

**SAFELAND PLC**  
**CHAIRMAN'S STATEMENT**  
**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2008**

Shareholders will not be surprised that in the current economic climate this has been a period of consolidation for the company with very few transactions taking place.

Against this backdrop I am reporting that for the six months ended September 30 2008 the company made a loss of £2,109,000 compared to a profit of £109,000 for the same period last year.

Turnover in the period was £6,388,000 (2007:£14,318,000) and the resultant earnings per share was a loss of 12.52p (2007: profit 0.58p). Net Asset Value per share has fallen to 102p from 114p as at September 30 2007

During this period there have been no additions to the portfolio within the Managed Workspace Fund thus gross assets under management remains at £60m. However there has been a material softening of yields which will impact on the value of the portfolio and it has therefore been decided to write down the value of the Company's investment by 50% to £500,000

The Board have examined the value of properties currently owned by the company and have written down those properties still owned by Safelandby a total of £138,000 when compared with March 31 2008.

Whilst interest rates have fallen quite sharply recently (particulary since the period end) and with more cuts expected, we do not believe that this will have a material effect on either liquidity or property values in the short term. However, we do see this having an impact in the medium term and we are perfectly placed to take advantage of this at the appropriate time as we continue to enjoy the support of our bankers and professionals.

Raymond Lipman  
Chairman

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**SAFELAND PLC**  
**UNAUDITED CONSOLIDATED INCOME STATEMENT**  
**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2008**

<b>Continuing Operations</b>	<i>Notes</i>	<b>Neither audited nor reviewed Six months ended 30 September 2008 £'000</b>	<b>Neither audited nor reviewed Six months ended 30 September 2007 Restated £'000</b>	<b>Audited Year ended 31 March 2008 £'000</b>
<b>Revenue</b>		6,388	14,318	23,567
Cost of sales		(5,644)	(11,601)	(19,339)
<b>Gross profit</b>		<u>744</u>	<u>2,717</u>	<u>4,228</u>
Sales and distribution costs		(85)	(313)	(573)
Administrative expenses		(2,001)	(2,014)	(4,022)
Other operating income		477	697	855
Gains on revaluation of investment properties		-	-	287
(Loss) / profit on disposal of property, plant and equipment		(1)	2	(4)
Profit on disposal of investment properties		-	121	105
Writedown of available for sale investments		(500)	-	-
<b>Operating (loss) / profit</b>		<u>(1,366)</u>	<u>1,210</u>	<u>876</u>
Impairment of interests in associates		-	-	(10)
<b>(Loss) / profit before interest</b>		<u>(1,366)</u>	<u>1,210</u>	<u>866</u>
Finance income		32	30	81
Finance costs		(775)	(899)	(1,924)
<b>(Loss) / profit before tax</b>		<u>(2,109)</u>	<u>341</u>	<u>(977)</u>
Tax		-	(149)	267
<b>(Loss) / profit for the financial period from continuing operations</b>		<u>(2,109)</u>	<u>192</u>	<u>(710)</u>
<b>(Loss) for the financial period from discontinued operations</b>		<u>-</u>	<u>(83)</u>	<u>(83)</u>
<b>(Loss) / profit for the financial period attributable to equity holders of the parent company</b>		<u>(2,109)</u>	<u>109</u>	<u>(793)</u>
<b>(Loss) / Earnings per share – Continuing Operations</b>				
Basic (loss) / earnings per share	2	(12.52)p	1.04p	(3.92)p
Diluted (loss) / earnings per share	2	(12.52)p	1.04p	(3.92)p
<b>(Loss) / Earnings per share attributable to equity holders of the parent company</b>				
Basic (loss) / earnings per share	2	(12.52)p	0.58p	(4.38)p
Diluted (loss) / earnings per share	2	(12.52)p	0.58p	(4.38)p

