase or sell the investment.

Financial assets at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed in the Statement of Comprehensive Income. Subsequent to initial recognition, all financial assets at fair value through profit and loss are measured at fair value. Gains and losses arising from changes in the fair value are presented in the Statement of Comprehensive Income in the period in which they arise.

Investment property

Investment properties are initially recognised at cost, being the fair value of the consideration given, including transaction costs associated with the acquisition of the property.

After initial recognition, freehold investment properties are measured at fair value, with changes in fair value recognised in the Statement of Comprehensive Income. Fair value is based upon market valuations of the properties at the reporting date, in accordance with the definition of market value as set out in the RICS Valuation and Standards.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment property (continued)

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the Statement of Comprehensive Income in the year of retirement or disposal.

Annual valuations of the investment properties are based upon estimates and subjective judgements that may vary from the actual values and sales prices that may be realised by the Group upon ultimate disposal.

Listed investments

The fair value of listed investments are determined by reference to published quotations in an active market.

Unlisted investments

The fair value of unlisted investments are based on estimates provided by the investment manager.

Cash and cash equivalents

Cash and cash equivalents are defined as cash in hand, demand deposits and highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value. For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash in hand, deposits in bank and overdrafts with a maturity of less than three months at the date of inception.

Loans and borrowings

Loans are initially recognised at fair value net of unamortised discount and financing fees incurred to acquire the debt and are subsequently measured at amortised cost using the effective interest rate method. Consequently, discounts and financing fees are amortised over the life of the related debt through interest expense.

Borrowing costs are recognised as an expense in the period in which they are incurred regardless of how the borrowings are applied and no borrowing costs are capitalised as part of the cost of an asset.

Derivative financial instruments

Derivative financial instruments are classified as fair value through profit and loss and as such are initially and subsequently measured at fair value, determined where possible by reference to quoted market prices for similar instruments.

The Group uses derivative financial instruments such as interest rate caps to hedge its risks associated with interest rate fluctuations. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. The Group does not adopt hedge accounting and therefore any gains or losses arising from changes in fair value on derivatives during the year are taken directly to the Statement of Comprehensive Income.

Ordinary shares

The Fund has no planned end date and shareholders will not be entitled to require the Fund to redeem their shares at any time. Accordingly the Ordinary Shares have been classified as equity in accordance with IAS 32 "Financial Instruments: Presentation". Incremental costs directly attributable to the issue of new shares is shown in equity as a deduction from the proceeds.

BAILIWICK INVESTMENTS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2010

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations

Business combinations are accounted for using the purchase method. The purchase method involves the recognition of the acquiree's identifiable assets and liabilities, including contingent liabilities, regardless of whether they were recorded in the financial statements prior to acquisition. On initial recognition, the assets and liabilities of the acquired subsidiary are included in the consolidated statement of financial position at their fair values, which are also used as the bases for subsequent measurement in accordance with the Group's accounting policies. Goodwill is stated after separating out identifiable intangible assets. Goodwill represents the excess of acquisition cost over the fair value of the Group's share of the identifiable net assets of the acquiree at the date of acquisition. Any excess of identifiable net assets over acquisition cost is recognised in profit or loss immediately after acquisition.

Segmental Reporting

The Directors are of the opinion that the Fund is engaged in a single segment of business, being investment business.

Financial Assets and Liabilities

The financial assets and liabilities of the Fund are defined as investments, cash and cash equivalents, other receivables and payables. The currency exposure of the Fund's net financial assets is disclosed in note 13.

Income and Expenses

Income is recognised on an accruals basis.

Rental income from operating leases is recognised in income on a straight-line basis over the term of the lease.

Expenses are recognised on an accruals basis.

Taxation

The Fund has applied for exemption from Guernsey Income Tax under the Income Tax (Exempt Bodies) (Guernsey) Ordinance 1989. It should be noted, however, that the fund is subject to Guernsey taxation at 20% on its net rental income. Pursuant to the exemption granted under the above mentioned Ordinance, the Fund is subject to an annual fee, currently £600, payable to the Guernsey Authorities.

