

SAFELAND PLC

(the "Company" or "Group")

UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013**Chairman's statement**

The six months to 30 September 2013 has seen Safeland plc make steady progress across all activities of the Group, in line with the Board's expectations. The Group has reported a profit for the period of £215,000 (2012: £104,000).

The Group has completed the development work on three projects since 31 March 2013. These properties are currently being marketed and we have good interest from potential buyers.

Our joint venture Safestay continues to gain momentum. In the six months to 30 September 2013, the hostel achieved average occupancy of beds available of 79.2% (2012: 50.2%) and has a good level of reservations for 2014. The hostel is now making an operating profit in addition to revaluation gains on the underlying assets.

In the period, the Group invested £5.9m in the acquisition of three properties each with planning potential to generate positive returns on our investment. Planning applications are being compiled for submission to the local authority to exploit the significant uplift in value from a change in the current consent.

The unaudited net asset value per share rose 2p to 59p (31 March 2013: 57p), an increase of 3.5%.

The outlook remains cautiously optimistic with a number of positive signals of the continuing recovery in the London property market. The Land Registry has reported that in the year to 31 October 2013 the average property value in London has increased by 8.7% along with property sale volumes being up year on year. With Safeland plc well placed to take advantage of this growth, the Board is confident of the growth in value of its property portfolio and future operating profits of the Group.

Raymond Lipman Chairman

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Independent review report to Safeland PLC

Introduction

We have been engaged by the Company to review the financial information in the half-yearly financial report for the six months ended 30 September 2013 which comprises of the condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of financial position, condensed consolidated statement of cash flows, condensed consolidated statement of changes in equity and related notes. We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with guidance contained in International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information performed by the Independent Auditor of the Entity'. Our review work has been undertaken so that we might state to the Company those matters we are required to state to them in a review 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, for our review work, for this report, or for the conclusion we have formed.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors of the Company. The AIM Rules of the London Stock Exchange require that the accounting policies and presentation applied to the financial information in the half-yearly financial report are consistent with those which will be adopted in the annual accounts having regard to the accounting standards applicable for such accounts.

As disclosed in Note 1, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The financial information in the half-yearly financial report has been prepared in accordance with the basis of preparation in Note 1.

Our responsibility

Our responsibility is to express to the Company a conclusion on the financial information in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with ISRE (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial information in the half-yearly financial report for the six months ended 30 September 2013 is not prepared, in all material respects, in accordance with the basis of accounting described in Note 1.

GRANT THORNTON UK LLP
AUDITOR

London
9 December 2013

Safeland Plc
Condensed consolidated income statement

	Unaudited Six months ended 30 September 2013 £000	Unaudited Six months ended 30 September 2012 £000	Audited Year ended 31 March 2013 £000
Revenue	5,029	5,742	8,587
Cost of sales	(4,003)	(4,583)	(7,106)
Gross profit	1,026	1,159	1,481
Administrative expenses	(711)	(763)	(1,677)
Gain on revaluation of investment properties	-	-	225
Share of results of jointly controlled entity	58	-	446
Share of results of associate	22	19	20
Operating profit	395	415	495
Exceptional (loss)/profit arising from misappropriation of funds	-	(306)	809
Finance income	-	1	2
Finance costs	(180)	(74)	(278)
Profit before tax	215	36	1,028
Tax	-	68	132
Profit for the financial period attributable to owners of the parent company	215	104	1,160
Basic earnings per share (note 2)	1.28p	0.62p	6.88p
Diluted earnings per share (note 2)	0.58p	0.58p	6.79p

Safeland plc Condensed consolidated statement of comprehensive income	Unaudited Six months ended 30 September 2013 £000	Unaudited Six months ended 30 September 2012 £000	Audited Year ended 31 March 2013 £000
Profit for the period	215	104	1,160
<i>Other comprehensive income</i>			
Fair value losses	-	-	(2)
Other comprehensive losses in the period	-	-	(2)
Total comprehensive income for the period attributable to owners of the parent company	215	104	1,158

