

## **Safeland plc (“Safeland” or the “Company”)**

### **UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015**

#### **Highlights**

Turnover: £12.5m (2014: £7.8m), up 61.1%

Profit before tax: £4.3m (2014: £2.2m), up 95.4%

Interim dividend: 1.5p (2014: 0p)

Total shareholder return: 19.5% (2014: 127.6%)

Net asset value per share: 106.0p (2014: 63.8p, 31 March 2015 87.0p), an increase of 21.8% since 31 March 2015

#### **Managing Director’s Statement**

I am delighted to report a strong six months to 30 September 2015. Safeland has generated a significant increase in both turnover and profit. This period has been positively impacted by the completion of a number of developments, including two phases of the Wimbledon development, the last phases of which are due for completion in the second half of the year. Shareholders should be aware that this is to some extent a function of timing of completions of projects and does not necessarily reflect potential second half performance.

The Board continues to focus on maximising the value of stock held, through obtaining planning consents and then developing the properties for onward sale.

During the period, the Company participated in a placing of shares by Safestay plc, acquiring 1,070,864 shares in Safestay at a cost of £663,935, bringing its total holding to 1,420,864, representing 4.3% of Safestay’s issued share capital.

On 25 September 2015, the Company paid a final dividend of 1.75p per share for the year ended 31 March 2015. I am pleased to announce that the Board has declared an interim dividend for the six months ended 30 September 2015 of 1.5p per share payable on 18 December 2015 to shareholders on the register on 27 November 2015.

#### **Outlook**

The property market is at extremely high levels, with conflicting signs. On the one hand record prices are being achieved, whilst there are also signs of strong resistance to these levels in certain sectors, leading to pockets of stagnation. It is difficult to anticipate the true substance of the underlying strength of the market, and whilst the Board is confident it has the skills necessary to continue to make opportunistic acquisitions in any market, its current approach is to be very selective in what may prove to be too aggressive an environment.

Larry Lipman  
Managing Director

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<b>Condensed consolidated income statement</b>	<b>Unaudited Six months ended 30 September 2015 £000</b>	<b>Unaudited Six months ended 30 September 2014 £000</b>	<b>Audited Year ended 31 March 2015 £000</b>
<b>Revenue</b>	12,453	7,763	10,256
Cost of sales	(7,497)	(5,315)	(7,495)
<b>Gross profit</b>	4,956	2,448	2,761
Administrative expenses	(802)	(588)	(1,570)
Gain on revaluation of investment properties	-	225	225
Share of results of jointly controlled entity	-	11	11
Share of results of associate	12	25	29
Profit on sale of investment in joint venture	-	209	209
Dividend from investment	13	-	11
Profit on sale of investment property	-	124	5,272
<b>Operating profit</b>	4,179	2,454	6,948
Finance income	256	1	167
Finance costs	(156)	(224)	(403)
<b>Profit before tax</b>	4,279	2,231	6,712
Tax	(866)	(351)	(979)
<b>Profit for the financial period attributable to owners of the parent company</b>	3,413	1,880	5,733
Basic earnings per share (note 2)	20.24p	11.15p	34.02p
Diluted earnings per share (note 2)	13.35p	5.12p	15.62p

<b>Condensed consolidated statement of comprehensive income</b>	<b>Unaudited Six months ended 30 September 2015 £000</b>	<b>Unaudited Six months ended 30 September 2014 £000</b>	<b>Audited Year ended 31 March 2015 £000</b>
Profit for the period	3,413	1,880	5,733
Other comprehensive income			
Fair value (losses)/gains on available for sale financial assets	(74)	-	82
<b>Other comprehensive income for the year, net of tax</b>	<b>(74)</b>	<b>-</b>	<b>82</b>
<b>Total comprehensive income for the period attributable to owners of the parent company</b>	<b>3,339</b>	<b>1,880</b>	<b>5,815</b>