3 MATERIAL AGREEMENTS

The Fund is responsible for the continuing fees of the Administrator and the Investment Manager in accordance with the Administration and Investment Management Agreements dated 3 December 2008.

Administration Fees

The Administrator is entitled to receive an annual fee equal to 0.15% of the Net Asset Value ("NAV") of the Fund payable quarterly in arrears, subject to a minimum annual fee of £60,000. The Administrator is also entitled to a fixed annual fee of £8,000 per subsidiary of the Fund and an annual fee of £5,000 in respect of registrar services.

Management Fees

Pursuant to the provisions of the Investment Management Agreement, until 31 October 2010 the Manager was entitled to receive an annual management fee of 1.5% of the Adjusted Closing NAV of the Fund (excluding cash and property investments), 1% on property investments and 0.1% on cash and cash equivalents. This fee was payable quarterly in advance.

BAILIWICK INVESTMENTS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2010

3 MATERIAL AGREEMENTS (continued)

Management Fees (continued)

Following a review of the Investment Management Agreement, with effect from 1 November 2010 the Manager is entitled to an annual management fee of 1.0% of the adjusted closing NAV, excluding cash and cash equivalents, and 0.1% on cash and cash equivalents. This fee is payable quarterly in advance.

Performance Fees

The Manager is also entitled to a performance fee, calculated by taking an amount equal to 20% of the amount, by which, at the end of any accounting period, the Adjusted Closing NAV per Ordinary Share exceeds the greater of (i) the Hurdle NAV per Ordinary share; and (ii) the High Watermark, and multiplying such amount by the total number of Ordinary Shares in issue for the relevant performance period. The performance fee is payable annually in arrears on completion of the audit of the financial statements of the Fund for the relevant accounting period. The first relevant accounting period begins on admission and ends on 31 October 2009. Each subsequent accounting period is a period of one financial year. No performance fee becomes payable unless the Hurdle NAV per Ordinary Share of 2% over the Bank of England base rate is exceeded for the relevant period. No performance fees have been payable to date.

Directors' fees

David Lowe is entitled to an annual fee of £25,000, John Henwood and Susie Farnon are each entitled to an annual fee of £20,000.

4 ADMINISTRATION AND OTHER EXPENSES

	1 November 2009 to 31 October 2010	22 September 2008 to 31 October 2009
	£	£
Management fees	269,576	217,746
Administration fees	84,000	65,233
Audit fees	5,041	15,000
Directors' fees	65,000	70,417
Property valuation fees	(2,834)	51,833
Registrar fees	5,000	4,292
Legal and professional fees	43,991	100,679
Other sundry expenses	32,991	32,665
	<u>502,765</u>	<u>557,865</u>

Included within legal and professional fees for the year ended 31 October 2010 is £9,415 paid to Grant Thornton Limited, the Fund's auditor, for the provision of tax advice.

5 OTHER INCOME

	1 November 2009 to 31 October 2010	22 September 2008 to 31 October 2009
	£	£
Bank interest	24,260	-
Dividend income	21,890	-
Bond interest	24,515	-
Sundry income	-	3,219
	<u>70,665</u>	<u>3,219</u>

BAILIWICK INVESTMENTS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2010

6 INVESTMENT PROPERTY

	31 October 2010	31 October 2009
Property at fair value	£	£
Fair value at start of year / period	22,221,000	-
Acquisitions	-	24,000,000
Fair value adjustment on investment property	27,000	(1,779,000)
Fair value at end of year / period	<u>22,248,000</u>	<u>22,221,000</u>

The Group's investment properties were revalued at 31 October 2010 by independent professionally qualified valuers.

In the Statement of Comprehensive Income, rental income for the year amounted to £1,343,192 (period to 31 October 2009: £1,131,954) and direct operating expenses amounted to £12,277 (period to 31 October 2009: £26,990).

The Group's investment property comprise purpose built office building, retail warehouse units and residential units. The period of leases whereby the Group leases out its investment property under operating leases is 12 years or more with the exception of two residential units, representing net annual rent of approximately £22,180, whose leases expire in 2013.

