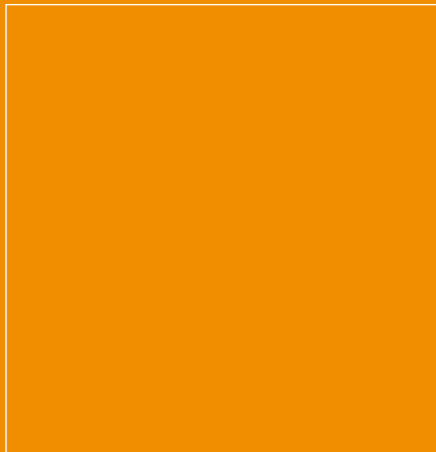
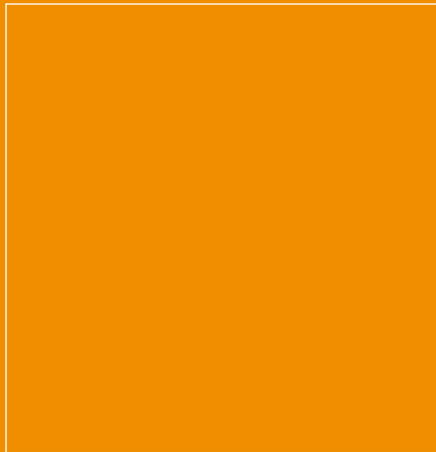
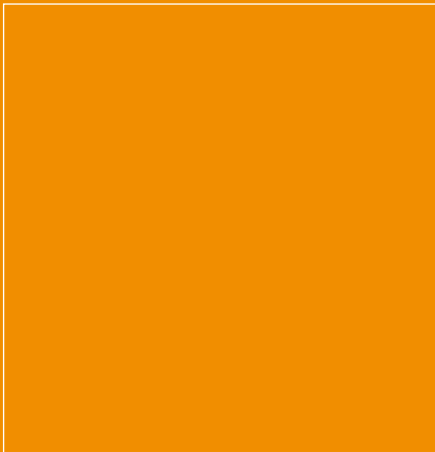
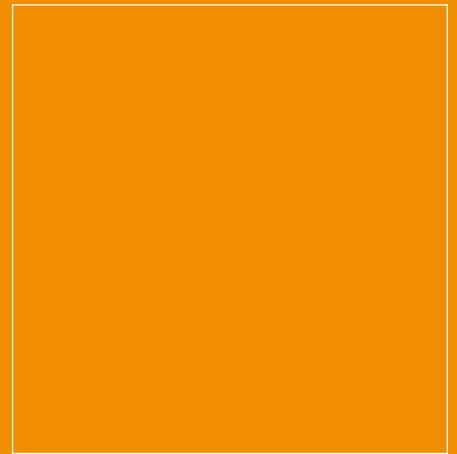
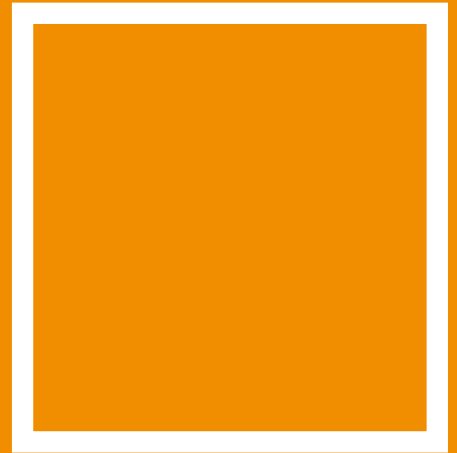
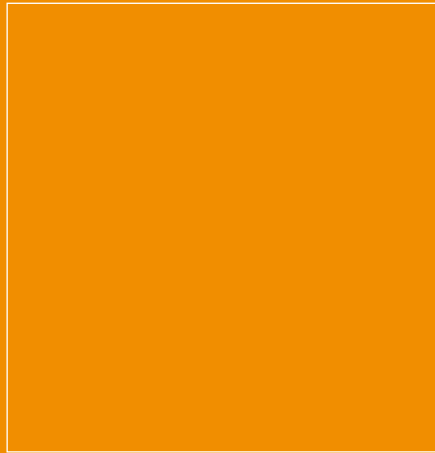


LOK'nSTORE

Business & Household Self Storage

Lok'nStore Group Plc
Interim Report for the six months
to 31 January 2008





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Highlights

Turnover up 13%

£5.52^M
on a like-for-like basis

Over

1.22^M sq ft
total estate

EBITDA up 20.3%

£2.34^M
on a like-for-like basis

New sites acquired

3

'Lok'nStore has made good progress, both in the operating business and towards our strategic objectives. Store EBITDA was up 20.3% on a like-for-like basis, and we acquired a record three new sites in the six month period. Lok'nStore has a high quality portfolio of self-storage assets. The resilient business model is underpinned by a solid and growing asset base and we will continue to take full advantage of the opportunities within this exciting growth market.'

Lok'nStore Group Plc, a leading company in the fast-growing UK self-storage market announces interim results for the six months ended 31 January 2008. These are the first interim results presented under International Financial Reporting Standards ('IFRS') and the first after the successful sale of the Kingston and Woking Stores at the end of the last financial year. Where reference is made below to 'like-for-like' comparisons this excludes the Kingston & Woking stores from the 2007 figure for comparative purposes.

Financial Highlights

- Turnover £ 5.52 million – (£5.30 million: six months to 31 January 2007) up 13% on a like-for-like basis
- Group EBITDA £1.42 million – (£1.44 million: six months to 31 January 2007) up 18.2% on a like-for-like basis
- Operating profit £748,647 – (£769,549: six months to 31 January 2007) up 35.5% on a like-for-like basis
- Adjusted NAV* £2.70 unchanged over period** (31 July 2007: £2.70, 31 January 2007: £2.02)
- First interim dividend proposed – 0.33 pence per share

Operational Highlights

- Store EBITDA £2.34 million (£2.18 million: six months to 31 January 2007) up 20.3% on a like-for-like basis
- Store EBITDA margin increased to 42.6% (six months to 31 January 2007: 41.3% and like-for-like 39.6%)
- Unit prices achieved for self storage up 6.3% year-on-year

Property Highlights

- Total estate 1.22 million sq ft – up 17.7% over the six month period – 64% freehold/long leasehold
- Three new sites acquired
 - North Harbour, Portsmouth
 - Maidenhead, Berkshire
 - Northampton
- High density residential planning permission achieved on Reading site

Main changes as a result of IFRS

- Freehold property values have been recognised in the balance sheet at their full valuation levels increasing assets by £42.8 million to £86 million (historic cost £43.3 million)
- A deferred tax provision of £14.7 million is shown which results from this revaluation surplus
- Comparative figures have been similarly restated

* Refer to page 4 for detailed calculation.

** January 2008 valuation is a Directors' valuation based on 31 July 2007 external valuations.

Chairman's Statement

Overview

I am delighted to report on another successful period for the Group, during which we strengthened the operating performance of the business and acquired a record three new sites.

Lok'nStore has not experienced the turbulence seen in much of the property and financial markets throughout this reporting period. The business model remains a robust one with good operating margins, strong cash flow, and relatively low gearing backed by substantial property assets. Current trading continues to be resilient reflecting the strong fundamentals and defensive qualities of the self-storage business model. Reassuringly we have not seen any increase in late letters, bad debts or lien sales over the period.

We are delighted to have obtained the planning permission for our valuable Reading site which enables the execution of our strategy at Reading.

This interim report is prepared under IFRS and includes the Group's IFRS accounting policies together with further details on key performance measures in the notes to the accounts.

Sales and Earnings Growth

Total turnover for the period was £5.52 million (£5.30 million: six months to 31 January 2007) a like-for-like increase of 13% (refer to footnote below). The Group made an operating profit for the period of £748,647 compared with £769,549 for the corresponding 2007 period, a like-for-like increase of 35.5%. The Group made a pre-tax profit for the period of £216,020 (£317,253: six months to 31 January 2007).

The cash flow of the operating business has continued to grow with store earnings before interest, tax, depreciation and amortisation (Store EBITDA) up 7.3% at £2.34 million (£2.18 million: six months to 31 January 2007). This is a key performance indicator reflecting the effects of both the efficient operational management and the increasingly established nature of the existing portfolio. On a like-for-like basis Store EBITDA increased by 20.3%.

