

**SAFELAND PLC**  
**UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2012**

**Chairman's statement**

I am pleased to announce that for the 6 months ended 30 September 2012 the Group traded profitably and reported a profit for the period of £104,000. This is not necessarily indicative that a profit will also be reported for the year ending 31 March 2013. The economic conditions remain extremely difficult with fluctuating volatility across all sectors. We continue to be very selective in the purchases that we make, with an on-going emphasis on properties suitable for conversion into residential. These are being sold to a mixture of investors and owner occupiers.

Safestay, our hostel venture, continues to gain momentum with occupancy increasing, and a good level of reservations for 2013.

**Nature and effect of misappropriated monies**

On 11 October 2012, the Company announced the discovery of a series of fraudulent transactions. Subsequently, on 12 November 2012, it announced the discovery of further fraudulent transactions. The aggregate amount of the sums lost to the Company through fraudulent transactions is currently estimated to be approximately £1.7 million. Of that sum, approximately £1.2 million relates to the financial year ended 31 March 2012. The balance relates to the current financial year.

The Company has already recovered £0.2 million and arrangements have been put in place to seek to recover a further £0.5 million before expenses by the end of the current financial year. It is too early to predict how much, if any, of these funds can be recovered and no allowance for any potential recovery has been made within these interim results. Details of the restatements are set out in note 8 to these interim results. The Board will continue to seek additional recoveries.

The losses discovered are significant and the Board has concluded that the financial statements as originally issued for the year ended 31 March 2012 are subject to material error. Accordingly the Group's interim financial statements for the period ended 30 September 2011 and the Group's financial statements for the year ended 31 March 2012 comparative figures have been restated to reflect the loss of funds. Funds misappropriated in the current financial period are treated as a current period expense, net of amounts recovered of £200,000.

The Board will recruit a replacement finance director early in the New Year and is in the process of reviewing and implementing additional internal control procedures to protect against such events recurring in the future. The Company appointed new auditors, Grant Thornton UK LLP in November 2012.

The directors have reviewed the financial position of the Group at 30 September 2012 and its forecast performance for the period to 31 December 2013. The directors are satisfied that the Group will continue to meet its obligations as they fall due and on this basis the interim financial statements have been prepared on the going concern basis.

The Company continues to trade in the usual way despite the events disclosed in this announcement. We look forward to the future with cautious optimism.

Raymond Lipman Chairman

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**SAFELAND PLC**  
**UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2012**

| <b>Safeland plc</b>  | <b>Six months</b>   | <b>Six months</b>   | <b>Year</b>     |
|--|---------------------|---------------------|-----------------|
| <b>Condensed consolidated income statement</b>   | <b>ended</b>        | <b>ended</b>        | <b>ended</b>    |
|  | <b>30 September</b> | <b>30 September</b> | <b>31 March</b> |
|  | <b>2012</b>         | <b>2011</b>         | <b>2012</b>     |
|  |                     | <b>Restated</b>     | <b>Restated</b> |
|  | <b>£000</b>         | <b>£000</b>         | <b>£000</b>     |
| <b>Revenue</b>   | 5,615               | 12,166              | 14,335          |
| Cost of sales  | (4,407)             | (10,703)            | (12,841)        |
| <b>Gross profit</b>  | 1,208               | 1,463               | 1,494           |
| Sales and distribution costs   | (176)               | (227)               | (304)           |
| Administrative expenses  | (763)               | (785)               | (1,685)         |
| Other operating income   | 127                 | 295                 | 794             |
| Profit on disposal of property, plant and equipment  | -                   | 3                   | 20              |
| Gain on revaluation of investment properties   | -                   | -                   | 1,355           |
| <b>Operating profit</b>  | 396                 | 749                 | 1,674           |
| Share of loss of joint venture   | -                   | -                   | (8)             |
| Share of results of associate  | 19                  | -                   | 36              |
| Impairment of available for sale investments   | -                   | -                   | (60)            |
| Exceptional loss arising from misappropriation of funds                                    | (306)               | (855)               | (1,232)         |
| Finance income   | 1                   | 7                   | 10              |
| Finance costs  | (74)                | (221)               | (389)           |
| <b>Profit/(loss) before tax</b>  | 36                  | (320)               | 31              |
| Tax  | 68                  | -                   | (212)           |
| <b>Profit/(loss) for the financial period attributable to owners of the parent company</b> | 104                 | (320)               | (181)           |
| Basic earnings/(loss) per share  | 0.01p               | (1.90p)             | (1.07p)         |
| Diluted earnings/(loss) per share  | 0.01p               | (1.90p)             | (1.07p)         |

