

Safeland plc

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Interim Report and Accounts 2007

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New directions in fund management

Safeland plc, the property fund management and property trading group, announces results for the six months ended 30 September 2007.

Financial Highlights

- Revenue of £13.32m (H1 06: £12.49m)
- Profits before tax of £0.26m (H1 06: £3.95m – inc. £3.57m from Bizspace disposal)
- EPS of 0.59p (H1 06: 14.53p including Bizspace disposal profit)
- NAV per share of 114p (H1 06: 114p)
- Gearing now stands at 75%

Operational Highlights

- Successfully completed equity raising for property unit trust resulting in the fund when fully invested having an excess of £200m of property.
- In excess of £53m has been invested in multi-let industrial properties.
- Continued transition from being a property trader to focusing on property fund management.

Raymond Lipman, Chairman of Safeland plc, said:

“Recent economic events have seen yields starting to soften and this together with the credit squeeze could enable Safeland who have tremendous support from their banks alongside long term credit facilities, to take advantage of opportunities that may well present themselves both for the fund and for trading.”

Chairman's Statement

For the six months ended 30 September 2007

I am pleased to report that for the six months ended September 30 2007 the Company is reporting a profit before taxation of £258,000 compared to £3.95m for the same period last year.

Shareholders should remember that included in last year's profit was £3.57m in respect of the sale of the Company's shares in Bizspace plc.

As has been previously stated Espazio, the Italian self storage business has not been performing as anticipated. It has therefore been decided to terminate this activity and to place the Italian subsidiary into voluntary liquidation.

Revenue has gone up from £12.5m to £13.3m. Net asset value per share at September 30 2007 was 114p identical to September 30 2006. Earnings per share were 0.59p (2006: 14.53p) and the Company will not be paying a dividend for this period. Once again the 2006 figure would have included the profit emanating from the sale of the shares in Bizspace plc.

The Company during this period has continued its transition from that of principally being a property trader to focusing on property fund management.

In my statement that accompanied the year end accounts to March 31 2007 I advised shareholders that earlier in the year CBRE had been instructed to assist in raising further equity for the property unit trust that was launched as a joint venture with Electra Partners Europe Ltd in October 2006. I am delighted to report that in September 2007 the company announced that this exercise had been successfully completed with Babcock & Brown committing £50m of equity and Electra a further £5m, thus raising their involvement to £20m. At the same time bank facilities were also increased by a further £135m. The result of this is that when fully invested the Fund will have in excess of £200m of property.

Once invested this will facilitate a quality income stream alongside the property trading transactions. Already, in excess of £53m has been invested in multi-let industrial properties, which is the main focus of the Fund.

Recent economic events have seen yields starting to soften and this together with the 'credit squeeze' could enable Safeland who have tremendous support from their banks alongside long term credit facilities, to take advantage of opportunities that may well present themselves both for the fund and for trading.

I therefore look forward to the future with confidence.



Raymond Lipman
Chairman
November 26 2007

Unaudited Consolidated Income Statement

For the six months ended 30 September 2007

	Neither audited nor reviewed Six months ended 30 September 2007	Neither audited nor reviewed Six months ended 30 September 2006	Audited Year ended 31 March 2007
Notes	£'000	£'000	£'000
Revenue	13,318	12,490	18,266
Cost of sales	(10,410)	(10,048)	(14,394)
Gross profit	2,908	2,442	3,872
Sales and distribution costs	(313)	(160)	(370)
Administrative expenses	(2,298)	(2,404)	(4,786)
Other operating income	697	231	445
Profit on disposal of property, plant and equipment	2	-	939
Profit on disposal of investment properties	121	165	156
Profit on disposal of subsidiaries	34	192	192
Operating profit	1,151	466	448
Share of results of associate – post tax	-	-	(4)
Profit on disposal of available-for-sale investments	-	3,571	3,572
Profit before interest	1,151	4,037	4,016
Finance income	30	121	140
Finance costs	(923)	(206)	(465)
Profit before tax	258	3,952	3,691
Tax	(149)	(1,264)	(882)
Profit for the financial period	109	2,688	2,809
Basic earnings per share	2 0.59p	14.53p	15.18p
Diluted earnings per share	2 0.59p	14.53p	15.17p

Unaudited Consolidated Balance Sheet

As at 30 September 2007

	Neither audited nor reviewed 30 September 2007 £'000	Neither audited nor reviewed 30 September 2006 £'000	Audited 31 March 2007 £'000
Non-current assets			
Property, plant and equipment	4,251	5,355	4,263
Investment properties	1,007	1,661	1,868
Interests in associates	10	14	10
Available-for-sale investments	1,134	203	1,191
Deferred tax assets	46	55	46
Total non-current assets	6,448	7,288	7,378
Current assets			
Trading properties	31,091	14,587	38,753
Trade and other receivables	1,341	922	2,363
Cash and cash equivalents	1,314	3,267	1,448
Total current assets	33,746	18,776	42,564
Total assets	40,194	26,064	49,942
Current liabilities			
Bank loans and overdrafts	584	332	8,089
Trade and other payables	1,280	1,376	2,051
Current tax liabilities	479	1,660	541
Total current liabilities	2,343	3,368	10,681
Non-current liabilities			
Bank loans	16,616	1,570	18,040
Deferred tax liabilities	103	107	103
Total non-current liabilities	16,719	1,677	18,143
Total liabilities	19,062	5,045	28,824
Net assets	21,132	21,019	21,118
Equity			
Share capital	925	925	925
Share premium account	5,351	5,351	5,351
Capital redemption reserve	765	765	765
Translation reserve	(46)	7	(7)
Revaluation reserve	29	-	85
Retained earnings	14,108	13,971	13,999
Total equity	21,132	21,019	21,118

