

September 30th, 2011

DouglasBay Capital plc

("DouglasBay", "the Group" or "the Company")

Unaudited Interim Results for the period to 30 June 2011

DouglasBay Capital plc (AIM: DBAY), the active value investment company, today announces unaudited interim results for the period to 30 June 2011.

Highlights

- £197.5m returned to shareholders via a share buy-back
- Completion of the sale of TDG (announced in November 2010) for £208m, generating an Internal Rate of Return of over 30%
- Significant progress in realising value from our real estate holdings with two properties sold in the first half of the year
- The Group has net cash of £15.1m and liquid investments of £1.0m as at 30th June 2011; cash position will further improve following the pending sale of further real estate assets
- In-depth assessment of potential new Majority Investments on-going

For further information please visit www.douglasbaycap.com or contact:

DouglasBay Capital plc
Alex Paiusco, Chief Executive
Tel: 01624 690900

Peel Hunt LLP ((Nominated Adviser & Broker)
Guy Wiehahn
Tel: 020 7418 8893

Chairman's Statement - Interim Statements period ended 30th June 2011

With the completion of the disposal of our major investment in the logistics company, TDG, the first half of 2011 has been a rewarding period for DouglasBay. In two and a half years since inception in 2008, we have demonstrated an ability to deliver significant value to shareholders from our investment in TDG and against a backdrop of the most challenging economic conditions in recent history. This interim report provides commentary on the TDG investment and its performance, the subsequent return of capital to shareholders following the business sale, further developments within our property group and our intentions moving forward.

TDG, our first major investment, has been a success story for DouglasBay. Acquired at the time of the demise of Lehman Brothers, the timing could not have appeared worse. However, with the support of a strong TDG senior management team, DouglasBay demonstrated its ability to act swiftly and decisively leaving the business in an ideal position to be taken to the next stage in its lifecycle under the ownership of a major industry player.

A number of parties expressed an interest in TDG, but the DouglasBay board felt that Norbert Dentressangle offered the best options in terms of strategic fit and support for the future development of the business. To that end we agreed a sale to Norbert Dentressangle in November 2010 and completed the disposal in March 2011, following the approval of the European Commission.

Following the disposal of TDG, and in line with the stated objectives of the company, the DouglasBay board approved a share buy-back scheme that returned £197.5m to its shareholders. DouglasBay has also made significant progress in liquidating its real estate portfolio, with five of the six ex-TDG properties held in DouglasBay Property Group having now been either sold or under offer.

Our minority investment in a social media start-up is at an interesting stage of its development.

The prevailing, volatile market conditions continue to be a challenge, but also create a number of interesting investment opportunities which we are researching.

Finally, I would like to thank Geoff Bicknell for his sizeable contribution to DouglasBay in his role of Chief Financial Officer since joining the board in 2009. Geoff has decided to step down from the position with effect from the end of this month to pursue a new opportunity in a technology start-up business in the United States, but I am pleased to say that he will continue to work with us in a Non-executive Director role. Mike Haxby, our Chief Risk Officer will take his place as Chief Financial Officer, and Stephen Hardie will become Deputy Chief Financial Officer.

David Panter
Non-executive Chairman
29 September 2011

CEO's Statement - Interim Statements period ended 30th June 2011

I am delighted to report a six month period of further considerable progress for DouglasBay.

TDG disposal

TDG, a £700m turnover pan-European logistics company, was taken private by DouglasBay in October 2008 at a time of significant economic turmoil. During 2009 and in the early part of 2010, DouglasBay applied its active value investing approach, working with management to rapidly restructure and reorganise the business, substantially improving its efficiency and profitability. We agreed to sell TDG to a major industry player, Norbert Dentressangle, in November 2010 and completed the sale in March 2011 for £208m.

Return of capital to shareholders

DouglasBay's foremost objective is to create value and generate long-term returns for our shareholders. These returns will be derived from a combination of dividends from cash generative businesses we acquire, capital gains from any increase in our share price and one-off distributions from the sale of investments.

In line with our investment policy, following the disposal of TDG, we returned £197.5m to shareholders via a tender offer for 89% of ordinary shares at an offer price of 16.35 pence per share.

Outlook

Following the return of capital to shareholders, and after a further two property disposals in the period, the Group is in a cash positive position of £15.1m at 30th June 2011 and additionally has liquid investment holdings totalling approximately £1.0m.

This net cash position will be enhanced further as a result of additional sales from our real estate portfolio in the second half of the year.

Our minority investment in a US social media business, increased to £1.3m (2010: £0.3m) in the first half of the year.

The process is now well underway with regard to the search for new investment opportunities which will be funded from available resources and if required, with underwriting support from our major shareholder, Laxey Partners. We outlined our investment strategy in depth in our 2010 annual report.

Summary

We are extremely proud and delighted with the achievements DouglasBay has made since its inception. Our aim is to further develop our active value approach to investing and we believe that the current economic environment provides a number of suitable opportunities to do so successfully. With that thought in mind, our priorities remain unchanged to those we outlined in our 2010 annual report, namely to identify and secure attractive investment opportunities that meet our active value criteria, and will in the medium term create value for our shareholders.

I would also like to thank Geoff Bicknell for the major contribution he has made to DouglasBay and wish him every success with the new opportunity he has decided to take up in the United States.

Alex Paiusco
Chief Executive Officer
29 September 2011

Financial Review - Interim Statements period ended 30th June 2011

Introduction

This report covering the period from 1 January to 30 June 2011 is our third interim report since our listing on the AIM market in 2008. Given the disposal of TDG on 28 March 2011, this reporting period contains only three months of TDG trading, so meaningful comparison with the previous half year where we held the investment for the full six months, is limited.