**Safeland plc** **Six months** **Six months** **Year**

**SAFELAND PLC**  
**UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2012**

| <b>Condensed consolidated statement of comprehensive income</b>                                    | <b>Ended<br/>30 September<br/>2012<br/>£000</b> | <b>ended<br/>30 September<br/>2011<br/>Restated<br/>£000</b> | <b>ended<br/>31 March<br/>2012<br/>Restated<br/>£000</b> |
|--|---|--|--|
| Profit/(loss) for the period   | 104   | (320)  | (181)  |
| <b><i>Other comprehensive income</i></b>   |   |  |  |
| Fair value losses  | -   | -  | (10)   |
| Tax on items taken directly to other comprehensive income  | -   | -  | 3  |
| Other comprehensive losses in the period   | -   | (320)  | (7)  |
| <b>Total comprehensive income/(loss) for the year attributable to owners of the parent company</b> | <b>104</b>                                      | <b>(320)</b>   | <b>(188)</b>   |

**SAFELAND PLC**  
**UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2012**

**Safeland plc**

**Condensed statement of financial position**

|  | <b>30 September<br/>2012</b> | <b>30 September<br/>2011<br/>Restated</b> | <b>31 March<br/>2012<br/>Restated</b> |
|--|------------------------------|---|---------------------------------------|
|  | <b>£000</b>                  | <b>£000</b>                               | <b>£000</b>                           |
| <b>Non-current assets</b>  |                              |   |                                       |
| Property plant and equipment                                     | 181                          | 184                                       | 252                                   |
| Investment properties (note 5)                                   | 4,793                        | 3,438                                     | 4,793                                 |
| Investments in associates  | 171                          | 110                                       | 146                                   |
| Available-for-sale investments                                   | 45                           | 129                                       | 52                                    |
|  | <u>5,190</u>                 | <u>3,861</u>                              | <u>5,243</u>                          |
| <b>Current assets</b>  |                              |   |                                       |
| Trading properties (note 6)                                      | 8,995                        | 10,523                                    | 10,227                                |
| Trade and other receivables                                      | 1,117                        | 1,064                                     | 1,146                                 |
| Cash and cash equivalents  | 653                          | 2,429                                     | 457                                   |
|  | <u>10,765</u>                | <u>14,016</u>                             | <u>11,830</u>                         |
| <b>Total assets</b>  | <u>15,955</u>                | <u>17,877</u>                             | <u>17,073</u>                         |
| <b>Current liabilities</b>                                       |                              |   |                                       |
| Bank loans and overdrafts (note 7)                               | (6,171)                      | (7,877)                                   | (7,190)                               |
| Trade and other payables   | (456)                        | (1,093)                                   | (607)                                 |
| Derivative financial instruments                                 | -                            | -   | (21)                                  |
|  | <u>(6,627)</u>               | <u>(8,970)</u>                            | <u>(7,818)</u>                        |
| <b>Non-current liabilities</b>                                   |                              |   |                                       |
| Derivative financial instruments                                 | -                            | (66)                                      | -                                     |
| Deferred income tax liabilities                                  | (820)                        | (679)                                     | (888)                                 |
|  | <u>(820)</u>                 | <u>(745)</u>                              | <u>(888)</u>                          |
| <b>Total liabilities</b>   | <u>(7,447)</u>               | <u>(9,715)</u>                            | <u>(8,706)</u>                        |
| <b>Net assets</b>  | <u>8,508</u>                 | <u>8,162</u>                              | <u>8,367</u>                          |
| <b>Equity</b>  |                              |   |                                       |
| Share capital  | 843                          | 843                                       | 843                                   |
| Share premium account  | 5,351                        | 5,351                                     | 5,351                                 |
| Capital redemption reserve                                       | 847                          | 847                                       | 847                                   |
| Share-based payment reserve                                      | 109                          | 100                                       | 73                                    |
| Investment revaluation reserve                                   | 7                            | 14  | 7                                     |
| Retained earnings  | 1,351                        | 1,007                                     | 1,246                                 |
| <b>Total equity attributable to owners of the parent company</b> | <u>8,508</u>                 | <u>8,162</u>                              | <u>8,367</u>                          |

