



Safeland plc

interim report and accounts 2004





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property trading  
investment  
redevelopment  
refurbishment



## Chairman's Statement

The sentiments I have expressed in my recent chairman's statements remain the same for the period under review and are likely to persist for the foreseeable future.

The loss for the six months under review, before taxation, is £18,000 compared to a profit of £115,000 as at September 2003. Turnover for the period is £15.8m (2003: £14.7m).

The loss for the period includes £374,000 (2003: £131,000) of losses in respect of Espazio, the Company's Italian self storage business. The UK trading activities have produced a profit of £356,000 (2003: £246,000). As a result of the loss the Company will not be declaring a dividend (2003: £nil).

Net asset value per share at September 2004 is 94p compared with 91p as at September 2003 and earnings per share are 0.53p loss (2003: 0.38p).

Shareholders may be aware that post this period end there were two significant transactions. Continuing its buy-back policy, the Company bought 1,260,000 shares from two shareholders at 60p which will increase the relevant net asset value for shareholders as was explained in the circular that was distributed at the time. In addition, Hercules Property Services Plc, in which your Company had a significant investment was acquired by Erinaceous Plc. Shortly thereafter, the Company took the decision to dispose of its shares that were received as part of this transaction which resulted in a profit to the group of in excess of £1.2m. This will be reflected in the accounts for the year ended 31 March 2005.

We continue to monitor the market carefully and are extremely well poised to act as soon as there is any significant shift in conditions.

**RAYMOND LIPMAN**  
Chairman

20 December 2004

# Unaudited Consolidated Profit and Loss Account

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2004

	Neither audited nor reviewed Six months ended 30 September 2004 £'000	Neither audited nor reviewed Six months ended 30 September 2003 £'000	Audited Year ended 31 March 2004 £'000
	Note		
<b>TURNOVER</b>			
Group and share of joint venture		15,865	15,881
Less: share of joint venture		(98)	(1,182)
Group turnover		15,767	14,699
Cost of sales		(14,057)	(13,407)
			(16,893)
<b>GROSS PROFIT</b>			
Sales and distribution costs		(455)	(360)
Administrative expenses		(1,416)	(1,511)
Other operating income		91	136
			209
<b>GROUP OPERATING LOSS</b>			
Share of operating profit of joint ventures		(70)	(443)
Share of operating loss of associate		14	738
		(2)	(15)
			(1,603)
<b>GROUP OPERATING (LOSS) / PROFIT</b>			
Profit on disposal of fixed assets – investment properties		(58)	280
Profit on disposal of investments		299	31
Profit on disposals of subsidiaries and investment in joint venture		-	-
			171
			109
			255
<b>PROFIT / (LOSS) ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION</b>			
Interest receivable and similar income - group		241	311
- joint venture		105	80
- associate		1	5
- dividends		13	6
Share of amounts written off investments of associate		49	18
Interest payable and similar charges		-	-
		(427)	(305)
			(685)
<b>(LOSS) / PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>			
Tax charge on (loss)/ profit on ordinary activities		(18)	115
		(86)	(36)
			(1,037)
<b>(LOSS) / PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION AND (LOSS) / PROFIT FOR THE FINANCIAL PERIOD / YEAR</b>			
Equity dividends paid and proposed	3	-	-
		(104)	79
			(1,114)
<b>RETAINED PROFIT / (LOSS) FOR THE FINANCIAL PERIOD / YEAR</b>			
Basic (loss) / earnings per share (pence)	2	(0.53p)	0.38p
Diluted (loss) / earnings per share (pence)	2	(0.53p)	0.38p
			(5.37p)
			(5.37p)

All operations derive from continuing operations.