Unaudited Consolidated Cash Flow Statement

For the six months ended 30 September 2007

	Note	Neither audited nor reviewed Six months ended 30 September 2007 £'000	Neither audited nor reviewed Six months ended 30 September 2006 £'000	Audited Year ended 31 March 2007 £'000
Operating activities				
Net cash inflow/(outflow) from operations	4	8,992	(450)	(26,100)
Interest paid		(841)	(222)	(481)
Tax paid		(340)	-	(728)
Net cash inflow/(outflow) from operating activities		7,811	(672)	(27,309)
Investing activities				
Interest received		30	121	140
Purchase of investment properties		(1)	(568)	(776)
Purchase of property, plant and equipment		(134)	(267)	(518)
Purchase of available for sale investments		-	-	(1,000)
Proceeds from sale of property, plant and equipment		101	909	2,947
Proceeds from sale of investment properties		1,033	3,704	3,696
Proceeds from sale of available-for-sale investments		-	6,889	6,890
Proceeds from the sale of subsidiaries		1,225	3,525	3,525
Net cash inflow from investing activities		2,254	14,313	14,904
Financing activities				
New loans		10,292	2,000	21,513
Loan repayments		(20,699)	(13,940)	(9,306)
Net cash (outflow)/inflow from financing activities		(10,407)	(11,940)	12,207
Net (decrease)/increase in cash and cash equivalents		(342)	1,701	(198)
Cash and cash equivalents at beginning of period		1,349	1,547	1,547
Cash and cash equivalents at end of period		1,007	3,248	1,349

Unaudited Consolidated Statement of Recognised Income and Expense

For the six months ended 30 September 2007

	Neither audited nor reviewed Six months ended 30 September 2007 £'000	Neither audited nor reviewed Six months ended 30 September 2006 £'000	Audited Year ended 31 March 2007 £'000
Fair value (losses)/gains on available-for-sale investments	(56)	30	18
Exchange differences on translation of foreign operations	(39)	57	43
Tax on items taken directly to equity	-	(10)	(5)
Net (loss)/income recognised directly in equity	(95)	77	56
Transfer to profit on disposal of available-for-sale investments	-	(3,053)	(3,053)
Tax on items transferred from equity	-	752	751
Profit for the period	109	2,688	2,809
Total recognised income and expense for the period available to equity shareholders	14	464	563

Notes to the Financial Information (Unaudited)

For the six months ended 30 September 2007

1. Basis of preparation and accounting policies

This interim financial information was approved by the Board of Directors on November 23 2007.

The results for the year ended 31 March 2007 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 2007 and 2006 are unaudited and do not constitute the Group's statutory accounts within the meaning of s240 of the Companies Act 1985.

The accounting policies adopted in the preparation of this financial information are consistent with those used in the preparation of the 2007 statutory accounts.

2. Earnings per share

Basic earnings per share of 0.59p (30 September 2006: earnings of 14.53p; 31 March 2007 earnings of 15.18p) are based on the profit for the period of £109,000 (30 September 2006: profit of £2,688,000; 31 March 2007: profit of £2,809,000) and on 18,500,530 ordinary shares being the weighted average number of shares in issue for each period.

Diluted earnings per share of 0.59p (30 September 2006: diluted earnings of 14.53p; 31 March 2007: diluted earnings of 15.17p) are based on the profit for the period of £109,000 (30 September 2006: profit of £2,688,000; 31 March 2007: profit of £2,809,000) and on 18,500,300 ordinary shares being the weighted average number of shares in issue (30 September 2006: 18,500,530; 31 March 2007: 18,515,019).

The increase in the weighted average number of shares in issue for the calculation of diluted earnings per share is due to the dilutive effect of the share options granted in the January 2007. This does not affect the weighted average number of shares in issue for the 6 months ended 30 September 2007 due to the average share price of Safeland plc for the period being below the exercise price of the share options.

3. Dividend

No interim dividend has been declared.

Notes to the Financial Information (Unaudited)

For the six months ended 30 September 2007

4. Reconciliation of operating profit to net cash flow from operations

	Neither audited nor reviewed Six months ended 30 September 2007 £'000	Neither audited nor reviewed Six months ended 30 September 2006 £'000	Audited Year ended 31 March 2007 £'000
Operating profit	1,151	466	448
Adjustments for:			
Depreciation of property, plant and equipment	85	264	342
Profit on sale of property, plant and equipment	(2)	(166)	(939)
Profit on sale of investment properties	(121)	(165)	(156)
Profit on sale of subsidiaries	(34)	(192)	(192)
Other non-cash changes	-	57	-
Changes in working capital:			
Decrease/(increase) in trading properties	7,662	(1,533)	(25,699)
Decrease/(increase) in trade and other receivables	1,022	486	(955)
(Decrease)/increase in trade and other payables	(771)	333	1,051
Net cash inflow/(outflow) from operations	8,992	(450)	(26,100)

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, and are available on the website www.safeland.co.uk