**SAFELAND PLC**  
**UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2012**

| Safeland plc<br>Condensed consolidated statement of cash<br>flows | Six months<br>ended<br>30 September<br>2012<br>£000 | Six months<br>ended<br>30 September<br>2011<br>Restated<br>£000 | Year<br>ended<br>31 March<br>2012<br>Restated<br>£000 |
|---|---|---|---|
| <b>Cash flows from operating activities</b>                       |   |   |   |
| Cash generated from operations (note 4)                           | 1,269   | 8,995   | 7,981   |
| Interest paid   | (99)  | (264)   | (477)   |
| <b>Net cash generated from operating activities</b>               | <b>1,170</b>  | <b>8,731</b>  | <b>7,504</b>  |
| <b>Cash flows from investing activities</b>                       |   |   |   |
| Interest received   | 1   | 7   | 7   |
| Dividends received  | -   | 35  | 38  |
| Purchase of property, plant and equipment                         | (40)  | (25)  | (175)   |
| Proceeds from sale of property, plant and<br>equipment            | 84  | 24  | 106   |
| Purchase of available for sale investments                        | -   | (7)   | -   |
| <b>Net cash inflow/(outflow) from investing<br/>activities</b>    | <b>45</b>   | <b>34</b>   | <b>(24)</b>   |
| <b>Cash flows from financing activities</b>                       |   |   |   |
| New loans   | 135   | 700   | 900   |
| Loan repayments   | (1,154)   | (6,995)   | (7,882)   |
| <b>Net cash outflow from financing activities</b>                 | <b>(1,019)</b>                                      | <b>(6,295)</b>  | <b>(6,982)</b>  |
| Net increase in cash and cash equivalents                         | 196   | 2,470   | 498   |
| Cash and cash equivalents at beginning of<br>period               | 457   | (41)  | (41)  |
| Cash and cash equivalents at end of period                        | 653   | 2,429   | 457   |

**SAFELAND PLC**  
**UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2012**

| Safeland plc<br>Condensed consolidated statement of changes in equity | Share capital | Share premium account | Capital redemption reserve | Share-based payment reserve | Investment revaluation reserve | Retained earnings | Total equity |
|---|---------------|-----------------------|----------------------------|-----------------------------|--------------------------------|-------------------|--------------|
|   | £000          | £000                  | £000                       | £000                        | £000                           | £000              | £000         |
| <b>At 1 April 2012 restated</b>                                       | 843           | 5,351                 | 847                        | 73                          | 7                              | 1,247             | 8,368        |
| <b>Comprehensive income</b>   |               |                       |                            |                             |                                |                   |              |
| Profit for the six months period to 30 September 2012                 | -             | -                     | -                          | -                           | -                              | 104               | 104          |
|   | -             | -                     | -                          | -                           | -                              | 104               | 104          |
| <b>Other comprehensive income</b>                                     |               |                       |                            |                             |                                |                   |              |
| Fair value gains/losses on available-for-sale                         | -             | -                     | -                          | -                           | -                              | -                 | -            |
| Tax on items taken directly to other comprehensive income             | -             | -                     | -                          | -                           | -                              | -                 | -            |
| <b>Transactions with owners</b>                                       |               |                       |                            |                             |                                |                   |              |
| Share-based payment charge for the period                             | -             | -                     | -                          | 36                          | -                              | -                 | 36           |
| Transferred to retained earnings                                      | -             | -                     | -                          | -                           | -                              | -                 | -            |
| <b>Balance at 30 September 2012</b>                                   | <b>843</b>    | <b>5,351</b>          | <b>847</b>                 | <b>109</b>                  | <b>7</b>                       | <b>1,351</b>      | <b>8,508</b> |