The DouglasBay Group accounts as presented containing the TDG results to the point of its disposal are prepared in accordance with the requirements of the IAS34 "Interim Financial Reporting" standard as adopted by the EU.

TDG

DouglasBay moved quickly after taking TDG private in implementing a variety of restructuring and revitalisation plans to enhance business performance. The combination of re-aligned strategic focus, efficiency improvements and cost-saving measures resulted in stronger financial performance in 2010 as reported in detail within our last annual report.

Having delivered value creation throughout the previous two years with our operational improvements, we were then able to realise our investment through the sale of TDG to Norbert Dentressangle. The sale of TDG was completed in March 2011 with proceeds of £208m.

Return of capital to shareholders

As highlighted in the CEO's statement, the share buy-back offer was almost fully subscribed and resulted in £197.5m cash being returned to shareholders in May 2011.

Group Financing

At the half year the Group was in a cash positive position of £15.1m with additional liquid investments totalling approximately £1.0m.

DouglasBay Property Group (DBPG)

DBPG was formed in the latter part of 2009 following the transfers from TDG of six properties. Since then, DBPG has actively managed the portfolio, maximising rental income and sale proceeds. In early 2011 we successfully realised the sales of another two sites, having already disposed of one in 2010. Since 30th June this year we have completed the sale of one additional property and exchanged contracts on another, leaving only one remaining property from the original portfolio. We will have generated total net proceeds in excess of £27m from the five properties sold or under offer to date, an important element of the value creation plan stemming from the investment in TDG.

Minority Investments

Despite the ongoing uncertain market conditions, during the first half of 2011 we made significant progress in liquidating the remaining minority investments of the original TLIT portfolio with the sale of two further holdings for net cash proceeds of £0.8m. As at 30 June 2011 the remaining TLIT investment portfolio was valued at £0.9m (2010: £2.1m) which primarily comprises holdings in quoted companies.

During the period we increased our investment in a US based social media business by a further £1m, acquiring a 21% stake at a total investment cost of £1.3m. This investment is held within our recently formed subsidiary, DouglasBay Media Holdings.

Summary

It has been a successful six months for DouglasBay having concluded the sale of TDG and returned capital to our shareholders. The closing of the TDG sale serves as a blueprint for our active value investment approach which can be rolled out to new investment opportunities in the near future.

With effect from 30th September I am stepping down from my role as CFO. It has been a very real pleasure to have worked with the DouglasBay team and to have contributed to their undoubted success. I am sure they will build on this in future deals and I look forward to supporting them as a Non-executive Director. I wish all the best to Mike Haxby who will, along with his responsibilities as Chief Risk Officer, also take on the task of Chief Financial Officer. I would also like to congratulate Stephen Hardie for his new role as Deputy Chief Financial Officer of DouglasBay.

Geoff Bicknell
Chief Financial Officer
29 September 2011

Condensed Consolidated Income Statement

For the period ended 30 June 2011

		Continuing operations	Discontinued operations(a)	Total	Continuing operations	Discontinued operations (a)	Total
	Notes	2011 £m	2011 £m	2011 £m	2010 £m	2010 £m	2010 £m
Revenue		-	170.8 ^(b)	170.8	-	340.0	340.0
Operating expenses		(1.5)	(167.0)	(168.5)	(1.6)	(327.4)	(329.0)
Underlying operating profit/(loss)	4	(1.5)	3.8	2.3	(1.6)	12.6	11.0
Amortisation of acquisition intangibles	5	-	(0.7)	(0.7)	-	(1.5)	(1.5)
Rationalisation costs	5	-	(0.3)	(0.3)	-	(1.6)	(1.6)
Impairment of fixed assets	5	-	-	-	-	(2.5)	(2.5)
(Loss)/Gain on sale of properties	5	-	(0.4)	(0.4)	-	3.3	3.3
Profit on sale of subsidiaries	5	95.0	-	95.0	-	-	-
Site exit costs	5	-	-	-	-	(1.6)	(1.6)
Dilapidations & onerous leases	5	-	(2.8)	(2.8)	-	1.1	1.1
Operating profit/(loss)		93.5	(0.4)	93.1	(1.6)	9.8	8.2
Finance costs	7	(0.1)	(1.3)	(1.4)	-	(14.0)	(14.0)
Finance income	7	-	-	-	10.4	-	10.4
Profit/(loss) before tax		93.4	(1.7)	91.7	8.8	(4.2)	4.6
Income tax income	8	-	-	-	-	1.4	1.4
Profit/(loss) for the period		93.4	(1.7)	91.7	8.8	(2.8)	6.0
Attributable to:							
Profit/(Loss) attributable to equity holders of the parent		93.4	(1.7)	91.7	8.8	(2.9)	5.9
Profit attributable to non-controlling interests		-	-	-	-	0.1	0.1
		93.4	(1.7)	91.7	8.8	(2.8)	6.0
Earnings (pence) per share							
Basic & fully diluted earnings/(loss) per share	9	9.48p	(0.18p)	9.30p	0.66p	(0.22p)	0.44p
Underlying earnings /(loss) per share	9	(0.16p)	0.17p	0.01p	0.66p	(0.08p)	0.58p

(a) Detailed information related to the Laxey Logistics Group and Property Group discontinued operations is disclosed in note 12

(b) TDG was sold on March 28th 2011. Only 3 months trading up to the date of the sale are therefore included in the consolidated income statement

Condensed Consolidated Statement of Comprehensive income
For the period ended 30 June 2011