<b>Condensed consolidated statement of financial position</b>	<b>Unaudited 30 September 2015 £000</b>	<b>Unaudited 30 September 2014 £000</b>	<b>Audited 31 March 2015 £000</b>
<b>Non-current assets</b>			
Property plant and equipment	1,935	170	1,981
Investment properties (note 5)	723	5,448	723
Investments in associate	135	151	123
Available-for-sale investments	897	225	307
Trade and other receivables	8,240	-	7,985
	<u>11,930</u>	<u>5,994</u>	<u>11,119</u>
<b>Current assets</b>			
Trading properties (note 6)	11,654	13,098	14,718
Trade and other receivables	660	362	364
Cash and cash equivalents	2,865	2,865	454
	<u>15,179</u>	<u>16,325</u>	<u>15,536</u>
<b>Total assets</b>	<u>27,109</u>	<u>22,319</u>	<u>26,655</u>
<b>Current liabilities</b>			
Bank loans and overdrafts (note 7)	-	9,500	1,258
Trade and other payables	1,124	1,287	1,762
Derivative financial instruments	-	3	-
Corporation tax payable	1,733	-	1,696
	<u>2,857</u>	<u>10,790</u>	<u>4,716</u>
<b>Non-current liabilities</b>			
Bank loans (note 7)	6,385	-	7,185
Deferred income tax liabilities	-	778	-
	<u>6,385</u>	<u>778</u>	<u>7,185</u>
<b>Total liabilities</b>	<u>9,242</u>	<u>11,568</u>	<u>11,901</u>
<b>Net assets</b>	<u>17,867</u>	<u>10,751</u>	<u>14,754</u>
<b>Equity</b>			
Share capital	843	843	843
Share-based payment reserve	555	417	486
Investment revaluation reserve	13	5	87
Retained earnings	16,456	9,486	13,338
<b>Total equity attributable to owners of the parent company</b>	<u>17,867</u>	<u>10,751</u>	<u>14,754</u>

<b>Condensed consolidated statement of cash flows</b>	<b>Unaudited Six months Ended 30 September 2015 £000</b>	<b>Unaudited Six months ended 30 September 2014 £000</b>	<b>Audited Year ended 31 March 2015 £000</b>
<b>Cash flows from operating activities</b>			
Cash generated/(utilised) from operations (note 4)	6,429	946	(2,376)
Interest paid	(156)	(225)	(403)
Corporation tax paid	(829)	-	(132)
<b>Net cash generated/(utilised) from operating activities</b>	<b>5,444</b>	<b>721</b>	<b>(2,911)</b>
<b>Cash flows from investing activities</b>			
Cash flows from investing activities	-	1	1
Distributions from associate	-	-	32
Dividend paid	(295)	-	-
Purchase of property, plant and equipment	(98)	(88)	(2,003)
Purchase of available for sale investments	(664)	(175)	(175)
Proceeds from sale of investment property	-	244	4,230
Proceeds from sale of property, plant and equipment	82	59	119
<b>Net cash inflow/(outflow) from investing activities</b>	<b>(975)</b>	<b>41</b>	<b>2,204</b>
<b>Cash flows from financing activities</b>			
New loans	-	6,400	9,258
Loan repayments	(2,058)	(5,300)	(9,100)
<b>Net cash inflow from financing activities</b>	<b>(2,058)</b>	<b>1,100</b>	<b>158</b>
Net increase/(decrease) in cash and cash equivalents	2,411	1,862	(549)
Cash and cash equivalents at beginning of period	454	1,003	1,003
Cash and cash equivalents at end of period	2,865	2,865	454

Condensed consolidated statement of changes in equity	Share capital	Share- based payment reserve	Investment revaluation reserve	Retained earnings	Total equity
	£000	£000	£000	£000	£000
<b>Balance at 1 April 2015</b>	843	486	87	13,338	14,754
<b>Comprehensive income</b>					
Profit for the six months period to 30 September 2015	-	-	-	3,413	3,413
Revaluation of available-for- sale investments	-	-	(74)	-	(74)
Total comprehensive income	-	-	(74)	3,413	3339
<b>Transactions with owners recognised directly in equity</b>					
Dividends	-	-	-	(295)	(295)
Share-based payment charge for the period	-	69	-	-	69
	-	69	-	(295)	(226)
<b>Balance at 30 September 2015</b>	843	555	13	16,456	17,867

Condensed consolidated statement of changes in equity	Share capital	Share-based Payment Reserve	Investment revaluation reserve	Retained Earnings	Total Equity
	£000	£000	£000	£000	£000
<b>Balance at 1 April 2014</b>	843	348	5	9,414	10,610
<b>Comprehensive income</b>					
Profit for the six months period to 30 September 2014	-	-	-	1,880	1,880
Total comprehensive income	-	-	-	1,880	1,880
<b>Transactions with owners recognised directly in equity</b>					
Dividends	-	-	-	(1,808)	(1,808)
Share-based payment charge for the period	-	69	-	-	69
	-	69	-	(1,808)	(1,739)
<b>Balance at 30 September 2014</b>	843	417	5	9,486	10,751