**SAFELAND PLC**  
**UNAUDITED CONSOLIDATED BALANCE SHEET**  
**AS AT 30 SEPTEMBER 2008**

	<b>Neither audited nor reviewed 30 September 2008 £'000</b>	<b>Neither audited nor reviewed 30 September 2007 £'000</b>	<b>Audited 31 March 2008 £'000</b>
<b>Non-current assets</b>			
Property, plant and equipment	2,129	4,251	2,177
Investment properties	2,560	1,007	2,054
Interests in associates	-	10	-
Available-for-sale investments	714	1,134	1,089
Deferred tax assets	104	46	104
<b>Total non-current assets</b>	<b>5,507</b>	<b>6,448</b>	<b>5,424</b>
<b>Current assets</b>			
Trading properties	33,555	31,091	33,390
Trade and other receivables	1,222	1,341	2,657
Current tax receivable	257	-	283
Cash and cash equivalents	673	1,314	813
<b>Total current assets</b>	<b>35,707</b>	<b>33,746</b>	<b>37,143</b>
<b>Total assets</b>	<b>41,214</b>	<b>40,194</b>	<b>42,567</b>
<b>Current liabilities</b>			
Bank loans and overdrafts	20,558	584	19,679
Trade and other payables	975	1,280	1,255
Current tax liabilities	-	479	-
<b>Total current liabilities</b>	<b>21,533</b>	<b>2,343</b>	<b>20,934</b>
<b>Non-current liabilities</b>			
Bank loans	2,389	16,616	2,301
Deferred tax liabilities	146	103	146
<b>Total non-current liabilities</b>	<b>2,535</b>	<b>16,719</b>	<b>2,447</b>
<b>Total liabilities</b>	<b>24,068</b>	<b>19,062</b>	<b>23,381</b>
<b>Net assets</b>	<b>17,146</b>	<b>21,132</b>	<b>19,186</b>
<b>Equity</b>			
Share capital	843	925	843
Share premium account	5,351	5,351	5,351
Capital redemption reserve	847	765	847
Share based payment reserve	129	-	86
Translation reserve	-	(46)	-
Investment revaluation reserve	39	29	13
Retained earnings	9,937	14,108	12,046
<b>Total equity attributable to equity holders of the parent</b>	<b>17,146</b>	<b>21,132</b>	<b>19,186</b>

**SAFELAND PLC**  
**UNAUDITED CONSOLIDATED CASH FLOW STATEMENT**  
**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2008**

		Neither audited nor reviewed Six months ended 30 September 2008 £'000	Neither audited nor reviewed Six months ended 30 September 2007 Restated £'000	Audited Year ended 31 March 2008 £'000
	<i>Notes</i>			
<b>Operating activities</b>				
Net cash (outflow) / inflow from operations	4	(1,275)	10,217	6,724
Interest paid		(608)	(841)	(1,924)
Tax received /(paid)		26	(340)	(542)
<b>Net cash (outflow) / inflow from operating activities</b>		<u>(1,857)</u>	<u>9,036</u>	<u>4,258</u>
<b>Investing activities</b>				
Interest received		32	30	81
Purchase of investment properties		(509)	(1)	(761)
Purchase of property, plant and equipment		(106)	(134)	(482)
Proceeds from sale of property, plant and equipment		48	101	278
Proceeds from sale of investment properties		3	1,033	967
Cash inflows /(outflows) in respect of subsidiary in voluntary liquidation		1,278	-	(358)
<b>Net cash inflow / (outflow) from investing activities</b>		<u>746</u>	<u>1,029</u>	<u>(275)</u>
<b>Financing activities</b>				
New loans		6,988	10,292	19,140
Loan repayments		(5,721)	(20,699)	(23,330)
Purchase of own shares		-	-	(1,160)
<b>Net cash inflow / (outflow) from financing activities</b>		<u>1,267</u>	<u>(10,407)</u>	<u>(5,350)</u>
<b>Net increase / (decrease) in cash and cash equivalents</b>		156	(342)	(1,367)
Cash and cash equivalents at beginning of period		(18)	1,349	1,349
<b>Cash and cash equivalents at end of period</b>		<u>138</u>	<u>1,007</u>	<u>(18)</u>