	2011	2010
	£m	£m
Profit for the period	91.7	6.0
Other comprehensive income		
Currency translation adjustments	1.1	0.2
Actuarial loss on defined benefit schemes	-	(16.4)
Other movements – disposal of businesses	(1.7)	-
Income tax income on other comprehensive income	-	3.1
Other comprehensive loss for the period, net of income tax	<u>(0.6)</u>	<u>(13.1)</u>
Total comprehensive income/(loss) for the period	<u>91.1</u>	<u>(7.1)</u>
Attributable to:		
Equity holders of the parent	91.1	(7.0)
Non-controlling interest	-	(0.1)
	<u>91.1</u>	<u>(7.1)</u>

Condensed Consolidated Statement of Changes in Equity

For the period ended 30 June 2011

Attributable to equity holders of the parent

	Issued share capital £m	Share premium £m	Hedging and translation reserve £m	Retained earnings £m	Total £m	Non- controlling interest £m	Total Equity £m
Balance at 1 January 2011	64.5	63.5	0.2	(6.1)	122.1	0.7	122.8
Currency translation differences	-	-	1.5	(0.4)	1.1	-	1.1
Disposal of subsidiaries	-	-	(1.7)	-	(1.7)	(0.4)	(2.1)
Other comprehensive loss for the period	-	-	(0.2)	(0.4)	(0.6)	(0.4)	(1.0)
Profit for the period	-	-	-	91.7	91.7	-	91.7
Issue of shares	4.3	4.3	-	-	8.6	-	8.6
Purchase of own shares	(60.4)	(67.8)	-	(69.3)	(197.5)	-	(197.5)
Balance at 30 June 2011	8.4	-	-	15.9	24.3	0.3	24.6

Attributable to equity holders of the parent

	Issued share capital £m	Share premium £m	Hedging and Translation Reserve £m	Retained earnings £m	Total £m	Non- controlling interest £m	Total Equity £m
Balance at 1 January 2010	66.9	66.9	0.3	(1.2)	132.9	0.6	133.5
Currency translation differences	-	-	0.2	0.2	0.4	-	0.4
Actuarial gains on defined benefit scheme	-	-	-	(16.4)	(16.4)	-	(16.4)
Tax on items recognised in other comprehensive income	-	-	-	3.1	3.1	-	3.1
Other comprehensive profit/(loss) for the period	-	-	0.2	(13.1)	(12.9)	-	(12.9)
Profit for the period	-	-	-	6.0	6.0	(0.1)	5.9
Balance at 30 June 2010	66.9	66.9	0.5	(8.3)	126.0	0.5	126.5

Condensed Consolidated Statement of Financial Position

For the period ended 30 June 2011

	Notes	As at 30 June 2011 £m	As at 31 December 2010 £m
Assets			
Non current assets			
Property, plant and equipment	10	2.3	5.3
Investments	11	2.5	2.4
		<u>4.8</u>	<u>7.7</u>
Current assets			
Held-for-sale assets	12.16	4.9	321.7
Trade and other receivables		0.4	3.2
Cash and cash equivalents	13	15.1	1.6
		<u>20.4</u>	<u>326.5</u>
Total assets		<u>25.2</u>	<u>334.2</u>
Non current liabilities			
Interest bearing borrowings	14	-	14.3
		<u>-</u>	<u>(14.3)</u>
Current liabilities			
Interest bearing borrowings	14	-	2.1
Trade and other payables		0.6	3.0
Held-for-sale liabilities	12	-	192.0
		<u>(0.6)</u>	<u>(197.1)</u>
Total liabilities		<u>(0.6)</u>	<u>(211.4)</u>
Net assets		<u>24.6</u>	<u>122.8</u>
Equity			
Issued capital and reserves			
Issued share capital	15	8.4	64.5
Share premium		-	63.5
Hedging & translation reserve		-	0.2
Retained earnings		15.9	(6.1)
		<u>24.3</u>	<u>122.1</u>
Equity attributable to owners of the Company		<u>24.3</u>	<u>122.1</u>
Non-controlling interests		0.3	0.7
Total equity		<u>24.6</u>	<u>122.8</u>

Condensed Consolidated Statement of Cash Flows

For the period ended 30 June 2011

	6 months to 30 June 2011	6 months to 30 June 2010
Notes	£m	£m
Cash flows from operating activities (page 10)	11.8	16.7
Cash flows used in other operating activities		
Interest paid	(1.5)	(4.9)
Income taxes paid	-	(0.3)
Cash flows used in other operating activities	(1.5)	(5.2)
Cash flows from investing activities		
Payments to acquire property, plant and equipment	(1.6)	(3.5)
Receipts from sale of investments (net of costs)	206.3	-
Receipts from sale of property, plant and equipment	19.8	43.0
Deferred consideration from the purchase of businesses	-	0.1
Payments to acquire investments	(1.1)	(0.2)
Interest received	-	0.3
Cash flows from investing activities	223.4	39.7
Cash flows from financing activities		
Payments to acquire Ordinary shares	(197.5)	-
Repayment of secured borrowings	(41.3)	(31.9)
Repayment of obligations under finance leases	-	0.1
Repayment of loan to ultimate controlling party	-	(5.0)
Dividends paid to non-controlling interests	(0.3)	(0.2)
Cash flows used in financing activities	(239.1)	(37.0)
Net (decrease)/increase in cash and cash equivalents	(5.4)	14.2
Cash and cash equivalents as at 1 January	20.2	16.4
Effect of exchange rate changes	0.3	(0.3)
Cash and cash equivalents as at 30 June	15.1	30.3
13		

Condensed Consolidated Statement of Cash Flows (continued)