<b>Condensed consolidated statement of changes in Equity</b>	<b>Share capital</b>	<b>Share-based Payment Reserve</b>	<b>Investment revaluation reserve</b>	<b>Retained earnings</b>	<b>Total Equity</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Balance at 1 April 2014</b>	843	348	5	9,414	10,610
<b>Comprehensive income</b>					
Revaluation of available-for-sale investments	-	-	82	-	82
Profit for the year to 31 March 2014	-	-	-	5,733	5,733
Total comprehensive income	-	-	82	5,733	5,815
<b>Transactions with owners recognised directly in equity</b>					
Dividends	-	-	-	(1,809)	(1,809)
Share-based payment charge for the year	-	138	-	-	138
	-	138	-	(1,809)	(1,671)
<b>Balance at 31 March 2014</b>	<b>843</b>	<b>486</b>	<b>87</b>	<b>13,338</b>	<b>14,754</b>



## 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 2015 ("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 2015. 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 2015.

## 2. Earnings per share

	<b>Unaudited Six months ended 30 September 2015 £000</b>	<b>Unaudited Six months Ended 30 September 2014 £000</b>	<b>Audited Year ended 31 March 2015 £000</b>
Profit for the financial period attributable to owners of the parent company	3,413	1,880	5,733
	<b>No 000</b>	<b>No 000</b>	<b>No 000</b>
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	19,865	19,865
Weighted average number of ordinary shares for the purposes of diluted earnings per share	36,716	36,716	36,716

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.

### 3. Dividends

In the six months ended 30 September 2015, the Company paid a final dividend of 1.75p per ordinary share.

### 4. Cash flows from operating activities

	<b>Unaudited Six months Ended 30 September 2015 £000</b>	<b>Unaudited Six months ended 30 September 2014 £000</b>	<b>Audited Year ended 31 March 2015 £000</b>
Profit before tax	4,279	2,231	6,712
Depreciation	48	25	62
Profit/(loss) on sale of property, plant and equipment	14	(15)	(9)
Gain on revaluation of investment properties	-	(225)	(225)
Profit on sale of investment in joint venture	-	(209)	(209)
Profit on sale of investment property	-	(124)	(5,272)
Share of results of associate	(12)	(25)	(30)
Share of results of jointly controlled entity	-	(11)	(11)
Finance income	-	(1)	(1)
Unwinding of discount on deferred revenue	(256)	-	(166)
Finance costs	156	218	403
Share-based payments charge	69	69	138
<b>Changes in working capital</b>			
(Decrease)/increase in trading properties	3,064	(615)	(2,235)
(Increase)/decrease in trade and other receivables	(296)	258	(1,706)
(Decrease)/increase in trade and other payables	(637)	(630)	173
	<u>6,429</u>	<u>946</u>	<u>(2,376)</u>

## 5. Investment properties

	Unaudited Six months ended 30 September 2015 £000	Unaudited Six months ended 30 September 2014 £000	Audited Year ended 31 March 2015 £000
<b>Fair value</b>			
Start of the period	723	5,343	5,343
Disposals	-	(120)	(4,845)
Increase in fair value during the period	-	225	225
End of period	723	5,448	723

The fair value of the investment properties at 30 September 2015 comprises freehold properties of £265,000 (30 September 2014: £4,990,000 and 31 March 2015: £265,000) and long leasehold properties of £458,000 (30 September 2014: £458,000 and 31 March 2014: £458,000).

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 2015, 30 September 2014 or 31 March 2015.

The Group has pledged investment properties for resale with carrying value of £703,000 (30 September 2014: £5,448,000 and 31 March 2015: £703,000).

## 6. Trading properties

	Unaudited Six months ended 30 September 2015 £000	Unaudited Six months ended 30 September 2014 £000	Audited Year ended 31 March 2015 £000
Properties for resale	11,654	13,098	14,718

The Group has pledged trading properties for resale with carrying value of £9,406,000 (30 September 2014: £11,169,000 and 31 March 2015: £12,747,000) to secure banking facilities granted to the Group.

## 7. Bank loans and overdrafts

	Unaudited Six months ended 30 September 2015 £000	Unaudited Six months ended 30 September 2014 £000	Audited Year ended 31 March 2015 £000
Bank loans			
Due within one year	-	9,500	1,258
Due in the second to fifth years	6,500	-	7,300
Unamortised borrowing costs	(115)	-	(150)
	<u>6,385</u>	<u>-</u>	<u>7,185</u>

There were no breaches in bank loan covenants as at 30 September 2015, 30 September 2014 or 31 March 2015. 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](http://www.safeland.co.uk).