SAFELAND PLC  
UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2012

| Safeland plc<br>Condensed consolidated statement of changes in<br>equity | Share<br>capital<br>£000 | Share<br>premium<br>account<br>£000 | Capital<br>redemption<br>reserve<br>£000 | Share-based<br>payment<br>reserve<br>£000 | Investment<br>revaluation<br>reserve<br>£000 | Retained<br>earnings<br>£000 | Total<br>equity<br>£000 |
|--|--------------------------|-------------------------------------|--|---|--|------------------------------|-------------------------|
| <b>At 1 April 2011 as originally stated</b>                              | 843                      | 5,351                               | 847                                      | 100                                       | 14   | 1,327                        | 8,482                   |
| <b>Comprehensive income</b>  |                          |                                     |  |   |  |                              |                         |
| Profit for the year to 31 March 2012 as originally<br>disclosed          | -                        | -                                   | -  | -   | -  | 493                          | 493                     |
| Effect of restatement in the year to 31 March 2012                       | -                        | -                                   | -  | -   | -  | (674)                        | (674)                   |
| <b>Restated loss for the year to 31 March 2012</b>                       | -                        | -                                   | -  | -   | -  | (181)                        | (181)                   |
| <b>Other comprehensive income</b>  |                          |                                     |  |   |  |                              |                         |
| Fair value gains/losses on available-for-sale<br>investments             | -                        | -                                   | -  | -   | (10)   | -                            | (10)                    |
| Tax on items taken directly to other comprehensive<br>income             | -                        | -                                   | -  | -   | 3  | -                            | 3                       |
| <b>Transactions with owners</b>  |                          |                                     |  |   |  |                              |                         |
| Share-based payment charge for the period                                | -                        | -                                   | -  | 73  | -  | -                            | 73                      |
| Transferred to retained earnings   | -                        | -                                   | -  | (100)                                     | -  | 100                          | -                       |
| <b>Balance at 31 March 2012 restated</b>                                 | 843                      | 5,351                               | 847                                      | 73  | 7  | 1,246                        | 8,367                   |

**SAFELAND PLC**  
**UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2012**

| Safeland plc<br>Condensed consolidated statement of changes in equity         | Share capital | Share premium account | Capital redemption reserve | Share-based payment reserve | Investment revaluation reserve | Retained earnings | Total equity |
|---|---------------|-----------------------|----------------------------|-----------------------------|--------------------------------|-------------------|--------------|
|   | £000          | £000                  | £000                       | £000                        | £000                           | £000              | £000         |
| <b>At 1 April 2011</b>  | 843           | 5,351                 | 847                        | 100                         | 14                             | 1,327             | 8,482        |
| <b>Comprehensive income</b>   |               |                       |                            |                             |                                |                   |              |
| Profit for the six months period to 30 September 2011 as originally disclosed | -             | -                     | -                          | -                           | -                              | 87                | 87           |
| Effect of restatement in the six months period to 30 September 2011           | -             | -                     | -                          | -                           | -                              | (407)             | (407)        |
| <b>Restated profit for the six months period to 30 September 2011</b>         | -             | -                     | -                          | -                           | -                              | (320)             | (320)        |
| <b>Other comprehensive income</b>   |               |                       |                            |                             |                                |                   |              |
| Fair value gains/losses on available-for-sale investments                     | -             | -                     | -                          | -                           | -                              | -                 | -            |
| Tax on items taken directly to other comprehensive income                     | -             | -                     | -                          | -                           | -                              | -                 | -            |
| <b>Transactions with owners</b>   |               |                       |                            |                             |                                |                   |              |
| Share-based payment charge for the period                                     | -             | -                     | -                          | -                           | -                              | -                 | -            |
| Transferred to retained earnings  | -             | -                     | -                          | -                           | -                              | -                 | -            |
| <b>Balance at 30 September 2011 restated</b>                                  | 843           | 5,351                 | 847                        | 100                         | 14                             | 1,007             | 8,162        |



## 1. Basis of preparation and accounting policies

These condensed interim financial statements of the Company and its subsidiaries ("the Group") for the six months ended 30 September 2012 ("the period") have been prepared using accounting policies consistent with International Financial Reporting Standards (IFRSs). 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 2012 as restated to reflect losses arising from the discovery of misappropriated funds as described in the Chairman's statement and in note 8.

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 2012 with reference to the restatement of the 30 September 2011 and 31 March 2012 financial statements as disclosed in note 5. The auditors' opinion on these Statutory Accounts was not qualified and contained no emphasis of matter. While the financial figures included within this half-yearly report have been computed in accordance with IFRSs, this report does not contain sufficient information to constitute a full interim financial report as set out in International Accounting Standard 34 Interim Financial Reporting.

The directors have reviewed the financial position of the Group at 30 September 2012 and its forecast performance for the period to 31 December 2013. The AIB loan facility and covenants have been renegotiated. On the basis of the projected performance and the associated forecast cash flows, the directors are satisfied that the Group will be in compliance with its banking covenants, and will be able to continue to meet its obligations as they fall due during this period. On this basis the interim financial statements have been prepared on the going concern basis.