For the period ended 30 June 2011

Reconciliation of net profit from operations to net cash from operating activities

	Notes	6 months to 30 June 2011 £m	6 months to 30 June 2010 £m
Cash flows from operating activities			
Net profit		91.7	6.0
Adjustments to reconcile to profit from operations			
Net interest expense	7	1.4	3.6
Income tax income	8	-	(1.4)
Adjustments to reconcile profit from operations		<u>1.4</u>	<u>2.2</u>
Non-cash adjustments			
Depreciation of property, plant and equipment		2.3	5.8
Amortisation of acquisition & other intangible assets		1.3	2.8
Impairment of property	5	-	2.5
Impairment of plant and equipment		-	0.4
Dilapidations & onerous leases	5	2.8	-
Profit on the sale of investments	5	(95.0)	-
Loss arising on the revaluation of TLIT investments		0.4	-
Unrealised losses on foreign currency exchange		(0.1)	(0.3)
Gain on sale of properties, plant and equipment	5	0.3	(3.4)
Release of investment grants		-	(0.1)
Non-cash adjustments		<u>(88.0)</u>	<u>7.7</u>
Decrease in working capital			
Increase in trade and other receivables		(12.1)	(12.0)
Increase in trade and other payables		20.1	17.4
Decrease in working capital		<u>8.0</u>	<u>5.4</u>
Pension deficit funding additional employer contributions		(1.3)	(4.6)
Cash flows from operating activities (page 9)		<u>11.8</u>	<u>16.7</u>

Notes on the condensed consolidated financial statements

1. Basis of preparation

These unaudited interim condensed consolidated financial statements do not constitute statutory accounts and have been prepared on a basis consistent with the Group's accounting policies as set out in the 2010 Annual Report and Accounts.

These interim condensed consolidated financial statements have been prepared in accordance with AIM Listing Rules and in accordance with IAS 34 "Interim Financial Reporting". They do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements for the year ended 31 December 2010.

These financial statements have been prepared on a going concern basis and the Directors consider that the Group will be able to meet its liabilities as they fall due for the foreseeable future. The Directors have prepared base case and sensitised cash flow projections for the period to September 2012 which are based on certain assumptions and show the Group is capable of operating within the existing financing arrangements.

These interim condensed consolidated financial statements have been prepared by applying the accounting policies and presentation that were applied in the preparation of the Group's consolidated financial statements for the year ended 31 December 2010, which were prepared in accordance with International Financial Reporting Standards.

The Directors consider the underlying profit and underlying earnings per share provide additional meaningful information on underlying performance to shareholders. The terms "underlying profit" and "exceptional item" are not defined terms under IFRS and may not be comparable with similarly titled profit measures reported by other companies. Underlying operating profit is not intended to be a substitute for, or superior to, GAAP measurements of profit. The term "underlying" refers to the relevant measure being reported excluding exceptional items, and amortisation of acquisition intangibles. Exceptional items are items which are both material and non-recurring and are presented as exceptional items within their relevant consolidated income statement category. The separate reporting of exceptional items helps provide a better indication of the Group's underlying business performance. Events which may give rise to the classification of items as exceptional include the restructuring of the businesses, the integration of new businesses, gains or losses on the disposal of businesses and asset impairments and corporate costs.

2. Key accounting policies

Currency Translation

a) Functional and presentational currency

Items included in the financial statements of each of the Group's entities are measured using the functional currency, which is the local currency in which the entity operates. The consolidated financial statements are presented in Sterling, which is the Company's functional and presentation currency.

b) Transactions and balances

Transactions in foreign currencies are translated into functional currency at the rates of exchange prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of these transactions and from the translation of monetary assets and liabilities denominated in foreign currencies to functional currency at rates prevailing at the end of reporting period are recognised in profit or loss.

At each end of reporting period, non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities that are carried at fair value that are denominated in foreign currencies are translated at the rates prevailing when the fair value was determined.

c) Group companies

On consolidation, the assets and liabilities of the Group's overseas operations are translated at exchange rates prevailing at the end of reporting period. Income and expense items are translated at the average exchange rates for the period. Foreign exchange differences arising on retranslation are recognised in other comprehensive income and transferred to the Group's translation reserve. Such translation differences are recognised in the profit or loss in the period in which the operation is disposed of.

Exchange differences arising from the translation of the net investment in foreign operations, and of related hedges are taken directly to the translation reserve. Such translation differences are recognised in profit or loss in the period in which the operation is disposed of.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated at the closing rate.

Underlying operating profit

Underlying operating profit is separately disclosed on the face of the income statement. This is profit before net finance costs, share of loss of associates and tax excluding items which the Directors consider to be material or non-recurring in nature. These items were amortisation of acquisition intangibles, rationalisation costs, impairment of current and non-current assets where the impairment is considered exceptional due to its size, profit on sale of subsidiaries, profit/loss on sale of properties, site exit costs, and dilapidation and onerous lease provisions considered to be exceptional due to the size of the expected costs or releases. These items are collectively referred to as "exceptional items".

The Directors believe that underlying operating profit provides an important measure of the underlying earnings performance of the Group.

Underlying earnings per share

Underlying earnings per share is calculated as underlying profit, less net finance charges, share of loss of associates, profit attributable to minority interests and corporation tax adjusted for corporation tax on exceptional items, divided by the weighted average number of Ordinary Shares in issue during the period. The Directors believe that "underlying earnings per share" provides an important measure of the underlying earnings performance of the Group.

Investments

All investments are classified as 'fair value through profit or loss'. Investments are initially recognised at cost being the fair value of consideration given.