The future aggregate minimum rentals under non-cancellable operating leases are as follows:

	31 October 2010	31 October 2009
	£	£
No later than 1 year	1,425,231	1,335,216
Later than 1 year and no later than 5 years	5,649,120	5,286,764
Later than 5 years	18,135,206	18,339,894
	<u>25,209,557</u>	<u>24,961,874</u>

7 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

	1 November 2009 to	22 September
	31 October 2010	2008 to 31
	£	October 2009
	£	£
Fair value of investments brought forward	2,251,625	-
Purchases at cost	5,006,120	2,140,343
Sales	(125,015)	-
Realised loss on sales	(550)	-
Movement on revaluation of investments	(6,282)	111,282
Fair value of investments brought forward	<u>7,125,898</u>	<u>2,251,625</u>
Represented by		
Closing book cost	7,020,898	2,140,343
Closing revaluation of investments	105,000	111,282
	<u>7,125,898</u>	<u>2,251,625</u>

During the year, the Group entered into a base rate cap agreement to limit its exposure to the effect of increases in the bank's base rate on the interest payable under the floating rate loan as described in note 11. The fair value of the Group's base rate cap is included in financial assets at fair value through profit or loss.

BAILIWICK INVESTMENTS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2010

8 FAIR VALUE OF FINANCIAL INSTRUMENTS

The Fund has adopted the amendment to IFRS 7, requiring the Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices in active markets for identical assets or liabilities (Level 1);
- Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- Those with inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgement by the Fund. The Fund considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The following table analyses within the fair value hierarchy the Funds' financial assets and liabilities (by class) measured at fair value at 31 October 2010:

	Level 1	Level 2	Level 3	Total
	£	£	£	£
<i>Financial assets designated at fair value through profit or loss</i>				
Managed funds	2,015,194	-	-	2,015,194
Equity securities	2,700,250	1,334,663	-	4,034,913
Debt securities	1,021,350	-	-	1,021,350
Derivative financial instruments	-	54,441	-	54,441
	5,736,794	1,389,104	-	7,125,898

There have been no transfers between levels during the year ended 31 October 2010.

When fair values of listed equity and debt securities at the reporting date are based on quoted market prices or binding dealer price quotations, without any deduction for transaction costs, the instruments are included within Level 1 of the hierarchy.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2. These may include investment-grade corporate bonds and listed equities. As level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

Investments classified within level 3 have significant unobservable inputs, as they trade infrequently. Level 3 instruments may include private equity and corporate debt securities. As observable prices are not available for these securities, the Funds use valuation techniques to derive the fair value.

BAILIWICK INVESTMENTS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2010

9 OTHER RECEIVABLES AND PREPAYMENTS

	31 October 2010	31 October 2009
	£	£
Prepayments	5,992	5,571
Accrued bond interest	23,836	-
Other receivables	98	2,842
	<u>29,926</u>	<u>8,413</u>

The Directors consider that the carrying amount of other receivables approximates fair value.

10 CASH AND CASH EQUIVALENTS

	31 October 2010	31 October 2009
	£	£
Cash at bank	<u>6,743,754</u>	<u>11,634,260</u>

11 BORROWINGS

	31 October 2010	31 October 2009
	£	£
Current bank borrowings	255,408	296,236
Non-current bank borrowings	10,470,973	10,559,959
	<u>10,726,381</u>	<u>10,856,195</u>

On 29 October 2009, the Group entered into a five year, £11 million floating rate term loan. Interest on the loan is payable annually in arrears at a rate equal to the sum of the bank's base rate plus 1.50%.

Security for the loan is provided by way of Security Interest Agreements over the issued share capital of the Group's property holding subsidiaries Column Holdings Limited and Commerce Holdings Limited as well as certain of the Group's bank accounts and lease rights.

During the year, the Group entered into a base rate cap agreement to limit its exposure to the effect of increases in the bank's base rate on the interest payable on the floating rate loan.

12 OTHER PAYABLES

	31 October 2010	31 October 2009
	£	£
Management fee	8,858	6,029
Administration fee	27,000	20,333
Audit fee	10,041	15,000
Prepaid rent, prepaid service charges and rent deposits	227,403	225,761
Legal and professional fees	50,000	56,900
Other payables	16,843	20,347
	<u>340,145</u>	<u>344,370</u>

The Directors consider that the carrying amount of other payables approximates fair value.