Our established stores have continued to grow alongside the more rapid sales increases at our newer stores. On a like-for-like basis, our 15 stores trading for more than 250 weeks grew revenue by 7.4%. We believe there is room for further increases in these older stores with new space still to be fitted out in addition to improving income from existing space.

Performance of Stores

Store analysis	January 2008				
	Over 250	100 to 250	Under 100	Pipeline	Total
Six months ended 31 January 2008					
Sales (£'000)	4,327	1,167	–	–	5,494*
Stores EBITDA (£'000)	1,834	506	–	–	2,340
EBITDA margin (%)	42.4	45.3	–	–	42.6
As at 31 January 2008					
Maximum Net Area ('000 sq ft)	765	209	–	248	1,222
Freehold	8	2	0	3	13
Leasehold	7	2	0	1	10
Total stores	15	4	0	4	23

* In respect of the Farnborough store (100 to 250 weeks) total store revenue includes a contribution receivable from Group Head Office in respect of the space and facilities the store provides for the Head Office function. This income to the Store and the corresponding charge to Head Office are netted down in the Group turnover figures.

Footnote: Disposal of Kingston and Woking stores in last financial year

At the end of the last financial year we sold our stores in Kingston and Woking. These two stores were mature cash producing stores with substantial turnovers but with little scope for further growth or expansion. The sale proceeds of around £12.5 million are being invested in our new store pipeline and these new and typically larger stores will increase the profitability of the Group when they start trading in future years.

Accordingly, in this narrative we have shown the comparative figures also excluding Kingston and Woking from the previous period in order to show shareholders the growth of the underlying operating performance of the remaining assets over the period. Where a reference is made to 'like-for-like' comparisons in this document this excludes the Kingston and Woking stores from the 2007 figures for comparative purposes. You will see that we have, at a headline level, largely or wholly replaced the turnover and profit foregone from these disposals over this period, a performance with which we are delighted. We were able to relocate many of the vacating Kingston customers to our Sunbury store.

Sales and Earnings Growth continued

Our developing stores (ones with 100 to 250 weeks' trading) grew revenue by 39.1% and we are delighted both by the continued growth of the more established stores as well as the success of the developing stores. With over a quarter of a million sq ft now in the pipeline we look forward to substantial future growth.

Overall EBITDA margins across all stores improved from 41.3% to 42.6% as the portfolio became more established. Like-for-like EBITDA margins for six months ended 31 January 2007 were actually 39.6% and so the improvement in the underlying margin of the business is more marked.

Lok'nStore is taking an active approach to yield management with average prices achieved for self-storage units increasing 6.3% year-on-year, comfortably beating our target of 4% that we achieved last year. Average prices for all rented space increased 6.7% over the year reflecting both the increase in self-storage prices as well as the conversion from lower value uses into self-storage space. The success of our yield management system underlies our confidence that we will be able to increase prices by more than inflation over the medium term.

Lok'nStore's average price for self-storage of £17.75 per sq ft per annum at 31 January 2008 compared with the average of £20.63 for the UK industry (source: Self-Storage Association Survey 2007). We believe that there is room to continue to increase our prices while retaining our strong pricing position in the market. Packing materials, insurance and other sales increased 4.6% over the year on a like-for-like basis accounting for 7.4% of turnover (31 January 2006: 7.8%).

During the period we opened 46,000 sq ft of new space at the existing Northampton and Fareham stores. We have successfully moved our Portsmouth Central store into an extremely prominent purpose-built location. The new store is 74% larger than the old and is already trading cash-generatively.

Growing Property Assets and Net Asset Value

Following the Company's comprehensive external valuation at 31 July 2007, the freehold and leasehold properties have not been externally valued during this interim six month period.

Despite the turbulence in the overall property market, demand for self-storage assets in the UK remains buoyant with the industry being seen as resilient to an economic downturn. Importantly Shurgard who are the largest self-storage company in Europe with around 180 stores have recently announced a placing of 51% of the Company's shares with a US pension fund. This was achieved at a price 'consistent' with the price of the IPO that was abandoned last spring due to market conditions.

Having consulted with valuers, and based on market evidence both at the individual property level and at the corporate level, the Directors consider that the market for self storage assets has remained resilient to the downturn in property values generally. The Board consider that at present there is no material difference in the value of our self-storage portfolio compared to the last external valuation.

The Board will continue to commission independent valuations on its trading stores annually to coincide with its year-end reporting.

Lok'nStore's freehold and operating leasehold properties were independently valued by Cushman & Wakefield ('C&W') at £75.7 million as at 31 July 2007 (July 2006: £66.6 million) compared to a net book value of £27.9 million (2006: NBV £25.2 million). As at 31 January 2008, following the grant of residential planning permission at Reading, £525,000 was added to the value of the 2007 C&W valuation. Adding our stores under development at cost, our total property valuation of £90.4 million (NBV £43.2 million) translates into a net asset value of 270 pence per share, (31 July 2007: 270 pence); (31 January 2007: 202 pence). This translates into a net asset value of 213 pence per share after making full provision for deferred tax arising on the revaluations. (31 July 2007: 213 pence) (31 January 2007: 157 pence).

The deferred tax liability arises on the revaluation of the properties and on the 'rolled over' gain arising from the disposal of the Kingston and Woking sites. In due course the site of the existing Reading store is likely to be sold with the benefit of its permission for residential development and the proceeds will be reinvested in our new store pipeline. It is not the intention of

the Directors to make any significant disposals of operational self-storage centres in the foreseeable future. At present, it is not envisaged that any tax will become payable in the foreseeable future due to the trading losses brought forward and the availability of rollover relief.

Our operating leases remain as operating leases under IFRS (refer to the section below on the full effect of International Reporting Standards ('IFRS')).

Both historically and currently we have valued our freehold and our leasehold property assets. We have reported this as information but have not previously included their values into the balance sheet although we base our Net Asset Value calculation ('NAV') upon it. Under IFRS, the valuation of our freehold property assets, are now formally included in the Balance Sheet at their fair value, but the IFRS rules do not permit the inclusion of any valuation in respect of our leasehold properties to the extent that they are classified as operating leases. The value of our operating leases in the valuation totals £9.44 million. Instead, we have reported by way of a note the underlying value of these leaseholds in the revaluations and adjusted our Net Asset Value ('NAV') calculation accordingly to include their value. This will ensure comparable NAV calculations.

Planning Permission Granted at Reading

I am delighted to report that on 8 January 2008, Lok'nStore obtained planning permission for high density residential development on the freehold site of its existing Reading store. The local planning committee originally rejected the application but the appeal has now been upheld and permission has been granted. The permission for 112 flats on the 0.66 hectare site will result in a significant uplift in value. This has been reflected in the valuations above.

The Company already has planning permission for a new larger 53,500 sq ft store on its site opposite the existing store, an increase in space of 29%. The prominence and modern look of the new store with its distinctive orange livery will position Lok'nStore in a highly visible and easily accessible location adjacent to the A33 at the gateway to Reading. The existing self-storage business will be moved into the new store once it is complete.

	Six months ended 31 January 2008 actual £	Six months ended 31 January 2007 headline £	Headline increase/(decrease) January 2008 vs January 2007 %	Six months ended 31 January 2007 excluding Kingston and Woking £	Like-for-like increase/(decrease) January 2008 vs January 2007 %
Turnover	5,523,329	5,298,485	4.2	4,888,629	13.0
Store EBITDA	2,340,279	2,180,568	7.3	1,946,165	20.3
EBITDA	1,421,592	1,437,570	(1.1)	1,203,168	18.2
Operating profit	748,648	769,549	(2.7)	552,585	35.5

Chairman's Statement continued

In due course the site of the existing store site is likely to be sold with the benefit of its permission for residential development and the proceeds will be reinvested in our new store pipeline. The two properties in Reading were held at a cost of £2.2 million. This project is part of our core strategy of continually reviewing and actively managing our operating portfolio, to ensure we are maximising its value. This includes strengthening our distinctive brand, increasing the size of our stores and moving or selling stores or sites when it will increase shareholder value.