After initial recognition investments are measured at fair value, with unrealised gains and losses on investments recognised in profit or loss and allocated to capital. Realised gains and losses on investments sold are calculated as the difference between sale proceeds and cost.

The entity manages and evaluates the performance of these investments on a fair value basis in accordance with its investment strategy.

Unquoted investments are valued by the Directors, at fair value based on latest dealing prices, stockbroker valuations or other information, as appropriate. This valuation incorporates all factors that market participants would consider in setting a price.

Quoted investments are valued at closing bid market prices or last traded price where bid prices are not regularly and readily available.

Contracts for difference are synthetic equities and the unrealised gain or loss is disclosed with reference to the investments' underlying bid prices.

The Company is taking advantage of IAS 28 which enables it to treat holdings over 20% of a company's share capital as a normal investment and not as an associate.

IFRS 7 requires the Company to analyse financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

Discontinued operations and held for sale assets & liabilities

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as available for sale, if earlier. Results of the discontinued operation are presented separately on the statement of comprehensive income where they are considered by the Directors to be material to the results of the Group. When an operation is classified as a discontinued operation and considered to be material to the results of the Group, the comparative income statement is re-presented as if the operation had been discontinued from the start of the comparative period.

Non-current assets, or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale rather than through continuing use, are classified as available for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets, or disposal group, are measured at the lower of their carrying amount and recoverable amount. Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets and investment property, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as available for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, short term deposits and cash in restricted accounts.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purposes of the consolidated statement of cash flows.

3. Segmental analysis

As a result of the Group adopting IFRS 8 Operating Segments the segmental analysis is presented in line with the information provided to the Chief Operating Decision Maker ("CODM") in the management accounts.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's CODM to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The Group's primary reporting format is business segments and its secondary is geographical segments. The operating businesses are organised and managed separately according to the markets they serve.

The Group's business segments are organised and managed separately according to the nature of the business and its reporting structure within the Group.

- TDG - provides specialised B2B logistics and freight forwarding services within the UK and Europe;
- TLIT - the investments held by TLIT, including minority stakes in quoted and unquoted companies;
- DouglasBay Property Group - manages the investments of a portfolio of UK properties;
- Central management - any central costs held within the parent company, Laxey Logistics Limited, DouglasBay UK Limited and DouglasBay Media Holdings Limited.

Significant reliance is not placed on major customers as the Group does not receive revenue from any single customer which amounts to 10% or more of Group revenues.

Primary segments - business activities
Period ended 30 June 2011

	Continuing operations				Discontinued operations					Total £m	TOTAL £m
	TLIT £m	Property Group £m	Central manage- ment £m	Eliminat- ions & adjust- ments* £m	Total £m	TDG** £m	Property Group £m	Central manage- ment £m	Eliminat- ions & adjust- ments* £m		
Revenue											
Gross sales	-	0.2	1.1	(1.3)	-	170.6	0.3	-	(0.1)	170.8	170.8
Results											
Underlying operating profit/(loss)	(0.4)	0.1	(0.3)	(0.9)	(1.5)	3.0	0.1	-	0.7	3.8	2.3
Net exceptional income/(expense)	-	-	95.0	-	95.0	(3.1)	1.3	-	(2.4)	(4.2)	90.8
Operating profit/(loss)	(0.4)	0.1	94.7	(0.9)	93.5	(0.1)	1.4	-	(1.7)	(0.4)	93.1
Net finance income/(cost)	-	-	5.8	(5.9)	(0.1)	0.2	(0.2)	(7.1)	5.8	(1.3)	(1.4)
	(0.4)	0.1	100.5	(6.8)	93.4	0.1	1.2	(7.1)	4.1	(1.7)	91.7
Income tax income/(expense)	-	-	-	-	-	-	-	-	-	-	-
Profit/(loss) for year	(0.4)	0.1	100.5	(6.8)	93.4	0.1	1.2	(7.1)	4.1	(1.7)	91.7
Assets & liabilities											
Segment assets	0.9	2.4	17.1	-	20.4	-	4.8	-	-	4.8	25.2
Segment liabilities	-	-	0.6	-	0.6	-	-	-	-	-	0.6
Other Segment information											
Depreciation and amortisation	-	-	-	-	-	2.8	-	-	0.8	3.6	3.6

* Eliminations include all the adjustments arising on consolidation of the four individual segments TDG, TLIT, Property Group and Central management for statutory reporting.

** TDG was sold on March 28th 2011 to Norbert Dentressangle

3. Segmental analysis (continued)

Primary segments - business activities
Period ended 30 June 2010

	Continuing operations				Discontinued operations						
	TLIT £m	Property Group £m	Central manage- ment £m	Eliminat- ions & adjust- ments* £m	Total £m	TDG** £m	Property Group £m	Central manage- ment £m	Eliminat- ions & adjust- ments* £m	Total £m	TOTAL £m
Revenue											
Gross sales	-	0.3	1.5	(1.8)	-	340.0	0.9	-	(0.9)	340.0	340.0
Results											
Underlying operating profit/(loss)	(0.3)	0.1	0.3	(1.7)	(1.6)	10.6	0.7	(0.2)	1.5	12.6	11.0
Net exceptional income/(expense)	-	-	-	-	-	3.1	-	-	(5.9)	(2.8)	(2.8)
Operating profit/(loss)	(0.3)	0.1	0.3	(1.7)	(1.6)	13.7	0.7	(0.2)	(4.4)	9.8	8.2
Net finance income/(cost)	0.2	-	10.2	-	10.4	(0.6)	(0.4)	(13.0)	-	(14.0)	(3.6)
	(0.1)	0.1	10.5	(1.7)	8.8	13.1	0.3	(13.2)	(4.4)	(4.2)	4.6
Income tax income / (expense)	-	-	(0.2)	0.2	-	1.4	-	-	-	1.4	1.4
Profit/(loss) for period	(0.1)	0.1	10.3	(1.5)	8.8	14.5	0.3	(13.2)	(4.4)	(2.8)	6.0
Assets & liabilities											
Segment assets	6.5	2.4	381.2	(385.6)	4.5	419.6	25.5	-	(79.5)	365.6	370.1
Segment liabilities	0.4	2.4	267.4	(267.3)	2.9	227.7	25.2	-	(12.2)	240.7	243.6
Other Segment information											
Depreciation and amortisation	-	-	-	-	-	7.0	-	-	1.6	8.6	8.6

