

Interim Report and
Accounts 2006



Safeland plc



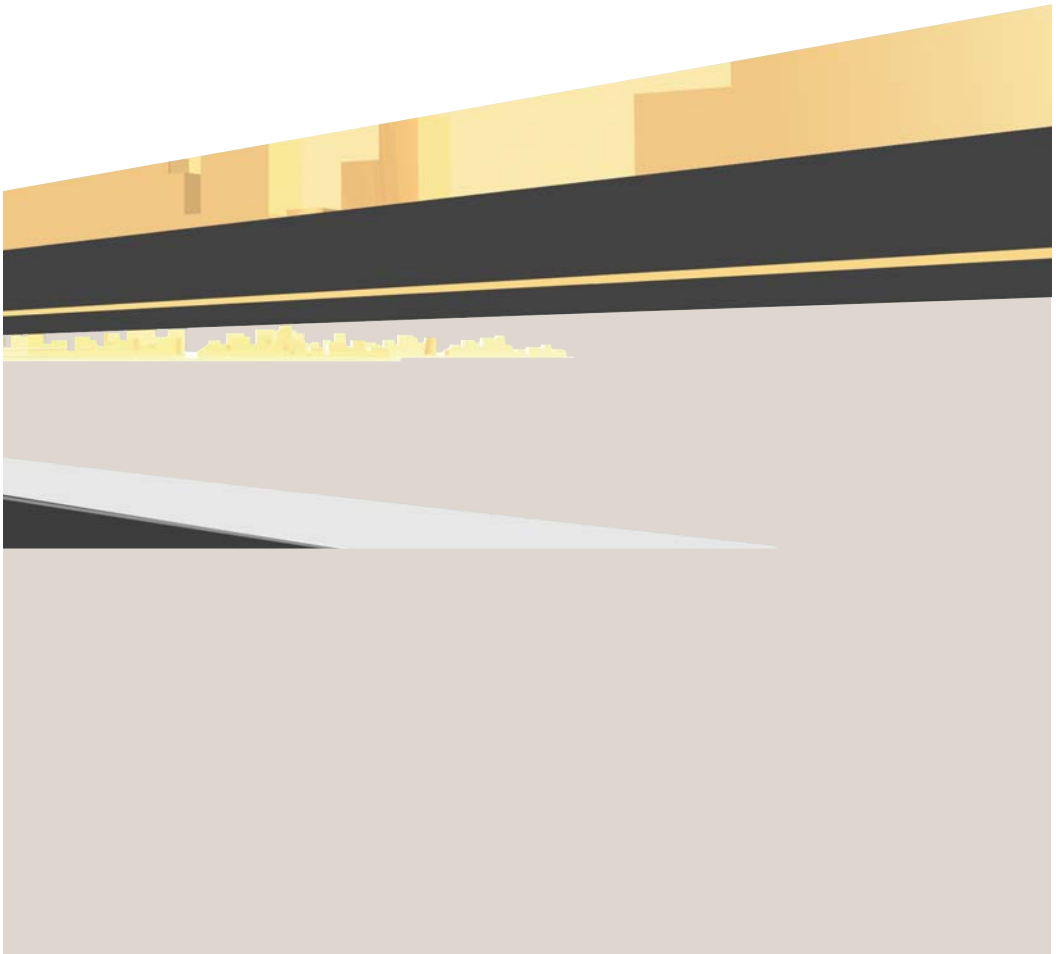


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Safeland plc. 1986-2006

Safeland was incorporated twenty years ago and has developed into a highly respected property business. A business that has immense knowledge of its sector and is not afraid to diversify and seize an opportunity when it arises.



Chairman's Statement

I am pleased to report that for the six months ended September 30 2006, the company is reporting a profit before taxation of £3.95m compared to £79,000 for the same period last year.

Included in the profit is £3.57m in respect of the sale of the company's shares in Bizspace Plc details of which were included in my statement accompanying the accounts for the year ended March 31 2006. Also included is the loss in respect of Espazio, the Italian self storage company, of £242,000 (2005: £331,000).