BAILIWICK INVESTMENTS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2010

13 FINANCIAL RISK MANAGEMENT

The Fund's activities expose it to a variety of financial risks including market risk (including price risk, foreign currency risk and interest rate risk), credit risk and liquidity risk. Risk management procedures are in place to minimise the Fund's exposure to these financial risks.

The Fund uses different methods to measure and manage the various types of risk to which it is exposed; these methods are explained below.

Market Price Risk

Price risk

Price risk represents the potential loss the Fund may suffer through holding market positions in the face of price movements. The Fund is exposed to securities price risk arising from investments held by the Fund for which future prices are uncertain. The Fund is also exposed to property price and property rentals risk. The Investment Manager seeks to moderate this risk through a careful selection of securities and other financial instruments.

At 31 October 2010, if market prices had moved by 5% with all other variables remaining constant, the change in net assets attributable to ordinary shareholders along with change in profit or loss for the year would amount to approximately £1.47 million (period to 31 October 2009: +/- £1.2 million).

The maximum exposure to price risk is the carrying amount of the assets as set out below.

	31 October 2010	31 October 2009
	£	£
Investment property	22,248,000	22,221,000
Listed securities	5,552,457	1,140,625
Unlisted securities	1,519,000	1,111,000
Derivative financial instrument	54,441	-
	<u>29,373,898</u>	<u>24,472,625</u>

Foreign Currency Risk

There is no foreign currency risk as all the transactions of the fund are carried out in Sterling, the functional and presentational currency.

Interest Rate Risk

The Fund is exposed to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on the fair value of its financial instruments and future cash flow. The Fund holds cash and cash equivalents and a sterling denominated floating rate loan that exposes the Fund to cash flow interest rate risk.

The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Interest costs may increase as a result of such changes. They may reduce or create losses in the event that unexpected movements arise. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Group calculates the impact on profit and loss of a defined interest rate shift. The scenarios are run only for liabilities that represent major interest-bearing positions.

The Group has entered into a base rate cap agreement to limit its exposure to the effect of fluctuations in the bank's base rate in relation to the floating rate loan.

The following table highlights the fair value of the Fund's exposure to fixed interest rates, variable interest rates and non interest bearing financial instruments:

BAILIWICK INVESTMENTS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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13 FINANCIAL RISK MANAGEMENT (continued)

Market Price Risk (continued)

Interest rate risk (continued)

31 October 2010	Fixed interest	Variable interest	Non interest bearing	Total
Assets	£	£	£	£
Investment property	-	-	22,248,000	22,248,000
Financial assets at fair value through profit or loss	1,334,663	-	5,791,235	7,125,898
Other receivables and prepayments	-	-	29,926	29,926
Cash and cash equivalents	-	6,743,754	-	6,743,754
Total Assets	1,334,663	6,743,754	28,069,161	36,147,578
Liabilities				
Term loan	-	10,726,381	-	10,726,381
Dividends	-	-	399,000	399,000
Taxation	-	-	151,007	151,007
Other payables	-	-	340,145	340,145
Total Liabilities	-	10,726,381	890,152	11,616,533
Total interest sensitivity gap	1,334,663	(3,982,627)	27,179,009	24,531,045
31 October 2009	Fixed interest	Variable interest	Non interest bearing	Total
Assets	£	£	£	£
Investment property	-	-	22,221,000	22,221,000
Financial assets at fair value through profit or loss	-	-	2,251,625	2,251,625
Other receivables and prepayments	-	-	8,413	8,413
Cash and cash equivalents	-	11,634,260	-	11,634,260
Total Assets	-	11,634,260	24,481,038	36,115,298
Liabilities				
Term loan	-	10,856,195	-	10,856,195
Other payables	-	-	870,461	870,461
Taxation	-	-	175,910	175,910
Total Liabilities	-	10,856,195	1,046,371	11,902,566
Total interest sensitivity gap	-	778,065	23,434,667	24,212,732

At 31 October 2010, if interest rates had moved by 50 basis points with all other variables remaining constant, the change in net assets attributable to holders of ordinary shares along with change in profit or loss for the year would amount to approximately +/- £19,913 (period to 31 October 2009: +/- £3,890), arising substantially from the cash and cash equivalents and term loan.