Condensed consolidated statement of financial position	Unaudited 30 September 2013 £000	Unaudited 30 September 2012 £000	Audited 31 March 2013 £000
Non-current assets			
Property plant and equipment	149	181	133
Investment properties (note 5)	5,018	4,793	5,018
Investment in jointly controlled entity	504	-	446
Investments in associate	126	171	103
Available-for-sale investments	50	45	50
	<hr/> 5,847	<hr/> 5,190	<hr/> 5,750
Current assets			
Trading properties (note 6)	13,239	8,995	9,864
Trade and other receivables	1,308	1,117	1,731
Cash and cash equivalents	499	653	712
	<hr/> 15,046	<hr/> 10,765	<hr/> 12,307
Total assets	<hr/> 20,893	<hr/> 15,955	<hr/> 18,057
Current liabilities			
Bank loans and overdrafts (note 7)	-	6,171	-
Trade and other payables	488	456	750
Derivative financial instruments	2	-	10
	<hr/> 490	<hr/> 6,627	<hr/> 760
Non-current liabilities			
Bank loans (note 7)	9,700	-	6,878
Deferred income tax liabilities	756	820	756
	<hr/> 10,456	<hr/> 820	<hr/> 7,634
Total liabilities	<hr/> 10,946	<hr/> 7,447	<hr/> 8,394
Net assets	<hr/> 9,947	<hr/> 8,508	<hr/> 9,663
Equity			
Share capital	843	843	843
Share premium account	5,351	5,351	5,351
Capital redemption reserve	847	847	847
Share-based payment reserve	280	110	211
Investment revaluation reserve	5	7	5
Retained earnings	2,621	1,350	2,406
Total equity attributable to owners of the parent company	<hr/> 9,947	<hr/> 8,508	<hr/> 9,663

Safeland plc Condensed consolidated statement of cash flows	Unaudited Six months ended 30 September 2013 £000	Unaudited Six months ended 30 September 2012 £000	Audited Year ended 31 March 2013 £000
Cash flows from operating activities			
Cash (utilised)/generated from operations (note 4)	(2,819)	1,269	648
Interest paid	(189)	(99)	(227)
Net cash (utilised)/ generated from operating activities	(3,008)	1,170	421
Cash flows from investing activities			
Cash flows from investing activities	-	1	2
Distributions from associate	-	-	70
Purchase of property, plant and equipment	(41)	(40)	(105)
Proceeds from sale of property, plant and equipment	14	84	179
Net cash (outflow)/inflow from investing activities	(27)	45	146
Cash flows from financing activities			
New loans	2,822	135	6,878
Loan repayments	-	(1,154)	(7,190)
Net cash inflow/(outflow) from financing activities	2,822	(1,019)	(312)
Net (decrease)/ increase in cash and cash equivalents	(213)	196	255
Cash and cash equivalents at beginning of period	712	457	457
Cash and cash equivalents at end of period	499	653	712

Safeland plc Condensed consolidated statement of changes in equity	Share capital	Share premium account	Capital redemption reserve	Share-based payment reserve	Investment revaluation reserve	Retained earnings	Total equity
	£000	£000	£000	£000	£000	£000	£000
At 1 April 2013	843	5,351	847	211	5	2,406	9,663
<i>Comprehensive income</i>							
Profit for the six months period to 30 September 2013	-	-	-	-	-	215	215
	-	-	-	-	-	215	215
<i>Transactions with owners</i>							
Share-based payment charge for the period	-	-	-	69	-	-	69
Balance at 30 September 2013	843	5,351	847	280	5	2,621	9,947

Safeland plc Condensed consolidated statement of changes in equity	Share capital	Share premium account	Capital redemption reserve	Share-based payment reserve	Investment revaluation reserve	Retained earnings	Total equity
	£000	£000	£000	£000	£000	£000	£000
At 1 April 2012 (as restated)	843	5,351	847	73	7	1,246	8,367
Comprehensive income							
Profit for the six months period to 30 September 2012	-	-	-	-	-	104	104
	-	-	-	-	-	104	104
Transactions with owners							
Share-based payment charge for the period	-	-	-	37	-	-	37
Balance at 30 September 2012	843	5,351	847	110	7	1,350	8,508

Safeland plc Condensed consolidated statement of changes in equity	Share capital	Share premium account	Capital redemption reserve	Share-based payment reserve	Investment revaluation reserve	Retained earnings	Total equity
	£000	£000	£000	£000	£000	£000	£000
At 1 April 2012 (as restated)	843	5,351	847	73	7	1,246	8,367
<i>Comprehensive income</i>							
Profit for the year to 31 March 2013	-	-	-	-	-	1,160	1,160
Fair value loss on available-for-sale investments	-	-	-	-	(2)	-	(2)
	-	-	-	-	(2)	1,160	1,158
<i>Transactions with owners</i>							
Share-based payment charge for the period	-	-	-	138	-	-	138
Balance at 31 March 2013	843	5,351	847	211	5	2,406	9,663