## 2. Earnings/(loss) per share

|  | <b>Six months<br/>ended<br/>30 September<br/>2012<br/>£000</b> | <b>Six months<br/>ended<br/>30 September<br/>2011<br/>Restated<br/>£000</b> | <b>Year<br/>ended<br/>31 March<br/>2012<br/>Restated<br/>£000</b> |
|--|--|---|---|
| Profit/(loss) for the financial period attributable to owners of the parent company              | 104  | (320)   | (181)   |
| Weighted average number of ordinary shares for the purposes of basic earnings/(loss) per share   | 16,851,180   | 16,851,180  | 16,851,180  |
| Effect of potential dilutive ordinary shares:<br>share options                                   | 938,000  | 938,000   | 938,000   |
| Weighted average number of ordinary shares for the purposes of diluted earnings/(loss) per share | 17,789,180   | 17,789,180  | 17,789,180  |
| Basic earnings/(loss) per share  | 0.01p  | (1.90p)   | (1.07p)   |
| Diluted earnings/(loss) per share  | 0.01p  | (1.90p)   | (1.07p)   |

### 3. Dividend

No interim dividend has been declared.

### 4 Cash flows from operating activities

|   | Six months<br>Ended<br>30 September<br>2012<br>£000 | Six months<br>Ended<br>30 September<br>2011<br>Restated<br>£000 | Year<br>ended<br>31 March<br>2012<br>Restated<br>£000 |
|---|---|---|---|
| Profit/(loss) before tax                                    | 36  | (320)   | 31  |
| Depreciation  | 26  | 34  | 51  |
| Loss on sale of property, plant and equipment               | -   | (3)   | (20)  |
| Gain on revaluation of investment properties                | -   | -   | (1,355)   |
| Impairment of available-for-sale investments                | 6   | -   | 60  |
| Finance costs   | 74  | 214   | 389   |
| Share of results of associate                               | (19)  | -   | (36)  |
| Finance income  | (1)   | -   | (10)  |
| Share-based payments charge                                 | 36  | -   | 73  |
|   | 158   | (75)  | (817)   |
| <b>Changes in working capital</b>                           |   |   |   |
| Decrease in trading properties                              | 1,232   | 8,733   | 8,985   |
| Decrease/(increase) decrease in trade and other receivables | (29)  | 20  | (366)   |
| Decrease/(increase)in trade and other payables              | (92)  | 317   | 179   |
|   | 1,269   | 8,995   | 7,981   |

## 5. Investment properties

|                        | Six months<br>ended<br>30 September<br>2012<br>£000 | Six months<br>Ended<br>30 September<br>2011<br>Restated<br>£000 | Year<br>ended<br>31 March<br>2012<br>Restated<br>£000 |
|------------------------|---|---|---|
| <b>Fair value</b>      |   |   |   |
| At start of the period | 4,793   | 3,438   | 3,438   |
| Increase in fair value | -   | -   | 1,355   |
| At end of the period   | 4,793   | 3,438   | 4,793   |

The fair value of the investment properties at 31 March 2012 and 30 September 2012 comprises freehold properties of £4,215,000 (30 September 2011: £2,890,000) and long leasehold properties of £578,000 (30 September 2011 and 30 September 2012: £548,000).

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 2012, 31 March 2011 or 2012.

## 6. Trading properties

|                       | Six months<br>ended<br>30 September<br>2012<br>£000 | Six months<br>Ended<br>30 September<br>2011<br>Restated<br>£000 | Year<br>ended<br>31 March<br>2012<br>Restated<br>£000 |
|-----------------------|---|---|---|
| Properties for resale | 8,995   | 10,523  | 10,227  |

The group has pledged properties for resale as security against bank borrowings with a carrying value of £8,995,000 (30 September 2011 £10,523,000 and 31 March 2012 £10,227,000).