# Unaudited Consolidated Balance Sheet

AS AT 30 SEPTEMBER 2004

	Neither audited nor reviewed 30 September 2004	Neither audited nor reviewed 30 September 2003	Audited 31 March 2004
Note	£'000	£'000	£'000
<b>FIXED ASSETS</b>			
Tangible assets	5,927	5,566	5,748
Investment properties	3,048	3,348	3,981
Investment in joint venture			
Share of gross assets	4,554	5,191	4,649
Share of gross liabilities	(557)	(1,088)	(627)
	3,997	4,103	4,022
Investment in associated undertaking	672	972	661
Investments	3,926	4,281	3,926
	17,570	18,270	18,338
<b>CURRENT ASSETS</b>			
Stocks	15,811	12,077	13,409
Debtors: Amounts falling due within one year	1,349	2,391	2,649
Cash at bank and in hand	2,062	3,020	2,212
	19,222	17,488	18,270
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	(5,040)	(5,153)	(4,385)
<b>NET CURRENT ASSETS</b>	14,182	12,335	13,885
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	31,752	30,605	32,223
<b>CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR</b>	(13,277)	(11,495)	(13,624)
<b>NET ASSETS</b>	18,475	19,110	18,599
<b>CAPITAL AND RESERVES</b>			
Called-up share capital	4	985	1,045
Share premium account	5,304	5,304	5,304
Capital redemption reserve	702	642	702
Investment property revaluation reserve	1,410	547	1,497
Profit and loss account	10,074	11,572	10,111
<b>EQUITY SHAREHOLDERS' FUNDS</b>	5	18,475	19,110
		19,110	18,599

# Unaudited Consolidated Cash Flow Statement

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2004

	Note	Neither audited nor reviewed Six months ended 30 September 2004 £'000	Neither audited nor reviewed Six months ended 30 September 2003 £'000	Audited Year ended 31 March 2004 £'000
Net cash outflow from operating activities	6	(418)	(4,427)	(8,452)
<b>RETURNS ON INVESTMENT AND SERVICING OF FINANCE</b>				
Interest received		105	80	160
Interest paid		(387)	(245)	(572)
Dividend received		49	18	94
<b>NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>		(233)	(147)	(318)
<b>TAXATION</b>				
Tax received / (paid)		317	(301)	(843)
<b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>				
Purchase of tangible fixed assets		(444)	(810)	(1,463)
Purchase of investment properties		(323)	(720)	(742)
Disposal of tangible fixed assets		115	176	344
Disposal of investment properties		1,555	211	1,004
Disposal of investments		-	-	464
<b>NET CASH INFLOW / (OUTFLOW) FROM CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>		903	(1,143)	(393)
<b>ACQUISITIONS AND DISPOSALS</b>				
Purchase of subsidiary undertaking (net of £12,000 cash acquired)		-	-	(88)
Purchase of investment in associate		-	(981)	(981)
Sale of subsidiary undertaking		-	-	1,700
<b>NET CASH INFLOW / (OUTFLOW) FROM ACQUISITIONS AND DISPOSALS</b>		-	(981)	631
<b>EQUITY DIVIDENDS PAID</b>				
Dividends paid		-	-	-
<b>CASH INFLOW / (OUTFLOW) BEFORE FINANCING</b>		569	(6,999)	(9,375)
<b>FINANCING</b>				
Purchase of own shares		-	(18)	(675)
Net loans (repaid) taken out		(249)	5,254	6,915
<b>NET CASH (OUTFLOW) / INFLOW FROM FINANCING</b>		(249)	5,236	6,240
<b>INCREASE / (DECREASE) IN CASH</b>	7	320	(1,763)	(3,135)

# Statement of Total Recognised Gains and Losses

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2004

	Neither audited nor reviewed Six months ended 30 September 2004 £'000	Neither audited nor reviewed Six months ended 30 September 2003 £'000	Audited Year ended 31 March 2004 £'000
(Loss) / profit for the financial period / year	(104)	79	(1,114)
Unrealised surplus on revaluation of investment properties	-	-	1,323
Taxation on valuation surplus realised on sale of investment properties	-	-	(110)
Currency translation differences of foreign currency net investments	(20)	-	31
<b>Total recognised losses and gains relating to the period / year</b>	<b>(124)</b>	<b>79</b>	<b>130</b>

## Notes to the Accounts (Unaudited)

### 1 BASIS OF PREPARATION AND ACCOUNTING POLICIES

This interim financial information was approved by the Board of Directors on 20 December 2004.

The interim financial information for the six months ended 30 September 2003 and the six months ended 30 September 2004 are neither audited nor reviewed by the auditors.