* Eliminations include all the adjustments arising on consolidation of the four individual segments TDG, TLIT, Property Group and Central management for statutory reporting.

** TDG was sold on March 28th 2011 to Norbert Dentressangle

Secondary segments - geographical analysis

The group's operations are located in United Kingdom, Spain, Netherlands, Ireland, Belgium and Other Europe (Germany, Hungary and Poland). The following table provides an analysis of the Group's sales by geographic market, irrespective of the origin of the (goods/services).

	6 months to 30 June 2011 £m	6 months to 30 June 2010 £m
Revenue from external customers		
United Kingdom	127.4	252.6
Spain	15.7	31.0
Netherlands	6.1	14.6
Ireland	11.3	23.2
Belgium	7.9	15.3
Other Europe	2.4	3.3
Discontinued operations	170.8	340.0
United Kingdom	-	-
Continuing operations	-	-
Total revenue for the period	170.8	340.0

4. Underlying operating profit

Underlying operating profit is stated after charging/(crediting) the following:

		6 months to 30 June 2011	6 months to 30 June 2010
	Notes	£m	£m
Employee benefits expense	6	50.1	97.9
Loss/(profit) on disposal of plant and equipment		-	(0.1)
Depreciation of property, plant and equipment		2.3	5.8
Amortisation of intangible assets (software)		0.6	1.3
Amortisation of government grants		-	(0.1)

5. Exceptional operating (costs)/profits

		6 months to 30 June 2011	6 months to 30 June 2010
		£m	£m
Amortisation of acquisition intangibles		(0.7)	(1.5)
Rationalisation costs		(0.3)	(1.6)
Impairment of properties		-	(2.5)
(Loss) / gain on sale of properties		(0.4)	3.3
Profit of sale of subsidiaries		95.0	-
Site exit costs		-	(1.6)
Dilapidations & onerous leases		(2.8)	1.1
		90.8	(2.8)

Due to the continued reorganisation of the TDG business during the period, rationalisation costs of £0.3m (2010: £1.6m) were incurred in the UK, Ireland, Netherlands and Spain.

The loss on sale of properties, £0.4m (2010: profit £3.3m), arose on the sale of properties held in the UK.

The profit on disposal of subsidiaries of £95.0m (2010: £Nil) results from the sale of the Laxey Logistics Group on March 28th 2011 for £208m after various adjustments to Norbert Dentressangle. Laxey Logistics Group's net assets as at 28 March 2011, the date of disposal, amounted to £100.9m.

The site exit costs of £1.6m in 2010 related to the exit of unprofitable operations, totalling £0.9m in the UK, £0.6m in Ireland and £0.1m in Spain.

In 2011 an onerous lease provision of £2.8m was required in respect of the TDG business in Ireland.

In 2010 dilapidation provision releases of £0.8m and onerous lease provision releases of £0.3m relate to prior period exceptional dilapidation onerous lease provisions no longer required. In 2009 dilapidation provisions were created in relation to two UK properties. The Directors considered these costs to be exceptional due to the size of the provision required.

6. Employee expenses

	6 months to 30 June 2011	6 months to 30 June 2010
	£m	£m
Wages and salaries	43.9	88.0
Post employment expense for defined contribution plans	1.4	0.5
Employee termination benefits	0.1	0.7
Social security costs	4.7	8.7
	<u>50.1</u>	<u>97.9</u>

7. Finance costs/(income)

	6 months to 30 June 2011	6 months to 30 June 2010
	£m	£m
Interest payable on loan from ultimate controlling party	-	0.2
Interest payable on finance lease rental payments	0.1	0.1
Interest expense: secured loans	0.9	2.7
Other finance costs	0.4	0.7
	<u>1.4</u>	<u>3.7</u>
Foreign exchange	-	(0.1)
	<u>1.4</u>	<u>3.6</u>

8. Tax

Components of income tax (income)/expense

	6 months to 30 June 2011	6 months to 30 June 2010
	£m	£m
Current income tax expense/(income)		
Isle of Man income tax	-	-
Overseas tax	-	2.2
Current income tax expense/(income)	<u>-</u>	<u>2.2</u>
Deferred income tax (income)/expense		
Isle of Man	-	-
Overseas deferred tax	-	(3.6)
Deferred income tax income	<u>-</u>	<u>(3.6)</u>
Income tax income recognized in profit or loss	<u>-</u>	<u>(1.4)</u>

Components of income tax recognised in other comprehensive income

	6 months to 30 June 2011	6 months to 30 June 2010
	£m	£m
Deferred income tax (income)/expense		
Deferred income tax income on actuarial loss/(gain)	-	(3.2)

9. Earnings per share

The calculation of basic earnings per share as at 30 June 2011 is based on the profit attributable to ordinary shareholders of £91.7m (2010: £5.9m) and a weighted average number of ordinary shares outstanding of 985,681,101 (2010: 1,337,815,633) reflecting the period over which earnings per share has been calculated 1 January 2011 until 30 June 2011 (2010: 1 January 2010 until 30 June 2010). An alternative underlying earnings per share number is also set out below, being before any exceptional (profits)/costs plus related tax, since the Directors consider that this is more representative of the underlying performance of the Group. No share options remain outstanding as at 30 June 2011. Share options outstanding as at 30 June 2010 had no dilutive impact on earnings per share at that time.