New Stores

In October 2007, Lok'nStore purchased a freehold site in North Harbour, Portsmouth. The freehold site extends to almost two acres and will be used to build a new self-storage centre of around

60,000 sq ft. The store will front the A27 to the north of Portsmouth, is opposite a busy retail area and is prominent to the M27. Total investment in the store is likely to be around £6 million.

Additionally, we have acquired a new long leasehold site of 1.6 acres in Maidenhead, which may ultimately provide up to 83,000 sq ft of self-storage space when completed subject to planning permission. It is prominently located opposite a busy retail park. Total investment in the store will be up to £7 million with opening scheduled for summer 2009. The lease term runs until April 2076.

We have also acquired a 20 year leasehold site in Northampton which is prominently located close to the city centre, and will provide up to

Analysis of Total Property Value

Analysis of total property value	31 January 2008 Valuation £	31 January 2007 Valuation £	31 July 2007 Valuation £
Stores valued by C&W – Freehold	66,800,000*	60,550,000*	66,275,000
Stores valued by C&W – Leasehold	9,440,000*	6,040,000*	9,440,000
Sub total	76,240,000	66,590,000	75,715,000
Stores in development at cost	14,410,987	2,477,431	4,609,013
Total	90,380,987	69,067,431	80,324,013

* Directors' valuation at 31 January 2008 and 31 January 2007

Adjusted Net Asset Value Per Share (adjusted NAV)

Analysis of net asset value (NAV)	31 January 2008 £	31 January 2007 £	31 July 2007 £
Total non-current assets	86,334,730	67,539,744	76,064,162
Adjustment to include leasehold stores at valuation			
Add: C&W leasehold valuation	9,440,000	6,040,000	9,440,000
Deduct: leasehold properties and their fixtures and fittings at NBV	(4,651,569)	(4,171,354)	(4,806,254)
	91,123,161	69,408,390	80,697,908
Add: current assets	6,905,149	3,205,845	11,188,428
Less: current liabilities	(3,373,106)	(3,274,557)	(6,000,253)
Less: non-current liabilities (excluding deferred tax provision)	(24,294,378)	(16,724,392)	(15,492,606)
Adjusted net assets before deferred tax provision	70,360,826	52,615,286	70,393,477
Deferred tax on revaluation surpluses	(14,729,164)	(11,614,619)	(14,851,644)
Adjusted Net Assets	55,631,662	41,000,667	56,541,833

Shares in issue

	Number	Number	Number
Opening shares	26,731,365	25,091,144	25,091,144
Shares issued for the exercise of options	27,500	1,626,600	1,640,221
Closing shares in issue	26,758,865	26,717,744	26,731,365
Shares held in treasury	(52,000)	–	–
Shares held in EBT	(627,500)	(627,500)	(627,500)
Closing shares for NAV purposes	26,079,365	26,090,244	26,103,865
Adjusted net asset value per share after deferred tax provision	213 pence	157 pence	213 pence
Adjusted net asset value per share before deferred tax provision	270 pence	202 pence	270 pence

Net assets per share are net assets adjusted for the valuation of the freehold and operating leasehold stores divided by the number of shares at the year-end. The shares currently held in the Group's employee benefits trust (own shares held) and in treasury are excluded from the number of shares.

36,000 sq ft of self-storage space. The existing building will be fitted and branded on a short time scale and will open during summer 2008. Total investment will be around £900,000.

These acquisitions will take the Company's total number of stores to 23. A development pipeline of 264,000 sq ft takes total space to over 1.22 million sq ft of which 64% is held freehold/long leasehold. I am pleased to report that of these 23 stores eight will be purpose-built with a further three occupied as brand new buildings showing the continuous upgrading of Lok'nStore's estate.

We will open our new purpose-built store in Harlow in summer 2008 which provides 69,000 sq ft.

Since the period-end we have completed the move from our old leased Portsmouth store to a new purpose-built freehold store located immediately adjacent to the motorway spur into the middle of Portsmouth city. I am glad to note that we successfully moved 96% of the customers to the new store which is therefore trading cash generatively immediately. In this period we have recognised an exceptional cost of £29,945 relating to this move and the full cost of the move will be taken to the Income Statement at the year end.

Subject to market conditions, it is our current aim to acquire between two and four stores per annum. A part of our strategy is to increase store size and number in order to increase profit margins. Our current average store size is now around 53,000 sq ft up from just over 50,000 sq ft at 31 January 2007. The exact timing of store openings will largely depend on market availability of sites, and we will retain our disciplined but flexible approach to site acquisition. We view the current slowing of the property investment market as a potential opportunity to increase the rate of growth of new stores.

Financing and Treasury

The operating cash outflow in the cash flow statement was distorted by £1.7 million of VAT provided in creditors at 31 July 2007 arising on disposal of the Kingston store. This was paid during the period.

The Group is cash generative as demonstrated by its EBITDA earnings. The Group also draws from its five year revolving credit facility with Royal Bank of Scotland Plc to finance new site acquisitions, construction and store fit outs. This provides sufficient additional liquidity for the Group's immediate expansion plans. Interest payable on the loan is on terms, paying between 1.25% and 1.35% over LIBOR. Non-utilisation charges are 0.25% on the value of the undrawn facility. Undrawn committed facilities at the period-end amounted to £20.31 million net of funds held on treasury deposit. The facility is secured on the existing property portfolio.

Turbulence in the capital and debt markets caused LIBOR rates to fluctuate materially with

some sharp upward spikes. This resulted in the business incurring higher interest charges on the revolving loans rolled over during the period. Towards the end of the period LIBOR rates had settled to a level which delivered an 'all-in rate' to the Group at 31 January 2008 of 6.82% against a 'all-in' high of 7.9% and an 'all-in' average since July 2007 of 7.38%.

During the period the Group complied with all debt covenants.

Capital expenditure during the period totalled £11.26 million, which includes the acquisition of the freehold site at North Harbour, Portsmouth and the acquisition at Maidenhead. Ongoing store construction at Portsmouth Central (£1 million) and Harlow (£1.36 million) added £2.36 million. The additions to fixtures and fittings of £1.57 million include fitouts at the Portsmouth Central, Northampton, and Fareham stores. This is reflected in the increase in property, plant and equipment to £86 million (£43.25 million NBV). (31 January 2007: £67.2 million: NBV £28.5 million). In December 2007, the Group received £4.14 million representing the balance due, plus accrued interest, following the sale of the Kingston store in June 2007 for £10 million.

At 31 January 2008, the Group had cash balances of £4.78 million (31 January 2007: £1.35 million) and £24.5 million of borrowings representing gearing of 86% on net debt of £19.69 million (31 July 2007: 128%). Gearing is 39% when calculated taking account of the combined effect of the uplift in market values of properties arising from the July 2007 valuations together with investment in new properties since that date (31 January 2007: 39%). After adjusting for the uplift in value of leaseholds which are stated at NBV in the balance sheet, gearing is 36%. (31 January 2007: 38%).

Dividend

In respect of the current year, the directors propose that an interim dividend of 0.33 pence per share will be paid to the shareholders on 10 June 2008 to shareholders on the register on 9 May 2008. The total estimated dividend to be paid is £86,110 based on the number of shares currently in issue as adjusted for net shares held in the Employee Benefit Trust (ESOP) and held on treasury.

International Financial Reporting Standards ('IFRS')

The first full financial statements that the Group will report under IFRS will be for the year ended 31 July 2008. Therefore Lok'nStore Group Plc has adopted IFRS with effect from 1 August 2007. Consequently this interim report is prepared under IFRS and includes the Group's IFRS accounting policies together with further details on key performance measures in the notes to the accounts.

As IFRS comparative figures must be prepared for the year ended 31 July 2007, the date of transition to IFRS was 1 August 2006. Our interim results for the period to 31 January 2008 are presented under IFRS and include reconciliations and explanations of differences

between IFRS and UK GAAP in respect of key reported numbers. This move to IFRS has not changed the underlying performance and cash flow of the business but has a significant impact on the way in which the results are presented.

The main changes for Lok'nStore are explained in note 16 together with a presentation of the reconciliations and explanations of the main adjustments between previously reported interim and full year UK GAAP figures and restated figures under IFRS. Reconciliations of equity at 31 July 2007 and profit for the year ended 31 July 2007 reported under UK GAAP and IFRS are also shown.