The unaudited interim financial information has been prepared in accordance with accounting policies set out in the audited statutory accounts for the year ended 31 March 2004. The financial information in this report for the six months ended 30 September 2004 does not constitute statutory accounts as defined in section 240 of the Companies Act 1985 and should be read in conjunction with the 31 March 2004 audited financial statements. The figures for the year ended 31 March 2004 are an abridged statement from the group's statutory financial statements at that date, which have been delivered to the Registrar of Companies. The auditors' report on those accounts was unqualified and did not contain a statement under section 237(2) or 237(3) of the Companies Act 1985.

### 2 (LOSS) / EARNINGS PER SHARE

Basic (loss) / earnings per share is calculated on loss on ordinary activities of £104,000 (30 September 2003 – profit of £79,000; 31 March 2004 – loss of £1,114,000) and on 19,689,102 ordinary shares (30 September 2003 – 20,889,770; 31 March 2004 – 20,754,333), being the weighted average number of shares in issue throughout the period. Diluted (loss) / earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue on the assumption of conversion of all dilutive potential ordinary shares. The group does not have any dilutive potential ordinary shares because the exercise price of all share options granted is above the average price of the company's ordinary shares during the periods.

For a loss-making company with outstanding share options, net loss per share would only be increased by the exercise of out-of-the-money options, therefore no adjustment has been made to diluted EPS for out-of-the-money share options.

### 3 DIVIDEND PER SHARE

No interim dividend has been declared (six months ended 30 September 2003 – no interim dividend declared; year ended 31 March 2004 – no interim or final dividend declared).



#### 4 REPURCHASED SHARES

Safeland plc purchased none of its own shares during the period.

#### 5 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Neither audited nor reviewed Six months ended 30 September 2004 £'000	Neither audited nor reviewed Six months ended 30 September 2003 £'000	Audited Year ended 31 March 2004 £'000
(Loss) / profit for the financial period / year	(104)	79	(1,114)
Dividends	-	-	-
	(104)	79	(1,114)
Other recognised losses and gains	(20)	-	1,244
Goodwill previously written off to reserves	-	-	95
Repurchase of shares	-	(18)	(675)
Net reduction / addition to equity shareholders' funds	(124)	61	(450)
Opening equity shareholders' funds	18,599	19,049	19,049
Closing equity shareholders' funds	18,475	19,110	18,599

#### 6 RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	Neither audited nor reviewed Six months ended 30 September 2004 £'000	Neither audited nor reviewed Six months ended 30 September 2003 £'000	Audited Year ended 31 March 2004 £'000
Operating loss	(70)	(443)	(1,603)
Amortisation of goodwill	-	-	100
Depreciation	157	90	322
Amounts written off investment properties	-	-	59
Profit / loss on sale of fixed assets	(7)	(29)	42
Increase in stocks	(2,402)	(6,112)	(8,850)
Decrease in debtors	983	1,436	1,451
Increase in creditors	921	631	27
<b>NET CASH OUTFLOW FROM OPERATING ACTIVITIES</b>	<b>(418)</b>	<b>(4,427)</b>	<b>(8,452)</b>

**7 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT**

	Neither audited nor reviewed Six months ended 30 September 2004 £'000	Neither audited nor reviewed Six months ended 30 September 2003 £'000	Audited Year ended 31 March 2004 £'000
Increase / (decrease) in cash in the period / year	320	(1,763)	(3,135)
Cash outflow / (inflow) from decrease / (increase) in debt	249	(5,254)	(6,915)
Change in net debt resulting from cash flows	569	(7,017)	(10,050)
Net debt brought forward	(11,834)	(1,784)	(1,784)
Net debt carried forward	(11,265)	(8,801)	(11,834)

**8 ANALYSIS OF NET DEBT**

	At 1 April 2004 £'000	Cash flows £'000	At 30 September 2004 £'000
Cash	2,212	(150)	2,062
Bank overdrafts	(564)	470	(94)
	1,648	320	1,968
Debt due within one year	(660)	(120)	(780)
Debt due after one year	(12,822)	369	(12,453)
Total	(11,834)	569	(11,265)

9 Copies of this statement are being sent to all shareholders and are available to the public for collection at the company's Registered Office at 94-96 Great North Road, London N2 0NL.



Safeland plc

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