## 7. Bank loans and overdrafts

|                          | Six months<br>ended<br>30 September<br>2012<br>£000 | Six months<br>Ended<br>30 September<br>2011<br>Restated<br>£000 | Year<br>ended<br>31 March<br>2012<br>Restated<br>£000 |
|--------------------------|---|---|---|
| Bank loans and overdraft | 6,171   | 7,877   | 7,190   |

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. Restatement of financial statements to include the discovery of misappropriated funds

| <b>Income statement 31 March 2012</b>   | <b>Original<br/>31 March<br/>2012<br/>£000</b> | <b>Effect of<br/>Restatement<br/>31 March<br/>2012<br/>£000</b> | <b>Revised<br/>31 March<br/>2012<br/>£000</b> |
|---|--|---|---|
| <b>Revenue</b>  | 14,335   | -   | 14,335  |
| Cost of sales   | (12,916)                                       | 75  | (12,841)                                      |
| <b>Gross profit</b>   | 1,419  | 75  | 1,494   |
| Sales and distribution costs  | (304)  | -   | (304)   |
| Administrative expenses   | (2,168)  | 483   | (1,685)                                       |
| Other operating income  | 794  | -   | 794   |
| Profit on disposal of property, plant and equipment   | 20   | -   | 20  |
| Gain on revaluation of investment properties  | 1,355  | -   | 1,355   |
| <b>Operating profit</b>   | 1,116  | 558   | 1,674   |
| Share of loss of joint venture  | (8)  | -   | (8)   |
| Share of results of associate   | 36   | -   | 36  |
| Impairment of available for sale investments  | (60)   | -   | (60)  |
| Exceptional loss arising from misappropriation of funds   | -  | (1,232)   | (1,232)                                       |
| Finance income  | 10   | -   | 10  |
| Finance costs   | (389)  | -   | (389)   |
| <b>Profit before tax</b>  | 705  | (674)   | 31  |
| Tax   | (212)  | -   | (212)   |
| <b>Restated profit/(loss) for the financial year<br/>attributable to owners of the parent company</b> | 493  | (674)   | (181)   |

**8. Restatement of financial statements to include the discovery of misappropriated funds (continued)**

| <b>Income statement 30 September 2011</b>  | <b>Original<br/>30 September<br/>2011<br/>£000</b> | <b>Effect of<br/>Restatement<br/>30 September<br/>2011<br/>£000</b> | <b>Revised<br/>30 September<br/>2011<br/>£000</b> |
|--|--|---|---|
| <b>Revenue</b>   | 12,166   | -   | 12,166  |
| Cost of sales  | (10,778)   | 75  | (10,703)  |
| <b>Gross profit</b>  | 1,388  | 75  | 1,463   |
| Sales and distribution costs   | (227)  | -   | (227)   |
| Administrative expenses  | (1,158)  | 374   | (785)   |
| Other operating income   | 295  | -   | 295   |
| Profit on disposal of property, plant and equipment                                      | 3  | -   | 3   |
| <b>Operating profit</b>  | 301  | 449   | 749   |
| Exceptional loss   | -  | (856)   | (855)   |
| Finance income   | 7  | -   | 7   |
| Finance costs  | (221)  | -   | (221)   |
| <b>Profit before tax</b>   | 87   | (407)   | (320)   |
| <b>Tax</b>   | -  | -   | -   |
| <b>Profit/(loss) for the financial year attributable to owners of the parent company</b> | 87   | (407)   | (320)   |

## 8. Restatement of financial statements to include the discovery of misappropriated funds (continued)

### Statement of financial position

|                                  | Original<br>31 March<br>2012<br>£000 | Effect of<br>Restatement<br>31 March<br>2012<br>£000 | Revised<br>31 March<br>2012<br>£000 |
|----------------------------------|--------------------------------------|--|-------------------------------------|
| <b>Non-current assets</b>        |                                      |  |                                     |
| Property plant & equipment       | 252                                  | -  | 252                                 |
| Investment properties            | 4,793                                | -  | 4,793                               |
| Investments in associates        | 153                                  | (7)  | 146                                 |
| Available-for-sale investments   | 52                                   | -  | 52                                  |
|                                  | <u>5,250</u>                         | <u>(7)</u>   | <u>5,243</u>                        |
| <b>Current assets</b>            |                                      |  |                                     |
| Trading properties               | 10,249                               | (22)   | 10,227                              |
| Trade and other receivables      | 1,616                                | (470)  | 1,146                               |
| Cash and cash equivalents        | 457                                  | -  | 457                                 |
|                                  | <u>12,322</u>                        | <u>(492)</u>   | <u>11,830</u>                       |
| <b>Total assets</b>              | <u>17,572</u>                        | <u>(499)</u>   | <u>17,073</u>                       |
| <b>Current liabilities</b>       |                                      |  |                                     |
| Bank loans and overdrafts        | (7,190)                              | -  | (7,190)                             |
| Trade and other payables         | (432)                                | (175)  | (607)                               |
| Derivative financial instruments | (21)                                 | -  | (21)                                |
|                                  | <u>(7,643)</u>                       | <u>(175)</u>   | <u>(7,818)</u>                      |
| <b>Non-current liabilities</b>   |                                      |  |                                     |
| Deferred income tax liabilities  | (888)                                | -  | (888)                               |
|                                  | <u>(888)</u>                         | <u>-</u>   | <u>(888)</u>                        |
| <b>Total liabilities</b>         | <u>(8,531)</u>                       | <u>(175)</u>   | <u>(8,706)</u>                      |
| <b>Net assets</b>                | <u>9,041</u>                         | <u>(674)</u>   | <u>8,367</u>                        |