Briefly the two main changes are the inclusion of freehold property at current values on the balance sheet, and the inclusion in the accounts of a deferred tax charge relating to these property value increases and disposals. The effect of these movements is shown in a newly presented 'Consolidated Statement of Changes in Equity Statement'. The profit on disposal of the Kingston and Woking stores shown in the year-end financial statements under UK GAAP has been restated by reference to their values under IFRS.

People

At 31 January 2008, we had 108 employees. They are committed and motivated and help maintain the exemplary levels of friendly service that Lok'nStore provides to its customers. I would like to thank all of our staff for their commitment to our business and for their hard work.

Outlook

Lok'nStore has not experienced the turbulence seen in much of the property and financial markets throughout this reporting period. The business model remains a robust one with good operating margins, strong cash flow and relatively low gearing back by substantial property assets. Current trading continues to be resilient reflecting the strong fundamentals and defensive qualities of the self-storage business model. Reassuringly we have not seen any increase in late letters, bad debts or lien sales over the period. With unit prices achieved up by 6.3% year to year and enquiries picking up noticeably in recent weeks Lok'nStore's well trained staff and loyal customers are creating a stable platform for the remainder of the year.

The three sites acquired so far this financial year add around 179,000 sq ft to our pipeline demonstrating our commitment to the continued growth of the business. With over a quarter of a million sq ft now in the pipeline we look forward to substantial future growth. Having obtained the planning permissions for our valuable Reading sites we are looking forward to building and opening this exciting new store in due course.

Our new Harlow and Northampton Central stores open this summer and we look forward to the rest of the year with enthusiasm.

Simon Thomas

Chairman
25 April 2008

Consolidated Income Statement

For the six months ended 31 January 2008

	Notes	Six Months 31 January 2008 Unaudited	Six Months 31 January 2007 Unaudited	Year Ended 31 July 2007 Unaudited
Revenue – continuing operations	3	5,523,329	5,298,485	10,665,532
Cost of sales		(162,770)	(169,597)	(328,216)
Gross profit		5,360,559	5,128,888	10,337,316
Administrative expenses		(3,782,104)	(3,557,475)	(7,433,920)
Share-based payments		(156,863)	(133,843)	(275,572)
EBITDA		1,421,592	1,437,570	2,627,824
Depreciation based on historic cost		(555,812)	(526,086)	(1,057,228)
Additional depreciation based on revalued assets		(117,133)	(129,808)	(235,307)
Impairment of goodwill		–	(12,127)	(24,254)
		(672,945)	(668,021)	(1,316,789)
Operating profit		748,647	769,549	1,311,035
Costs of relocation of Portsmouth store		(29,945)	–	–
Profit on sale of properties		–	–	605,263
		(29,945)	–	605,263
Profit before interest		718,702	769,549	1,916,298
Interest receivable		230,813	29,976	147,461
Interest payable		(733,495)	(482,272)	(1,113,201)
Profit on ordinary activities before taxation		216,020	317,253	950,558
Taxation	4	32,797	75,855	(55,243)
Profit on ordinary activities attributable to equity shareholders		248,817	393,108	895,315
Earnings per share				
Basic	6	0.95p	1.6p	3.5p
Fully diluted		0.93p	1.5p	3.4p

Consolidated Statement of Changes in Equity

For the six months ended 31 January 2008

	Share capital £	Share premium £	Other reserves £ (See note 13)	ESOP £	Treasury shares £	Revaluation surplus £	Retained earnings £	Total £
1 August 2006 (Unaudited)	250,911	66,776	12,444,403	(509,586)	-	39,482,295	(1,446,493)	50,288,306
Deferred tax taken to equity on restatement under IFRS	-	-	-	-	-	(11,844,688)	-	(11,844,688)
1 August 2006 (Unaudited)	250,911	66,776	12,444,403	(509,586)	-	27,637,607	(1,446,493)	38,443,618
Increase/(decrease) in asset valuation	-	-	-	-	-	(637,092)	-	(637,092)
Deferred tax recognised in equity	-	-	-	-	-	191,128	-	191,128
Income and expense recognised directly in equity	-	-	-	-	-	(445,964)	-	(445,964)
Profit for the period	-	-	-	-	-	-	393,108	393,108
Transfer	-	-	-	-	-	(90,866)	90,866	-
Total recognised income and expense	-	-	-	-	-	(536,830)	483,974	(52,856)
Share based remuneration (options)	-	-	133,843	-	-	-	-	133,843
Exercise of share options	16,266	591,148	-	-	-	-	-	607,414
1 February 2007 (Unaudited)	267,177	657,924	12,578,246	(509,586)	-	27,100,777	(962,519)	39,132,019
Effect of change in tax rate	-	-	-	-	-	579,513	-	579,513
Increase/(decrease) in asset valuation	-	-	-	-	-	14,228,117	-	14,228,117
Deferred tax recognised in equity	-	-	-	-	-	(3,685,442)	-	(3,685,442)
Income and expense recognised directly in equity	-	-	-	-	-	11,122,188	-	11,122,188
Profit for the period	-	-	-	-	-	-	502,207	502,207
Transfer	-	-	-	-	-	(7,116,264)	7,116,264	-
Total recognised income and expense	-	-	-	-	-	4,005,924	7,618,471	11,624,395
Share based remuneration (options)	-	-	141,729	-	-	-	-	141,729
Exercise of share options	137	9,807	-	-	-	-	-	9,944
1 August 2007 (Unaudited)	267,314	667,731	12,719,975	(509,586)	-	31,106,701	6,655,952	50,908,087
Increase/(decrease) in asset valuation	-	-	-	-	-	(320,297)	-	(320,297)
Deferred tax recognised in equity	-	-	-	-	-	89,683	-	89,683
Income and expense recognised directly in equity	-	-	-	-	-	(230,614)	-	(230,614)
Profit for the period	-	-	-	-	-	-	248,817	248,817
Transfer	-	-	-	-	-	(84,321)	84,321	-
Total recognised income and expense	-	-	-	-	-	(314,935)	333,138	18,203
Share based remuneration (options)	-	-	156,863	-	-	-	-	156,863
Exercise of share options	275	30,313	-	-	-	-	-	30,588
Purchase of shares for Treasury	-	-	-	-	(95,728)	-	-	(95,728)
Dividend Paid (net)	-	-	-	-	-	-	(174,782)	(174,782)
31 January 2008 (Unaudited)	267,589	698,044	12,876,838	(509,586)	(95,728)	30,791,766	6,814,308	50,843,231

Consolidated Balance Sheet

31 January 2008

	Notes	Unaudited 31 January 2008 £	Unaudited 31 January 2007 £ as restated	Unaudited 31 July 2007 £
Non-current assets				
Goodwill and intangible assets		310,559	322,686	310,559
Property, plant and equipment, fixtures and fittings	7	86,024,171	67,217,058	75,753,603
		86,334,730	67,539,744	76,064,162
Current assets				
Inventories		79,797	78,776	74,544
Trade and other receivables	8	2,045,745	1,773,785	5,924,750
Cash and cash equivalents		4,779,607	1,353,284	5,189,134
		6,905,149	3,205,845	11,188,428
Total assets		93,239,879	70,745,589	87,252,590
Current liabilities				
Trade and other payables	9	(3,308,024)	(3,228,402)	(5,935,171)
Provisions		(65,082)	(46,157)	(65,082)
		(3,373,106)	(3,274,559)	(6,000,253)
Non-current liabilities				
Bank borrowings	10	(24,294,378)	(16,724,392)	(15,492,606)
Deferred tax	11	(14,729,164)	(11,614,619)	(14,851,644)
		(39,023,542)	(28,339,011)	(30,344,250)
Total liabilities		(43,396,648)	(31,613,570)	(36,344,503)
Net assets		50,843,231	39,132,019	50,908,087
Equity				
Called up share capital	5	267,589	267,177	267,314
Share premium		698,044	657,924	667,731
Other reserves	13	12,876,838	12,578,246	12,719,975
Retained earnings		6,814,308	(962,519)	6,655,952
Treasury shares	15	(95,728)	–	–
ESOP shares		(509,586)	(509,586)	(509,586)
Revaluation surplus		30,791,766	27,100,177	31,106,701
Total equity attributable to equity holders of the parent		50,843,231	39,132,019	50,908,087