Revenue has gone up from £10.8m to £12.5m and the company will not be declaring a dividend.

Net asset value per share at September 30 2006 is 114p compared with 111p as at both September 30 2005 and March 31 2006. Earnings per share are 14.53p (2005: 0.30p).

Post the period end the company has announced a joint venture with Electra Partners Europe Limited ("Electra") to establish an opportunistic property fund into which Safeland has committed equity in the sum of £1m and Electra has contributed £15m.

Bank debt has been arranged for £35m which will allow for investment of just over £50m after initial costs.

Your board is very excited by this venture as it presents an opportunity to source and manage a number of properties with minimal capital cost to the business.

Whilst the marketplace continues to be difficult we have managed to trade profitably during the first six months and I am hopeful that this will continue through to the year end.



Raymond Lipman
Chairman

22 November 2006

Unaudited Consolidated Income Statement

For the six months ended 30 September 2006

Notes	Neither audited nor reviewed Six months ended 30 September 2006 £'000	Neither audited nor reviewed Six months ended 30 September 2005 £'000	Audited Year ended 31 March 2006 £'000
Revenue	12,490	10,819	15,588
Cost of sales	(10,048)	(9,316)	(13,526)
Gross profit	2,442	1,503	2,062
Sales and distribution costs	(160)	(285)	(394)
Administrative expenses	(2,404)	(1,940)	(3,770)
Other operating income	231	83	132
Gains on revaluation of investment properties	-	-	391
Profit on disposal of investment properties	165	-	103
Profit on disposal of subsidiaries	192	818	852
Operating profit/(loss)	466	179	(624)
Share of results of associate – post tax	-	(8)	(17)
Profit on disposal of available-for-sale investments	3,571	-	-
Profit/(loss) before interest	4,037	171	(641)
Finance income	121	275	285
Finance costs	(206)	(367)	(795)
Profit/(loss) before tax	3,952	79	(1,151)
Tax	(1,264)	(24)	269
Profit/(loss) for the financial period	2,688	55	(882)
Basic and diluted earnings/(loss) per share	2	14.53p	0.30p (4.77p)

Unaudited Consolidated Balance Sheet

As at 30 September 2006

	Neither audited nor reviewed 30 September 2006 £'000	Neither audited nor reviewed 30 September 2005 £'000	Audited 31 March 2006 £'000
Non-current assets			
Property, plant and equipment	5,355	5,943	6,095
Investment properties	1,661	4,271	4,632
Interests in associates	14	28	14
Available-for-sale investments	203	5,146	6,544
Deferred tax assets	55	-	290
Total non-current assets	7,288	15,388	17,575
Current assets			
Trading properties	14,587	19,541	16,387
Trade and other receivables	922	2,957	1,408
Cash and cash equivalents	3,267	2,084	1,903
Total current assets	18,776	24,582	19,698
Total assets	26,064	39,970	37,273
Current liabilities			
Bank loans and overdrafts	332	805	11,932
Trade and other payables	1,376	1,730	1,043
Current tax liabilities	1,660	551	226
Total current liabilities	3,368	3,086	13,201
Non-current liabilities			
Bank loans	1,570	15,474	2,247
Deferred tax liabilities	107	751	1,254
Derivative financial instruments	-	51	16
Total non-current liabilities	1,677	16,276	3,517
Total liabilities	5,045	19,362	16,718
Net assets	21,019	20,608	20,555
Equity			
Share capital	925	925	925
Share premium account	5,351	5,351	5,351
Capital redemption reserve	765	765	765
Translation reserve	7	(12)	(50)
Retained earnings	13,971	13,579	13,564
Total equity	21,019	20,608	20,555