**SAFELAND PLC**  
**UNAUDITED CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE**  
**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2008**

	<b>Neither audited nor reviewed Six months ended 30 September 2008 £'000</b>	<b>Neither audited nor reviewed Six months ended 30 September 2007 £'000</b>	<b>Audited Year ended 31 March 2008 £'000</b>
Fair value gains / (losses) on available-for-sale investments	26	(56)	(102)
Exchange differences on translation of foreign operations	-	(39)	(38)
Tax on items taken directly to equity	-	-	30
Transfer foreign currency translation reserve to income statement	-	-	45
<b>Net income / (loss) recognised directly in equity</b>	<b>26</b>	<b>(95)</b>	<b>(65)</b>
(Loss) / profit for the period	(2,109)	109	(793)
<b>Total recognised income and expense for the period available to equity shareholders</b>	<b>(2,083)</b>	<b>14</b>	<b>(858)</b>

## SAFELAND PLC

### 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 28 November 2008.

The results for the year ended 31 March 2008 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 2008 and 2007 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 2008 statutory accounts which were prepared in accordance with applicable International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

#### 2. (Loss) / Earnings per share

	Neither audited nor reviewed Six months ended 30 September 2008 £'000	Neither audited nor reviewed Six months ended 30 September 2007 £'000	Audited Year ended 31 March 2008 £'000
(Loss) / profit for the period from continuing operations	(2,109)	192	(710)
(Loss) for the period from discontinued operations	-	(83)	(83)
(Loss) / profit for the period attributable to equity holders of the company	<u>(2,109)</u>	<u>109</u>	<u>(793)</u>
Weighted average number of ordinary shares for the purposes of basic (loss) / earnings per share	16,851	18,501	18,122
Effect of dilutive potential ordinary shares	-	-	-
Weighted average number of ordinary shares for the purposes of diluted (loss) / earnings per share	<u>16,851</u>	<u>18,501</u>	<u>18,122</u>

There is no dilutive effect of potential ordinary shares in the six months to September 2008 as there is a loss for the period. The dilution in 2007 arises from the effect of share options. 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 that period being below the exercise price of the share options.

	Neither audited nor reviewed Six months ended 30 September 2008 £'000	Neither audited nor reviewed Six months ended 30 September 2007 £'000	Audited Year ended 31 March 2008 £'000
Discontinued operations			
Basic (loss) / earnings per share	-	(0.46)p	(0.46)p
Diluted (loss) / earnings per share	-	(0.46)p	(0.46)p

### 3. Dividend

No interim dividend has been declared.

### 4. Notes to cash flow statement

	Neither audited nor reviewed Six months ended 30 September 2008 £'000	Neither audited nor reviewed Six months ended 30 September 2007 Restated £'000	Neither audited nor reviewed Year ended 31 March 2008 £'000
<b>(Loss) / profit before tax from continuing operations</b>	(2,109)	341	(977)
<b>(Loss) before tax from discontinued operations</b>	-	(83)	(83)
Adjustments for:			
Depreciation of property, plant and equipment	104	85	192
Loss / (profit) on sale of property, plant and equipment	2	(2)	4
Profit on sale of investment properties	-	(121)	(105)
Gains on revaluation of investment properties	-	-	(287)
Profit on sale of subsidiaries	-	(34)	-
Impairment of interests in associates	-	-	10
Share based payment charge	43	-	86
Finance costs (net)	743	893	1,871
Other adjustment	(100)	-	-
Writedown of available for sale investment	500	-	-
Operating cash flows before movements in working capital	(817)	1,079	711
Changes in working capital:			
(Increase) / decrease in trading properties	(165)	8,887	5,363
Decrease in trade and other receivables	157	1,022	1,136
(Decrease) in trade and other payables	(450)	(771)	(486)
<b>Net cash (outflow) / inflow from operations</b>	(1,275)	10,217	6,724

5. Copies of this statement are available on the company's website [www.safeland.co.uk](http://www.safeland.co.uk)