Consolidated Cash Flow Statement

For the six months ended 31 January 2008

	Notes	Unaudited six months 31 January 2008 £	Unaudited six months 31 January 2007 £	Unaudited Year 31 July 2007 £
Net cash from operating activities	14a	(1,215,959)	1,151,015	5,001,126
Investing activities				
Purchase of non-current assets		(11,263,810)	(3,597,709)	(10,262,286)
Sale of non-current assets		4,000,000	–	8,324,768
Interest received		230,813	29,976	147,461
Net cash used in Investing activities		(7,032,997)	(3,567,733)	(1,790,057)
Financing activities				
Issue of new ordinary shares – share options		30,588	607,414	617,357
Increase in borrowings – bank loans		8,801,772	2,650,250	1,425,804
Interest paid		(722,421)	(409,590)	(987,024)
Purchase of shares for treasury		(95,728)	–	–
Equity dividends paid		(174,782)	–	–
Net cash from financing activities		7,839,429	2,848,074	1,056,137
Net (decrease)/increase in cash and cash equivalents in the period		(409,527)	431,356	4,267,206
Cash and cash equivalents at beginning of the period		5,189,134	921,928	921,928
Cash and cash equivalents at end of the period		4,779,607	1,353,284	5,189,134

Reconciliation of Net Cash Flow to Movement in Net Debt

		Unaudited 31 January 2008 £	Unaudited 31 January 2007 £	Unaudited 31 July 2007 £
(Decrease)/Increase in cash in the period		(409,527)	431,356	4,267,206
Change in net debt resulting from cash flows		(8,819,282)	(2,650,250)	(1,525,954)
Movement in net debt in period		(9,228,809)	(2,218,894)	2,741,252
Net debt brought forward		(10,461,064)	(13,202,316)	(13,202,316)
Net debt carried forward	14b	(19,689,873)	(15,421,210)	(10,461,064)

Notes to the Interim Results

1 General Information

Lok'nStore Group Plc is a company incorporated in the United Kingdom under the Companies Act 1985. The address of the registered office is One London Wall, London EC2Y 5AB, UK. Copies of this Interim Statement may be obtained from the Company's head office at 112, Hawley Lane, Farnborough, Hampshire GU14 8JE or the investor section of the Company's website at <http://www.loknstore.co.uk>.

2 Basis of Preparation

The interim results for the half year ended 31 January 2008 have been prepared on the basis of the accounting policies expected to be used in the 2008 Lok'nStore Group Plc Annual Report and Accounts and in accordance with the recognition and measurement principles of International Financial Reporting Standards ('IFRS') as endorsed by the European Union ('EU'). The disclosures required by the IFRS 1 concerning the transition from UK GAAP to IFRS are given in note 16 which includes an analysis of how the balance sheet, income statements and cash flow statements prepared under UK GAAP have changed under IFRS. The interim results, which were approved by the Directors on 25 April 2008 are unaudited but have been reviewed by the auditors in accordance with International Standard on Review Engagements (UK and Ireland) 2410 'Review of the Interim Financial Information performed by the independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. The interim results do not constitute statutory financial statements within the meaning of section 240 of the Companies Act 1985.

Comparative figures for the year ended 31 July 2007 have been extracted from the statutory accounts for the Group for that period, amended to conform to the IFRS accounting policies expected to be used in the 2008 Lok'nStore Group Plc Annual Report and Accounts. Statutory accounts for the year ended 31 July 2007 were prepared under UK GAAP carried an unqualified audit report, did not contain a statement under section 237(2) or (3) of the Companies Act and have been delivered to the Registrar of Companies.

Accounting Policies

Based upon the adoption of IFRS the Directors have made assumptions about the accounting policies expected to be applied, which are set out below but may be subject to some change and or to additional interpretation from the adopted IFRS that will be effective when the first annual financial statements of the Group for the year ended 31 July 2008 will be prepared. Accordingly the accounting policies will only be finally determined at that time.

Basis of Consolidation

The interim consolidated financial statements incorporate those of Lok'nStore Group Plc and all of its subsidiary undertakings for the period. Subsidiaries acquired during the period are consolidated from the date that control passes and will continue to be consolidated until the date that such control ceases. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree's, plus any costs directly attributable to the business combination. The acquiree's identifiable assets and liabilities are recognised at their fair values at the acquisitions date.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised.

Property, Plant and Equipment

Depreciation is provided on all property, plant and equipment other than freehold land at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life as follows:-

Freehold buildings	over 50 years straight line
Leasehold improvements	over unexpired lease period or renewal term
Fixtures fittings and equipment	10% to 15% reducing balance
Computer equipment	over two years straight line
Motor vehicles	25% reducing balance

Freehold trading stores are held in the balance sheet at fair value. Following the Company's comprehensive external valuation at 31 July 2007 the freehold and leasehold properties have not been externally valued during this six month period, although it is the intention to do so at the next year-end at 31 July 2008. Accordingly, at 31 January 2008 and 31 January 2007, the assets are stated at Directors' valuation.

Leasehold stores remain as operating leases under IFRS. Leasehold improvements together with all of their related fit-out costs are carried at cost less accumulated depreciation in the Balance Sheet. The value of stores held under short operating leases in the July 2007 valuation was £9.44 million.

Assets in the course of construction are carried at cost, less any recognised impairment loss. Depreciation of these assets commences when the assets are ready for their intended use.

2 Basis of Preparation *continued*

The assets' residual values, useful lives and methods of depreciation are reviewed and adjusted if the appropriate on an annual basis. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

Purchased Goodwill

Goodwill represents the excess of the purchase cost over the Group's interest in the fair value of the identifiable assets and liabilities acquired. Goodwill is recognised as an asset and reviewed for impairment at least annually.

For the purposes of impairment testing, assets are grouped at the lowest levels for which there are separately identifiable cash flows, known as cash generating units, and goodwill is allocated to these units. If the recoverable amount of the cash generating unit is less than carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. Impairment losses are recognised immediately in the income statement and are not reversed in the subsequent period.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset for which the estimate of future cash flows have not been adjusted.

Impairment of Property, Plant and Equipment

At each balance sheet date, the Group reviews the carrying amounts of its property, plant and equipment and finite life intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent, if any, of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in the income statement. Where an impairment loss subsequently reverses, the carrying amount of the assets or cash-generating unit is increased to the revised estimate of its recoverable amount, not to exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in the income statement.

Leased Assets and Obligations

Where assets are financed by leasing agreements that give rights approximating to ownership ('finance leases'), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor. Lease payments are treated as consisting of capital and interest elements, and the interest is charged to the profit and loss account in proportion to the remaining balance outstanding.

All other leases are 'operating leases' and the annual rentals are charged to the profit and loss account on a straight-line basis over the lease term.

Investments

Shares in subsidiary undertakings are considered long-term investments and are classified as non-current assets. All investments are stated at cost. Provision is made for any impairment in the value of non-current asset investments.

Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is based upon estimated selling prices less any costs of disposal. Provision is made for obsolete and slow moving items.

Financial Instruments

Financial instruments are recognised on the Group's balance sheet when the Group becomes a party to the contractual provision of the instrument.

Trade Receivables

Trade receivables do not carry interest, are initially recognised at fair value and are subsequently stated at amortised cost using the effective interest rate method, as reduced by appropriate allowances for estimated irrecoverable amounts. Estimated irrecoverable amounts are based on the ageing of the receivable balances and historical experience. Individual trade receivables are written off when management deems them not to be collectible.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Trade Payables

Trade payables are initially recognised at fair value and are subsequently stated at amortised cost using the effective interest rate method.

Notes to the Interim Results **continued**

2 Basis of Preparation *continued*

Financial Liabilities and Equity Instruments

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities and includes no obligation to deliver cash or other financial assets. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs. Interest bearing loans and overdrafts are initially measured at fair value net of direct transaction costs and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds net of transaction costs and the settlement or redemption of borrowings is recognised over the term of the borrowing.

Taxation

Income tax expense represents the sum of the current tax payable and deferred tax.

Current tax payable or recoverable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because some items of income or expense are taxable or deductible in different years or may not be taxable or deductible. The Group's liability for current tax is calculated using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable in the future arising from the temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. It is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences are utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised, based on tax rates that have been enacted or substantively enacted by the balance sheet against current tax liabilities and when they either related to income taxes levied by the same taxation authority on either the same taxable entity or on different taxable entities which intend to settle the current tax assets and liabilities on a net basis.

Tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the tax is also recognised directly in equity.

Retirement Benefits

The amount charged to the income statement in respect of pension costs is the contributions payable to the money purchase schemes in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discount, VAT and other sales related taxes.

Sales of goods are recognised when goods are delivered and title has passed.

Revenue from services provided is recognised on a time basis.

EBITDA

Earnings before interest, tax, depreciation and amortisation ('EBITDA'), is defined as profits from operations and after share based payments but before costs, as separately and specifically disclosed in the income statement, and all depreciation charges, finance costs and taxation.

Operating Profit

Operating profit is defined as profits from operations and after share-based payments but before costs as separately and specifically disclosed in the income statement, finance costs and taxation.

Share-based Payments

The cost of providing share-based payments to employees is charged to the income statement over the vesting period of the related share options. The cost is based on the fair value of the options determined using the Monte Carlo pricing model, which is appropriate given the vesting and other conditions attaching to the options. The value of the charge may be adjusted to reflect expected and actual levels of vesting.

Advantage has been taken of the exemption available in IFRS2 – Share-based payments to exclude share options granted before 7 November 2002.

Employee Benefit Trust

The Group operates an employment benefit trust and has de facto control of the shares held by the trust and bears their benefits and risks. The Group records certain assets and liabilities of the trust as its own. Finance costs and administrative expenses are charged as they accrue.

2 Basis of Preparation *continued*

ESOP Shares

The cost of own shares held by the employee benefit trust ('ESOP shares') is shown as a deduction from shareholders' funds. Earnings per share are calculated on the net shares in issue.

3 Revenue and Segmental Information

Revenue represents amounts derived from the provision of self-storage accommodation and related services to customers outside the Group which fall within the Group's ordinary activities after deduction of trade discounts and value added tax. The Group's net assets, revenue and profit before tax are attributable to one principal activity, the provision of self-storage accommodation and related services. These all arise in the United Kingdom.

	Six months ended 31 January 2008 (unaudited) £'000	Six months ended 31 January 2007 (unaudited) £'000	Year ended 31 July 2007 (unaudited) £'000
Stores trading			
Self storage income	5,038,843	4,857,011	9,775,849
Other storage related income	402,317	420,115	828,123
Ancillary store rental income	21,359	21,359	42,718
Management fees	11,113	–	3,403
Sub-total	5,473,632	5,298,485	10,650,093
Stores under development			
Non-storage income	49,697	–	15,439
Total revenue	5,523,329	5,298,485	10,665,532

4 Taxation

	Unaudited six months 31 January 2008 £	Unaudited six months 31 January 2007 £ as restated	Unaudited Year 31 July 2007 £ as restated
Current tax charge for the period	–	–	–
Deferred tax (credit)/charge for the period	(32,797)	(75,855)	55,243
Total tax (credit)/charge for the period	(32,797)	(75,855)	55,243

No current tax charge arises due to the availability of excess tax losses brought forward. No deferred tax asset is recognised in relation to these excess losses, due to the uncertainty as to the utilisation of the losses in the foreseeable future.

Future tax charges may be affected by the degree to which deferred tax assets are recognised in the future.

Notes to the Interim Results **continued**

5 Share Capital

	Unaudited 31 January 2008 £	Unaudited 31 January 2007 £	Audited 31 July 2007 £
Authorised: 35,000,000 Ordinary Shares of 1p each	350,000	350,000	350,000
Allotted, issued and fully paid: 26,758,865 Ordinary Shares of 1p each	267,589	267,177	267,314

Following approval by shareholders of a special resolution at the AGM on 7 December 2007, the Company has authority to make market purchases of up to 5,845,299 shares. The authority expires at the conclusion of the next AGM, but is expected to be renewed at the next AGM.

6 Earnings Per Ordinary Share

The calculation of earnings per ordinary share is based on the following profit and on the following weighted average number of shares in issue.

	Unaudited 31 January 2008 £	Unaudited 31 January 2007 £	Unaudited 31 July 2007 £
Profit for the financial period	248,817	393,108	895,315
		No of shares	No of shares
Weighted average number of shares			
For basic earnings per share	26,113,131	25,250,423	25,670,204
Dilutive effect of share options	676,338	1,733,817	673,980
	26,789,469	26,984,240	26,344,184
Earnings per share			
Basic	0.95p	1.6p	3.5p
Diluted	0.93p	1.5p	3.4p

7 Property, Plant and Equipment

Group	Freehold and long leasehold property £	Short leasehold improvements £	Fixtures fittings and equipment £	Motor vehicles £	Total £
Cost or valuation					
1 August 2006	18,527,700	1,595,576	9,557,776	60,406	29,741,458
Revaluation at transition	38,942,217	–	–	–	38,942,217
1 August 2006 b/fwd	57,469,917	1,595,576	9,557,776	60,406	68,683,675
Additions	2,415,736	139,433	1,042,543	–	3,597,712
Revaluations	(840,288)	–	–	–	(840,288)
31 January 2007 c/fwd	59,045,365	1,735,009	10,600,319	60,406	71,441,098
Depreciation					
1 August 2006 b/fwd	540,078	633,054	3,098,619	39,672	4,311,422
Revaluation at transition	(540,078)	–	–	–	(540,078)
1 August 2006 b/fwd	–	633,054	3,098,619	39,672	3,771,344
Depreciation	203,196	71,215	379,022	2,461	655,894
Revaluations	(203,196)	–	–	–	(203,196)
31 January 2007 c/fwd	–	704,269	3,477,641	42,133	4,224,042
Net book value at 31 January 2007	59,045,365	1,030,740	7,122,677	18,273	67,217,058
Net book value at 1 August 2006	57,469,919	962,521	6,459,157	20,734	64,912,331
Cost or valuation					
1 February 2007 b/fwd	59,045,365	1,735,009	10,600,318	60,406	71,441,098
Additions	5,447,074	168,305	1,020,197	29,000	6,664,576
Disposals	(11,586,241)	–	(370,580)	–	(11,956,821)
Revaluations	14,061,228	–	–	–	14,061,228
31 July 2007 c/fwd	66,967,426	1,903,314	11,249,935	89,406	80,210,081
Depreciation					
1 February 2007 b/fwd	–	704,269	3,477,641	42,133	4,224,042
Depreciation	178,075	64,739	391,659	2,168	636,641
Disposals	(11,187)	–	(226,130)	–	(237,317)
Revaluations	(166,889)	–	–	–	(166,889)
31 July 2007 c/fwd	–	769,008	3,643,170	44,301	4,456,478
Net book value at 31 July 2007	66,967,426	1,134,306	7,606,766	45,105	75,753,603
Cost or valuation					
1 August 2007 b/fwd	66,967,426	1,903,314	11,249,935	89,406	80,210,081
Additions	9,504,513	174,904	1,573,044	11,349	11,263,810
Transfers	–	–	–	–	–
Revaluations	(505,393)	–	–	–	(505,393)
31 January 2008 c/fwd	75,966,546	2,078,218	12,822,979	100,755	90,968,499
Depreciation					
1 August 2007 b/fwd	–	769,008	3,643,170	44,301	4,456,479
Depreciation	185,096	77,842	405,877	4,130	672,945
Transfers	–	–	–	–	–
Revaluations	(185,096)	–	–	–	(185,096)
31 January 2008 c/fwd	–	846,850	4,049,047	48,431	4,944,328
Net book value at 31 January 2008	75,966,546	1,231,368	8,773,933	52,324	86,024,171

The additions to freehold properties include the acquisition of the freehold site at North Harbour, Portsmouth totalling £4.45 million and the acquisition at Maidenhead totalling £2.51 million. The additions to fixtures and fittings of £1.57 million include fit-outs at the Portsmouth Central, Northampton, and Fareham stores.

Notes to the Interim Results continued

7 Tangible Fixed Assets continued

Market valuation of freehold and leasehold land and buildings

Following the Company's comprehensive external valuation at 31 July 2007 which indicated a total for properties valued of £75.7 million (NBV £27.9 million, the freehold and leasehold properties have not been externally valued during this six month period, although it is the intention to do so at the next year-end at 31 July 2008. Accordingly, at 31 January 2008, the assets are stated at Directors' valuation. As at 31 January 2008, following the grant of planning permission at Reading, £525,000 was added to the value of the 2007 Cushman & Wakefield valuation. The Directors consider, based on market evidence and opinion available that the market for self storage assets has remained resilient to the downturn in property values generally and increasing yields seen in the wider property market and they consider that there should be no material difference at this time compared to the last external valuation. That said, at this time it is unclear to the future direction of market values.