	6 months to 30 June 2011 No. of shares	6 months to 30 June 2010 No. of shares
Weighted average number of shares for the purposes of basic and underlying earnings per share	985,681,101	1,337,815,633

	2011		2010	
	£m	pence	£m	Pence
Profit attributable to equity holders of the parent (Basic earnings per share)	91.7	9.30p	5.9	0.44p

	Expense/ (income)	Related Tax @ 27%		Expense/ (income)	Related Tax @ 28%			
	£m	£m		£m	£m			
Add back exceptional items net of related tax								
Amortisation of acquisition intangibles	0.7	-		1.5	-			
Rationalisation costs	0.3	(0.1)		1.6	(0.4)			
Impairment of properties	-	-		2.5	(0.6)			
Loss/ (gain) on sale of properties	0.4	-		(3.3)	-			
Profit on sale of subsidiaries	(95.0)	-		-	-			
Site exit costs	-	-		1.6	(0.3)			
Dilapidations & onerous leases	2.8	(0.7)		(1.1)	0.4			
	(90.8)	(0.8)	(91.6)	(9.29p)	2.8	(0.9)	1.9	0.14p
Underlying earnings (underlying earnings pence per share)			0.1	0.01p			7.8	0.58p

10. Property, plant and equipment

	As at 30 June 2011 £m	As at 30 June 2010 £m
Land and buildings	7.2	5.3
Transferred to assets available for sale	(4.9)	-
	<u>2.3</u>	<u>5.3</u>

11. Investments

	Notes	2011 £m	2010 £m
At 1 January cost net of unrealised gains/(losses)		2.4	4.7
Additions		1.2	0.4
Disposals		(0.8)	(3.2)
Revaluation of investments		(0.3)	0.6
Transfers to held-for-sale assets	12	-	(0.1)
At 30 June and 31 December		<u>2.5</u>	<u>2.4</u>
At 1 January			
Cost or valuation		3.3	9.2
Accumulated depreciation and impairment		(0.9)	(4.5)
Net carrying amount		<u>2.4</u>	<u>4.7</u>
At 30 June			
Cost or valuation		3.7	3.3
Accumulated depreciation and impairment		(1.2)	(0.9)
Net carrying amount		<u>2.5</u>	<u>2.4</u>

Investments mainly include the quoted and unquoted investments in TLIT and DouglasBay Media Holdings. The addition of £1.2m in the period relates to the investment made by DouglasBay Media Holdings. Disposals in the year, £0.8m (2010: £3.2m) relate to the sale of two investments held by TLIT which resulted in no profit/loss for the Group in the period. The whole of the impairment of £0.3m (2010: £(0.6)m) relates to the impairment to the carrying value of the remaining TLIT investments held, as a result of revaluing the investments based on the closing bid market values or last traded price where bid prices are not regularly and readily available.

Fair value hierarchy

IFRS 7 requires the Company to analyse financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
At 30 June 2011				
Investments	1.0	1.5	-	2.5
	<u>1.0</u>	<u>1.5</u>	<u>-</u>	<u>2.5</u>

	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
At 31 December 2010				
Investments	1.3	0.4	0.7	2.4

The following table shows a reconciliation from the beginning balances to the ending balances for fair values measurements in Level 3 of the fair value hierarchy:

	2011 £m	2010 £m
Balance at 1 January	0.7	1.7
Net gain from financial instruments at fair value through profit and loss	-	0.1
Disposal of investments	(0.7)	(1.0)
Transfer to assets held-for-sale	-	(0.1)
Balance at 30 June	-	0.7

During the period, the Company disposed of two investments held in unquoted plantation management companies that were valued by the Directors based on the amount the Directors believe the investments could be disposed of at an arms length price, taking into account the Directors knowledge of each company.

Although the Company believes that its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value. It is not possible, due to the valuation of Level 3 investments being based on Directors knowledge of the company, to provide an effect on profit or loss for a change in valuation methodologies or assumptions.

12. Discontinued operations (Held-for-sale assets & liabilities)

2011

The assets held for sale relate to the identification by the Directors of two UK properties with a total net book value of £4.7m. One of the properties was sold in August 2011 for net proceeds of £2.1m, realising a profit of £0.2m

	Property Group £m	Total £m
Assets classified as held-for-sale		
Property, plant and equipment	4.9	4.9
Total assets	4.9	4.9

2010

On 29 November 2010, the Company announced it had reached agreement to dispose of its largest investment, the logistics business TDG Limited, to Norbert Dentressangle. On 28 March 2011, the Company completed the disposal of TDG's holding company, Laxey Logistics Limited for cash proceeds of £208m. As a result of the commitment at the 31 December 2010 of the Group's management to sell the Laxey Logistics Group the assets and liabilities of the group have been shown within the consolidated statement of financial position as held-for-sale.

The other discontinued items relate to three properties held by Property Group which the Directors intended to sell early in 2011. Subsequent to the year end, the Property Group has sold all three properties, sites at West Hallam, Batley and Manchester, for a net consideration of £21.3m, realising a profit of £7.3m.