1. Basis of preparation and accounting policies

The condensed interim consolidated financial statements of the Company and its subsidiaries ("the Group") for the six months ended 30 September 2013 ("the period") have been prepared using accounting policies consistent with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The same accounting policies, presentation and methods of computation are followed in the condensed set of financial statements as applied in the Group's latest audited financial statements for the year ended 31 March 2013. This half year statement does not constitute full accounts as defined by Section 434 of the Companies Act 2006

These condensed interim financial statements have not been audited, do not include all of the information required for full annual financial statements, and should be read in conjunction with the Group's consolidated annual financial statements for the year ended 31 March 2013. The auditors' opinion on these Statutory Accounts was not qualified and contained no emphasis of matter. While the financial figures included within this half-yearly report have been computed in accordance with IFRSs applicable to interim periods, this report does not contain sufficient information to constitute an interim financial report as set out in International Accounting Standard 34 Interim Financial Reporting.

2. Earnings per share

	Unaudited Six months ended 30 September 2013 £000	Unaudited Six months ended 30 September 2012 £000	Audited Year ended 31 March 2013 £000
Profit for the financial period attributable to owners of the parent company	215	104	1,160
	No 000	No 000	No 000
Weighted average number of ordinary shares for the purposes of basic earnings per share	16,851	16,851	16,851
Effect of potential dilutive ordinary shares: share options	19,865	938	214
Weighted average number of ordinary shares for the purposes of diluted earnings per share	36,716	17,789	17,065
Basic earnings per share	1.28p	0.62p	6.88p
Diluted earnings per share	0.58p	0.58p	6.79p

Diluted Earnings per share is calculated by adjusting the earnings and number of shares for the effects of dilutive options and other dilutive potential ordinary shares. The significant increase in the number of potential dilutive ordinary shares options in the six months to September 2013 is as a result of the market price of those shares during the period under review being higher than the option price for the entire period.

3. Dividends

No interim dividend has been declared.

4. Cash flows from operating activities

	Unaudited Six months ended 30 September 2013 £000	Unaudited Six months ended 30 September 2012 £000	Audited Year ended 31 March 2013 £000
Profit before tax	215	36	1,028
Depreciation	18	26	57
Loss on sale of property, plant and equipment	(7)	-	(10)
Gain on revaluation of investment properties	-	-	(225)
Impairment of available-for-sale investments	-	6	-
Finance costs	180	74	278
Share of results of associate	(22)	(19)	(446)
Share of results of jointly controlled entity	(58)	-	(20)
Finance income	-	(1)	(2)
Share-based payments charge	69	37	138
	<hr/> 395	<hr/> 159	<hr/> 798
Changes in working capital			
(Increase)/decrease in trading properties	(3,375)	1,232	363
Decrease/(increase) decrease in trade and other receivables	423	(29)	(584)
Decrease/(increase)in trade and other payables	(262)	(93)	71
	<hr/> (2,819)	<hr/> 1,269	<hr/> 648

5. Investment properties

	Unaudited Six months ended 30 September 2013 £000	Unaudited Six months ended 30 September 2012 £000	Audited Year ended 31 March 2013 £000
Fair value			
Start of the period	5,018	4,793	4,793
Increase in fair value during the period	-	-	225
End of period	5,018	4,793	5,018

The fair value of the investment properties at 31 March 2013 and 30 September 2013 comprises freehold properties of £4,440,000 and long leasehold properties of £578,000

The directors do not consider the fair value of the Group's lease obligations associated with its long leasehold investment properties to be material to the financial statements. As a result, no finance lease obligations are included in the statement of financial position at 30 September 2013, 30 September 2012 or 31 March 2013.

6. Trading properties

	Unaudited Six months ended 30 September 2013 £000	Unaudited Six months ended 30 September 2012 £000	Audited Year ended 31 March 2013 £000
Properties for resale	13,239	8,995	9,864

The Group has pledged properties for resale with carrying value of £13,239,000 (30 September 2012: £8,995,000 and 31 March 2013: £9,864,000).

7. Bank loans and overdrafts

	Unaudited Six months ended 30 September 2013 £000	Unaudited Six months ended 30 September 2012 £000	Audited Year ended 31 March 2013 £000
Bank loans and overdraft	9,700	6,171	6,878

There were no breaches in bank loan covenants as at 30 September 2013, 30 September 2012 or 31 March 2013. All of the Group's bank loans and overdrafts disclosed above comprise borrowings in sterling. The bank loans are secured on properties owned by the Group.

8. Copies of this announcement are available on the Company's website www.safeland.co.uk.