8 Trade and Other Receivables

	Unaudited 31 January 2008 £	Unaudited 31 January 2007 £	Unaudited 31 July 2007 £
Due within one year:			
Trade debtors	802,469	802,077	768,833
Other debtors	554,710	308,145	4,084,169
Prepayments and accrued income	688,566	663,563	1,071,748
	2,045,745	1,773,785	5,924,750

9 Trade and Other Payables

	Unaudited 31 January 2008 £	Unaudited 31 January 2007 £	Unaudited 31 July 2007 £
Trade payables	413,450	582,664	1,142,276
Taxation and social security costs	105,950	101,066	1,807,742
Other creditors	1,006,758	959,166	1,001,710
Accruals and deferred income	1,781,866	1,585,506	1,983,443
	3,308,024	3,228,402	5,935,171

10 Bank Loans

	Unaudited 31 January 2008 £	Unaudited 31 January 2007 £	Unaudited 31 July 2007 £
Bank loans repayable in more than two years but not more than five years			
Gross	24,434,459	16,774,494	15,650,198
Deferred financing costs	(140,081)	(50,102)	(157,592)
Bank loans repayable in more than two years but not more than five years	24,294,378	16,724,392	15,492,606

11 Provisions for Liabilities – Deferred Tax

	31 January 2008 £	31 January 2007 £	31 July 2007 £
Provision at start of period	14,851,644	11,881,601	11,881,601
Effect of reduction in tax rate	–	–	(579,514)
(Credit)/charge to income in the period	(32,797)	(75,855)	55,243
Charge/(credit) to equity in period	(89,683)	(191,127)	3,494,314
Provision at end of period	14,729,164	11,614,619	14,851,644

The deferred tax liability arises on the revaluation of the properties and on the 'rolled over' gain arising from the disposal of the Kingston and Woking sites. In due course the site of the existing Reading store is likely to be sold with the benefit of its permission for residential development and the proceeds will be reinvested in our new store pipeline. It is not the intention of the directors to make any significant disposals of operational self-storage centres in the foreseeable future. At present, it is not envisaged that any tax will become payable in the foreseeable future due to the trading losses brought forward and the availability of rollover relief.

12 Share-based Payment Plans

The Group operates an Enterprise Management Initiative ('EMI') approved and an unapproved share option scheme, the rules of which are similar in all material respects. The grant of options to executive directors and senior management is recommended by the Remuneration Committee on the basis of their contribution to the Group's success. The options vest after three years.

The exercise price of the options is equal to the closing mid-market price of the shares on the trading day previous to the date of the grant. The exercise of options awarded has been subject to the meeting of performance criteria geared primarily to sales growth with the key non-market performance condition being the achievement of £10 million annual turnover. Exercise of an option is subject to continued employment. The life of each option granted is seven years. There are no cash settlement alternatives.

The expected volatility is based on a historical review of share price movements over a period of time, prior to the date of grant, commensurate with the expected term of each award. The expected term is assumed to be six years which is part way between vesting (three years after grant) and lapse (10 years after grant). The risk free rate of return is the UK gilt rate at date of grant commensurate with the expected term (i.e. six years).

The total charge for the period relating to employer share-based payment schemes was £156,863. (31 January 2007: £133,843), all of which relates to equity-settled share-based payment transactions.

13 Other Reserves

	Merger reserve £	Other distributable reserve £	Capital redemption reserve £	Share-based payment reserve £	Total £
1 August 2006	6,295,295	5,903,002	34,205	211,901	12,444,403
Share-based remuneration (options)				133,843	133,843
31 January 2007	6,295,295	5,903,002	34,205	345,744	12,578,246
Share-based remuneration (options)				141,729	141,729
1 August 2007	6,295,295	5,903,002	34,205	487,473	12,719,975
Share-based remuneration (options)				156,863	156,863
31 January 2008	6,295,295	5,903,002	34,205	644,336	12,876,838

The merger reserve represents the excess of the nominal value of the shares issued by Lok'nStore Group Plc over the nominal value of the share capital and share premium of Lok'nStore Limited as at 31 July 2001.

Notes to the Interim Results continued

14 Cash Flows

	Unaudited six months 31 January 2008 £	Unaudited six months 31 January 2007 £	Unaudited Year 31 July 2007 £
(a) Reconciliation of net cash flows from operating activities			
Profit before interest	718,702	769,549	1,916,298
Depreciation	672,945	655,849	1,292,535
Profit on disposal of fixed assets	–	–	(605,264)
Impairment of goodwill	–	12,127	24,254
Share-based employee remuneration	156,863	133,843	275,572
Operating cash flows before movements in working capital	1,548,510	1,571,413	2,903,395
(Increase)/decrease in inventories	(5,253)	(1,108)	3,124
Decrease/(increase) in trade and other receivables	(120,995)	256,325	98,018
(Decrease)/increase in payables	(2,638,221)	(675,615)	1,996,589
Net cash flow from operating activities	(1,215,959)	1,151,015	5,001,126

	At 31 July 2007 £	Cash flow £	Other non-cash changes £	At 31 January 2008 £
(b) Analysis of net debt				
Cash at bank and in hand	5,189,134	(409,527)	–	4,779,607
Debt due after one year	(15,650,198)	(8,819,282)	–	(24,469,480)
Total	(10,461,064)	(9,228,809)	–	(19,689,873)

15 Post Balance Sheet Events

Purchase of treasury Shares

During the period the Company purchased 52,000 of its own ordinary shares of 1p each for treasury. After the period end and in the period up to 21 February 2008, the Company purchased in several tranches, a further 290,000 shares for treasury. In total, 342,000 shares were acquired for treasury at an average price of £1.86.

16 Explanation of the Transition to IFRS

The first full annual consolidated financial statements that the Group will report under IFRS will be for the year ended 31 July 2008. Lok'nStore Group Plc has therefore adopted IFRS with effect from 1 August 2007. Our interim results for the this period to 31 January 2008 are presented under IFRS and includes reconciliations and explanations of differences between IFRS and UK GAAP in respect of key reported numbers.

As IFRS comparative figures must be prepared for the year ended 31 July 2007, the date of transition to IFRS was 1 August 2006. Reconciliations of equity at 31 July 2007 and profit for the year ended 31 July 2007 reported under GAAP and IFRS are shown below. This move to IFRS has not changed the underlying performance and cash flow of the business but has significantly impacted on the way in which the results are presented.

The main changes for Lok'nStore are as follows:

- Our freehold trading stores are now held in the balance sheet at fair value, having previously been held at Historic Cost less accumulated depreciation.
- The goodwill in our balance sheet is no longer subject to an amortisation charge for each period, but instead is subject to an annual impairment review. No adjustment has been made to the carrying value of goodwill in previous periods as the amortisation charge under UK GAAP was not materially different from the impairment charge determined from our impairment review.
- There are three main areas of deferred tax we have identified that are impacted by our adoption of IFRS:

1) Deferred Tax on Rolled Over Gains

Lok'nStore has realised significant gains on the disposal of the Kingston and Woking stores and the proceeds are and will continue to be reinvested in new operating properties. As such rollover relief will be claimed in respect of the entire gain. The tax liability deferred as a result of this is approximately £2.75 million at 28%. Under UK GAAP this need only be disclosed by way of a note in the accounts. However, under IFRS this balance is provided for as a deferred tax liability.

2) Deferred Tax on Revaluation Gains

Under IFRS a deferred tax liability is recognised on the difference between cost and the revalued amount of our freehold properties at 28% using current rates.

3) Deferred Tax on Share-based Payments

Under UK GAAP deferred tax is recognised on share based payment charges to the extent that they give rise to a timing difference. Under IFRS, the potential tax relief should be calculated by reference to the share price at the balance sheet date, and then spread over the vesting period. Also under IFRS deferred tax should be recognised on all share-based payments whereas under UK GAAP deferred tax on options issued prior to November 2002 or which vested prior to application of the standard is not recognised. This has not however resulted in an adjustment as the resulting deferred tax asset has not been recognised, as explained in note 3.