BAILIWICK INVESTMENTS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2010

13 FINANCIAL RISK MANAGEMENT (continued)

Credit Risk

Credit risk is the risk that an issuer or counterparty will default on its contractual obligations resulting in financial loss to the Group. The investments of the Fund are determined by the Investment Manager in accordance with the criteria set out in the Fund's scheme particulars. Impairment provisions are provided for losses that have been incurred by the balance sheet date, if any.

The credit risk of the Group's cash and cash equivalents is mitigated as all cash is placed with reputable banking institutions with a sound credit rating.

The Fund's maximum credit exposure is limited to the carrying amount of financial assets recognised at the reporting date which amounted to £13,893,586 (2009: £13,888,727).

Liquidity Risk

Liquidity risk is the risk that the Fund will encounter difficulties in realising assets or otherwise raising funds to meet financial commitments. The Fund is closed ended and therefore is not exposed to the risk of shareholder redemptions. The principal liquidity risk is contained in unmatched liabilities. In the opinion of the Directors the liquidity risk at 31 October 2010 is low as cash and cash equivalents exceed unmatched liabilities or other contractual commitments.

The contractual maturities of the Group's financial liabilities are summarised below:

	Current	Non-current	
	within 1 year	1 to 5 years	later than 5 years
31 October 2010	£	£	£
Borrowings	413,984	11,218,531	-
Other payables	340,145	-	-
Taxation	151,007	-	-
	905,136	11,218,531	-
	Current	Non-current	
	within 1 year	1 to 5 years	later than 5 years
31 October 2009	£	£	£
Borrowings	418,586	11,632,515	-
Due to brokers	526,091	-	-
Other payables	344,370	-	-
Taxation	175,910	-	-
	1,464,957	11,632,515	-

Capital risk management

The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns to shareholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

The capital structure of the Group consists of net debt (comprising debt less cash and cash equivalents) and equity of the Group (comprising issued capital, reserves and retained earnings).

The Group is not subject to any externally imposed capital requirement.

The gearing ratio at 31 October 2010 was as follows:

	31 October 2010	31 October 2009
	£	£
Debt	10,726,381	10,856,195
Cash and cash equivalents	(6,743,754)	(11,634,260)
Net debt	3,982,627	(778,065)
Equity	24,531,045	24,212,732
Net debt to equity ratio (%)	16.24	-

BAILIWICK INVESTMENTS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2010

14 SHARE CAPITAL

Authorised Share Capital	31 October 2010	
	£	
Unlimited Ordinary Shares of no par value	-	
Issued Share Capital	Number of Shares	Share Premium
	£	
Shares at 31 October 2010	26,600,000	25,581,500

The Fund's Share Capital consists of an unlimited number of Ordinary Shares of no par value. Following a share placing and offer, 26,600,000 Ordinary Shares were issued on 15 December 2008 for a consideration of £1 per share. £26,600,000 was raised from the shares issued, less share issue costs amounting to £1,018,500.

All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at the shareholders' meeting.

15 DIVIDENDS

	1 November 2009 to 31 October 2010	22 September 2008 to 31 October 2009
	£	£
Dividend of 1.5p per share	399,000	-

On 12 October 2010 the Company announced a dividend of 1.5p per share which was paid to shareholders on 5 November 2010. The dividend has been paid out of Guernsey rental income net of tax and shareholders may therefore be entitled to a tax credit of 20% of the gross dividend amount of 1.875p per share.