Unaudited Consolidated Cash Flow Statement

For the six months ended 30 September 2006

	Notes	Neither audited nor reviewed Six months ended 30 September 2006 £'000	Neither audited nor reviewed Six months ended 30 September 2005 £'000	Audited Year ended 31 March 2006 £'000
Operating activities				
Net cash outflow from operations	4	(450)	(11,493)	(10,187)
Interest paid		(222)	(367)	(830)
Tax paid		-	(114)	(205)
Net cash outflow from operating activities		(672)	(11,974)	(11,222)
Investing activities				
Interest received		121	239	249
Purchase of investment properties		(568)	(177)	(412)
Purchase of property, plant and equipment		(267)	(374)	(675)
Purchase of available for sale investments		-	-	(65)
Proceeds from sale of property, plant and equipment		909	184	184
Proceeds from sale of investment properties		3,704	-	349
Proceeds from sale of available-for-sale investments		6,889	-	-
Dividends received from available-for-sale investments		-	36	36
Proceeds from the sale of subsidiaries		3,525	6,006	7,415
Net cash inflow from investing activities		14,313	5,914	7,081
Financing activities				
New loans		2,000	19,066	21,251
Loan repayments		(13,940)	(13,390)	(17,993)
Net cash (outflow)/inflow from financing activities		(11,940)	5,676	3,258
Net increase/(decrease) in cash and cash equivalents				
Cash and cash equivalents at beginning of period		1,701	(384)	(883)
		1,547	2,430	2,430
Cash and cash equivalents at end of period		3,248	2,046	1,547

Unaudited Consolidated Statement of Recognised Income and Expense

For the six months ended 30 September 2006

	Neither audited nor reviewed Six months ended 30 September 2006 £'000	Neither audited nor reviewed Six months ended 30 September 2005 £'000	Audited Year ended 31 March 2006 £'000
Fair value gains on available-for-sale investments	30	1,042	2,370
Exchange differences on translation of foreign operations	57	15	(23)
Tax on items taken directly to equity	(10)	(300)	(706)
Net income recognised directly in equity	77	757	1,641
Transfer to profit on disposal of available-for-sale investments	(3,053)	-	-
Tax on items transferred from equity	752	-	-
Profit/(loss) for the period	2,688	55	(882)
Total recognised income and expense for the period available to equity shareholders	464	812	759

Notes to the Financial Information (unaudited)

1 Basis of preparation and accounting policies

This interim financial information was approved by the Board of Directors on 21 November 2006.

The results for the year ended 31 March 2006 are not statutory accounts within the meaning of s240, Companies Act 1985. Statutory accounts for that period were prepared and filed with the Registrar of Companies and received an unqualified audit report. The results for the six months to 30 September 2006 and 2005 are unaudited and do not constitute the Group's statutory accounts within the meaning of s240 of the Companies Act 1985.

This financial information has been prepared in accordance with applicable International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). The accounting policies adopted in the preparation of this financial information are consistent with those used in the preparation of the 2006 statutory accounts.

2 Earnings/(loss) per share

Basic and diluted earnings per share of 14.53p (30 September 2005: earnings of 0.30p; 31 March 2006 loss of 4.77p) are based on the profit for the period of £2,688,000 (30 September 2005: profit of £55,000; 31 March 2006: loss of £882,000) and on 18,500,530 ordinary shares being the weighted average number of shares in issue for each period.

The calculation of diluted earnings/(loss) per share uses the same earnings figure and weighted average number of shares as the basic calculation, as there are no dilutive options or instruments.