8. Restatement of financial statements to include the discovery of misappropriated funds (continued)

Statement of financial position

|                                  | Original<br>30 September<br>2011<br>£000 | Effect of<br>Restatement<br>30 September<br>2011<br>£000 | Revised<br>30 September<br>2011<br>£000 |
|----------------------------------|--|--|---|
| <b>Non-current assets</b>        |  |  |   |
| Property plant & equipment       | 184                                      | -  | 184                                     |
| Investment properties            | 3,438                                    | -  | 3,438                                   |
| Investments in associates        | 117                                      | (7)  | 110                                     |
| Available-for-sale investments   | 129                                      | -  | 129                                     |
|                                  | <u>3,868</u>                             | <u>(7)</u>   | <u>3,861</u>                            |
| <b>Current assets</b>            |  |  |   |
| Trading properties               | 10,523                                   | -  | 10,523                                  |
| Trade and other receivables      | 1,289                                    | (225)  | 1,064                                   |
| Cash and cash equivalents        | 2,429                                    | -  | 2,429                                   |
|                                  | <u>14,241</u>                            | <u>(225)</u>   | <u>14,016</u>                           |
| <b>Total assets</b>              | <u>18,109</u>                            | <u>(232)</u>   | <u>17,877</u>                           |
| <b>Current liabilities</b>       |  |  |   |
| Bank loans and overdrafts        | (7,877)                                  | -  | (7,877)                                 |
| Trade and other payables         | (918)                                    | (175)  | (1,093)                                 |
|                                  | <u>(8,795)</u>                           | <u>(175)</u>   | <u>(8,970)</u>                          |
| <b>Non-current liabilities</b>   |  |  |   |
| Derivative financial instruments | (66)                                     | -  | (66)                                    |
| Deferred income tax liabilities  | (679)                                    | -  | (679)                                   |
|                                  | <u>(745)</u>                             | <u>-</u>   | <u>(745)</u>                            |
| <b>Total liabilities</b>         | <u>(9,540)</u>                           | <u>(175)</u>   | <u>(9,715)</u>                          |
| <b>Net assets</b>                | <u>8,569</u>                             | <u>(407)</u>   | <u>8,162</u>                            |

9. Copies of this announcement are available on the Company's website [www.safeland.co.uk](http://www.safeland.co.uk).

## **Independent review report to Safeland PLC**

### **Introduction**

We have been engaged by the company to review the financial information in the half-yearly financial report for the six months ended 30 September 2012 which comprises the condensed consolidated income statement, the consolidated statement of comprehensive income, statement on financial position, statement on cash flows, statement on changes in equity and related notes. We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with guidance contained in ISRE (UK and Ireland) 2410, 'Review of Interim Financial Information performed by the Independent Auditor of the Entity'. Our review work has been undertaken so that we might state to the company those matters we are required to state to them in a review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusion we have formed.

### **Directors' responsibilities**

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The AIM rules of the London Stock Exchange require that the accounting policies and presentation applied to the financial information in the half-yearly financial report are consistent with those which will be adopted in the annual accounts having regard to the accounting standards applicable for such accounts.

As disclosed in Note 1, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The financial information in the half-yearly financial report has been prepared in accordance with the basis of preparation in Note 1.

### **Our responsibility**

Our responsibility is to express to the Company a conclusion on the financial information in the half-yearly financial report based on our review.

### **Scope of review**

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the financial information in the half-yearly financial report for the six months ended 30 September 2012 is not prepared, in all material respects, in accordance with the basis of accounting described in Note 1.

Grant Thornton UK LLP  
AUDITOR  
London  
13 December 2012