	Laxey Logistics Group £m	Property Group £m	Total £m
Assets classified as held-for-sale			
Property, plant and equipment	87.2	12.8	100.0
Investments	0.1	-	0.1
Goodwill	27.0	-	27.0
Acquisition and other intangible assets	34.0	-	34.0
Retirement benefit asset	23.6	-	23.6
Inventories	2.4	-	2.4
Trade and other receivables	94.4	-	94.4
Prepayments	21.3	-	21.3
Cash and cash equivalents	18.9	-	18.9
Total assets	308.9	12.8	321.7
Liabilities classified as held-for-sale			
Property finance leases	1.1	-	1.1
Interest bearing borrowings	38.9	-	38.9
Preference shares	0.3	-	0.3
Bank overdrafts	0.3	-	0.3
Provisions	10.9	-	10.9
Post employment retirement benefit liability	2.5	-	2.5
Deferred tax liabilities	6.7	-	6.7
Tax payables	2.1	-	2.1
Trade and other payables	129.2	-	129.2
Total liabilities	192.0	-	192.0

The main elements of the cash flow of the discontinued operations are as follows:

Cash flow from discontinued operations

	2011 £m	2010 £m
Operating cash flow	1.7	13.9
Cash flow from investing activities	0.4	41.4
Cash flow from financing activities	(2.8)	(52.2)
Net cash inflows/(outflows) for the year	(0.7)	3.1

13. Cash and cash equivalents

		As at 30 June 2011	As at 31 Dec 2010
	Notes	£m	£m
Cash at bank and in hand		0.4	5.4
Short-term deposits		14.7	2.3
Cash in restricted accounts		-	12.8
Transfers to held-for-sale assets	12	-	(18.9)
		<u>15.1</u>	<u>1.6</u>

For the purposes of the consolidated statement of cash flows, cash and cash equivalents comprise the following at 30 June 2011 and 31 December 2010

	2011	2010
	£m	£m
Cash at bank and in hand	0.4	5.4
Short-term deposits	14.7	2.3
Cash in restricted accounts	-	12.8
Bank overdrafts	-	(0.3)
	<u>15.1</u>	<u>20.2</u>

14. Net borrowings

	As at 30 June 2011	As at 31 Dec 2010
	£m	£m
Non-current		
Property finance leases	-	1.1
Secured bank loans	-	48.8
Non redeemable preference shares	-	0.3
Transfers to held-for-sale liabilities	-	(35.9)
	<u>-</u>	<u>14.3</u>

Finance leases

The property finance leases £Nil (2010: £1.1m) were secured over the properties of the subsidiary undertakings concerned. Fixed and variable interest was payable on the property finance leases.

Non redeemable preference shares

The non redeemable preference shares carried an interest rate of 4.75%.

Bank loans and other borrowings

	2011	2010
	£m	£m
Secured bank loan	-	53.8
Short term loan facility	-	1.5
	<u>-</u>	<u>55.3</u>
Less: current installments on loans and borrowings	-	(6.5)
Non-current	<u>-</u>	<u>48.8</u>

On 28 March 2011, following the sale of TDG the principal source of financing held with Burdale Financial Limited was repaid in full

15. Share capital

Issued share capital

Issued and fully paid

Ordinary share capital	No.	£m
At 1 January 2010 and 1 July 2010	1,337,815,633	66.9
Purchase of own shares	(48,233,341)	(2.4)
At 1 January 2011	1,289,582,292	64.5
Options exercised	85,392,512	4.3
Purchase of own shares	(1,207,966,299)	(60.4)
At 30 June 2011	167,008,505	8.4

The Company has only one class of ordinary shares which carry no right to fixed income. Holders are entitled to one vote per share at meetings of the Company.

Share options - exercise (2011)

On 13th May 2011, directors exercised 71,160,426 share options in the company. A further 14,232,086 share options were also exercised on 13th May 2011 by other senior employees of the company.

Share buyback - purchase of ordinary shares (2011)

On 13th May 2011, following the sale of TDG and having considered the forecast cash flow requirements of the Group, including nearer term acquisition opportunities, the Board announced a return of cash to shareholders totalling £197.5m via a share buyback. The share buyback required the Company to buy up to 89% of the issued share capital at a price of 16.35p.

Purchase of ordinary shares (2010)

As part of its takeover of TLIT the Company conditionally granted options to shareholders in TLIT enabling them, if such conditions were satisfied, to require the Company to purchase all their ordinary shares in the Company initially at 11.4 pence per share, subsequently revised to 12 pence per share during the ten weeks commencing on 14 September 2010 and ending on 20 November 2010.

During the period to 31 December 2010 the Board determined that the conditions had been satisfied and accordingly the Company purchased all of the Option Shares of the Options Holders who exercised their options during the period 14 September and 20 November 2010. A total of 48,233,341 shares were purchased by the Company at 12 pence per share for a consideration of £5,788,000.

The right of Option Holders to exercise their Options terminated on expiry of the Option Period.

16. Subsequent items

On 5th August 2011 the Property Group has sold a property located in Manchester for a net consideration of £2.1m. This transaction resulted in a book profit to the Group of £0.2m.

17. Related party transaction

In the period the Company agreed to sell unquoted investments in Sri Lankan tea plantations held by TLIT with a carrying value of £725,000 to Laxey Partners Limited (50% owned by Colin Kingsnorth, Non-executive Director of DouglasBay Capital plc) and David Panter (Non-executive Chairman of DouglasBay Capital plc) for combined proceeds of £750,000. The value achieved by the Company for these investments was supported by an independent valuation by a suitably qualified industry sector expert.