3 Dividend

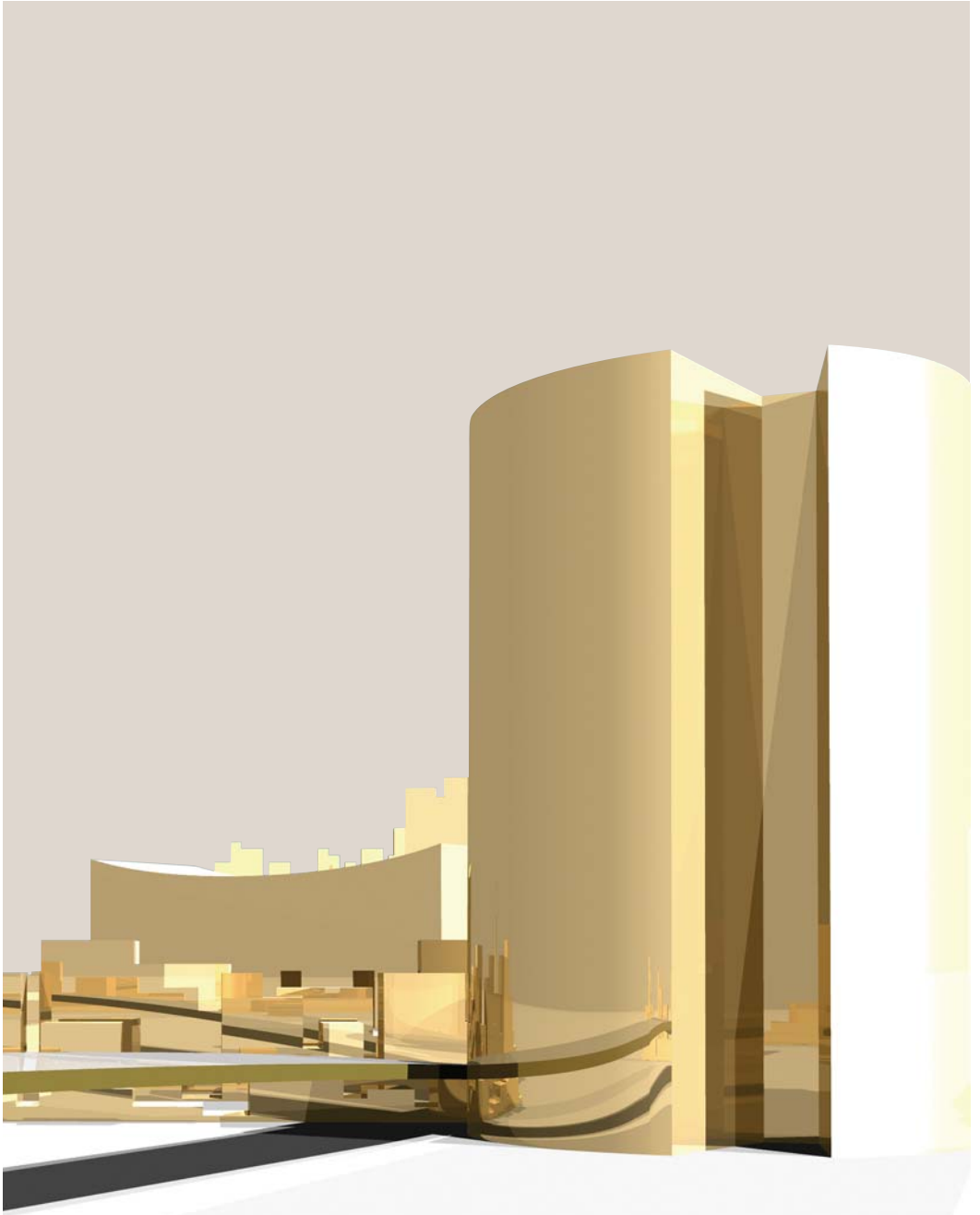
No interim dividend has been declared.

Notes to the Financial Information (unaudited)

4 Reconciliation of operating profit/(loss) to net cash outflow from operations

	Neither audited nor reviewed Six months ended 30 September 2006 £'000	Neither audited nor reviewed Six months ended 30 September 2005 £'000	Neither audited nor reviewed Year ended 31 March 2006 £'000
Operating profit/(loss)	466	179	(624)
Adjustments for:			
Depreciation of property, plant and equipment	264	194	343
Profit on sale of property, plant and equipment	(166)	(7)	(7)
Profit on sale of investment properties	(165)	-	(103)
Gains on revaluation of investment properties	-	-	(391)
Profit on sale of subsidiaries	(192)	(818)	(852)
Other non-cash changes	57	15	(23)
Changes in working capital:			
Increase in trading properties	(1,533)	(12,975)	(11,177)
Decrease in trade and other receivables	486	2,490	3,890
Increase/(decrease) in trade and other payables	333	(571)	(1,243)
Net cash outflow from operations	(450)	(11,493)	(10,187)

5 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.



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