As at 31 October 2010 dividends payable were as follows:

	31 October 2010	31 October 2009
	£	£
Dividend payable at 31 October 2010	399,000	-

16 TAXATION

Provision for Guernsey income tax on net rental income is calculated as follows:

	1 November 2009 to 31 October 2010	22 September 2008 to 31 October 2009
	£	£
Profit / (loss) before tax	693,160	(1,192,858)
Adjustment for tax-exempt (profits) / losses and non-deductible expenses	642,805	2,185,601
Annual allowances	(163,897)	-
Statutory repairs allowance	(117,930)	(113,195)
Other allowable deductions	(1,006,203)	-
Adjustment for Commerce Holdings Limited net taxable loss	49,936	-
Net taxable income	97,871	879,548
Income tax @ 20%	19,574	175,910
Payment on account	379	-
Adjustment to prior year tax charge accrual	(44,106)	-
Tax charged to Income Statement in the year	(24,153)	175,910
Income tax payable at 31 October 2010	151,007	175,910

BAILIWICK INVESTMENTS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2010

17 NET ASSET VALUE PER ORDINARY SHARE

The net asset value per Ordinary Share is calculated based on the net assets attributable to Ordinary Shareholders of 24,531,045 and on 26,600,000 Ordinary Shares in issue at 31 October 2010.

The table below shows the NAV per Share and reconciles the difference between the financial statements NAV per Share compared to the NAV per Share reported on the CISX.

	31 October 2010	31 October 2009
	£	£
NAV	24,531,045	24,212,732
No. of shares in issue	26,600,000	26,600,000
Financial Statements NAV per Share	0.9222	0.9103
Add back / (deduct):		
Legal fees on re-structuring	40,000	50,000
Fair value of base rate cap	157,670	-
Investment Management fee adjustment	(11,061)	-
Tax accrual adjustment	(19,136)	-
NAV per Share reported on the CISX	<u>0.9285</u>	<u>0.9121</u>

18 SEGMENTAL INFORMATION

For management purposes, the Fund is organised into one main operating segment. All of the Fund's activities are interrelated, and each activity is dependent on the others. Accordingly, all significant operating decisions are based upon analysis of the Fund as one segment. The financial results from this segment are equivalent to the financial results of the Fund as a whole.

The following table analyses the operating income of the Fund per geographical location. For the purpose of this analysis, operating income comprises bank interest, bond interest, dividend income and rental income. The basis for attributing the operating income is the place of incorporation of the instruments' counterparties.

	1 November 2009 to	22 September
	31 October 2010	2008 to 31
	£	October 2009
Guernsey	1,367,452	1,135,173
Germany	23,767	-
Jersey	21,890	-
United Kingdom	747	-
	<u>1,413,856</u>	<u>1,135,173</u>

19 ULTIMATE CONTROLLING PARTY

The Directors consider that the Fund has no ultimate controlling party.

20 POST BALANCE SHEET EVENTS

There were no significant post Balance Sheet events to report.

BAILIWICK INVESTMENTS LIMITED
PORTFOLIO STATEMENT
31 OCTOBER 2010

The Group's assets at fair value through profit and loss consist of the following holdings:

	31 October 2010	
	Fair value	% of portfolio
	£	value
		%
Investment property		
Carey House	15,583,000	53.05
Nelson House	6,665,000	22.69
Total investment property	22,248,000	75.74
Financial assets		
Prime Rate Capital Management LLP Sterling Liquidity D Acc	2,015,194	6.86
Breedon Aggregates Limited (formerly Marwyn Materials Limited)	1,519,000	5.17
Channel Islands Stock Exchange Ord GBP0.10	1,334,663	4.54
Jersey Electricity Company 'A' Ord GBP1	1,181,250	4.02
Landeskreditbank Baden-Wuerttemberg 2.5% MTN 7/12/2012	1,021,350	3.48
Base rate cap agreement	54,441	0.19
Total financial assets	7,125,898	24.26
Total assets at fair value through profit or loss	29,373,898	100.00

	31 October 2009	
	Fair value	% of portfolio
	£	value
		%
Investment Property		
Carey House	15,463,000	63.19
Nelson House	6,758,000	27.61
Total Investment Property	22,221,000	90.80
Financial Assets		
Channel Islands Stock Exchange Ord GBP0.10	1,111,000	4.54
Breedon Aggregates Limited (formerly Marwyn Materials Limited)	610,000	2.49
Jersey Electricity Company 'A' Ord GBP1	530,625	2.17
Total Financial Assets	2,251,625	9.20
Total assets at fair value through profit or loss	24,472,625	100.00