This interim report is therefore prepared under IFRS and includes the Group's IFRS accounting policies together with further details on key performance measures in the notes to the accounts.

Notes to the Interim Results *continued*

16a Reconciliation of Equity Previously Reported Under UK GAAP To Equity Under IFRS

	31 January 2008 (unaudited) £'000	31 January 2007 (unaudited) £'000	1 August 2006 (unaudited) £'000
Equity shareholders' funds under UK GAAP	12,031,242	22,551,039	10,806,011
Measurement and recognition IFRS adjustments			
Revaluation of trading properties	38,715,398	43,208,692	39,482,295
Goodwill amortisation	–	–	–
Deferred tax	(11,614,619)	(14,851,644)	(11,884,688)
NET IFRS adjustments	27,100,779	28,357,048	27,637,607
Equity shareholders' funds under IFRS	39,132,021	50,908,087	38,443,618

16b Reconciliation of Profit Previously Reported Under UK GAAP to Profit Under IFRS

	31 January 2008 (Unaudited) £'000	31 January 2007 (Unaudited) £'000
Profit for the period under UK GAAP	483,974	10,852,098
Measurement and recognition IFRS adjustments		
Share options	–	–
Goodwill amortisation/impairment	–	–
Deferred tax credit/(charge)	38,942	(92,156)
Reduction to profit on disposal of freehold properties carried at valuation	–	(9,629,320)
Additional depreciation arising on revaluation of freehold properties	(129,808)	(235,307)
Net IFRS adjustments	(90,866)	(9,956,783)
Profit for the period under IFRS	393,108	895,315

Reconciliations

To explain the impact of the transition, the reconciliations have been included that show the changes made to the balance sheets and income statements previously reported under UK GAAP. The following unaudited reconciliations are included:

The consolidated cash flow statements are not affected by the transition from UK GAAP to IFRS other than presentational and formatting differences.

16b Reconciliation of Profit Previously Reported Under UK GAAP to Profit Under IFRS *continued*

Reconciliation of the UK GAAP consolidated balance sheet to the IFRS consolidated balance sheet:

1 August 2006

	As at 1 August 2006 UK GAAP audited £'000	Presentation differences £'000	Measurement and recognition differences £'000	As at 1 August 2006 IFRS unaudited £'000
Non-current assets				
Goodwill and intangible assets	334,813	–	–	334,813
Property, plant and equipment	25,430,037	–	39,482,295	64,912,332
Trade and other receivables	–	–	–	–
Deferred taxation assets	–	–	–	–
	25,764,850	–	39,482,295	65,247,145
Current assets				
Inventories	77,668	–	–	77,668
Trade and other receivables	2,002,769	–	–	2,002,769
Cash and cash equivalents	921,928	–	–	921,928
	3,022,365	–	–	3,022,365
Total assets	28,787,215	–	–	68,269,510
Current liabilities				
Trade and other payables	(3,877,489)	55,305	–	(3,822,184)
Provisions	–	(55,305)	–	(55,305)
Bank overdrafts and loans	–	–	–	–
	(3,877,489)	–	–	(3,877,489)
Net current liabilities	(855,124)	–	–	(855,124)
Non-current liabilities				
Bank loans	(14,066,802)	–	–	(14,066,802)
Deferred taxation liabilities	(36,913)	–	(11,844,688)	(11,881,601)
Long-term provisions	–	–	–	–
	(14,103,715)	–	(11,844,688)	(25,948,403)
Total liabilities	(17,981,204)	–	(11,844,688)	(29,825,892)
Net assets	10,806,011	–	27,637,607	38,443,618
Equity				
Share capital	250,911	–	–	250,911
Share premium account	66,776	–	–	66,776
Other reserves	12,444,403	–	–	12,444,403
ESOP shares	(509,586)	–	–	(509,586)
Retained earnings	(1,446,493)	–	–	(1,446,493)
Revaluation surplus	–	–	27,637,607	27,637,607
Total equity	10,806,011	–	27,637,607	38,443,618

Notes to the Interim Results *continued*

16b Reconciliation of Profit Previously Reported Under UK GAAP to Profit Under IFRS *continued*

Reconciliation of the UK GAAP consolidated balance sheet to the IFRS Consolidated balance sheet:

1 February 2007

	As at 1 February 2007 UK GAAP audited £'000	Presentation differences £'000	Measurement and recognition differences £'000	As at 1 February 2007 IFRS unaudited £'000
Non-current assets				
Goodwill and intangible assets	322,686	–	–	322,686
Property, plant and equipment	28,501,660	–	38,715,398	67,217,058
Trade and other receivables	–	–	–	–
Deferred taxation assets	–	–	–	–
	28,824,346	–	38,715,398	67,539,744
Current assets				
Inventories	78,776	–	–	78,776
Trade and other receivables	1,773,785	–	–	1,773,785
Cash and cash equivalents	1,353,284	–	–	1,353,284
	3,205,845	–	–	3,205,845
Total assets	32,030,191	–	38,715,398	70,745,589
Current liabilities				
Trade and other payables	(3,274,557)	46,157	–	(3,228,402)
Provisions	–	(46,157)	–	(46,157)
Bank overdrafts and loans	–	–	–	–
	(3,274,577)	–	–	(3,274,577)
Net current liabilities	(68,712)	–	–	(68,712)
Non-current liabilities				
Bank loans	(16,724,392)	–	–	(16,724,392)
Deferred taxation liabilities	–	–	(11,614,619)	(11,614,619)
	(16,724,392)	–	–	(28,339,011)
Total liabilities	(19,998,969)	–	(11,614,619)	(31,613,570)
Net assets	12,031,242	–	27,100,777	39,132,019
Equity				
Share capital	267,177	–	–	267,177
Share premium account	657,924	–	–	657,924
Other reserves	12,578,246	–	–	12,578,246
ESOP shares	(509,586)	–	–	(509,586)
Retained earnings	(962,519)	–	–	(962,519)
Revaluation surplus	–	–	27,100,777	27,100,777
Total equity	12,031,242	–	27,100,777	39,132,019

16b Reconciliation of Profit Previously Reported Under UK GAAP to Profit Under IFRS *continued*

Reconciliation of the UK GAAP consolidated income statement to the IFRS consolidated income statement:

Six months ended 31 January 2007

	Six months ended 31 January 2007 UK GAAP unaudited £'000	Measurement and recognition differences £'000	Six months ended 31 January 2007 IFRS unaudited £'000
Revenue from continuing operations	5,298,485	–	5,298,485
Cost of sales	(169,597)	–	(169,597)
Gross profit	5,128,888	–	5,128,888
Administrative expenses	(4,095,688)	–	(4,095,688)
Share-based payments	(133,843)	–	(133,843)
Additional depreciation based on revalued assets	–	(129,808)	(129,808)
Operating profit	899,357	(129,808)	769,549
Exceptional costs	–	–	–
Investment revenues	–	–	–
Finance costs	(452,296)	–	(452,296)
Profit before taxation	447,061	(129,808)	317,253
Taxation	36,913	38,942	75,855
Profit for the period	483,974	(90,866)	393,108
Earnings per share (total and from continuing operations)			
Basic	1.92p	–	1.56p
Diluted	1.79p	–	1.46p

Notes to the Interim Results **continued**

16b Reconciliation of Profit Previously Reported Under UK GAAP to Profit Under IFRS **continued**

Reconciliation of the UK GAAP consolidated balance sheet to the IFRS consolidated balance sheet:

1 August 2007

	As at 1 August 2007 UK GAAP audited £'000	Presentation differences £'000	Measurement and recognition differences £'000	As at 1 August 2007 IFRS unaudited £'000
Non-current assets				
Goodwill and intangible assets	310,559	–	–	310,559
Property, plant and equipment	32,544,911	–	43,208,692	75,753,603
Trade and other receivables	–	–	–	–
Deferred taxation assets	–	–	–	–
	32,855,470	–	43,208,692	76,064,162
Current assets				
Inventories	74,544	–	–	74,544
Trade and other receivables	5,924,750	–	–	5,924,750
Cash and cash equivalents	5,189,132	–	–	5,189,132
	11,188,428	–	–	11,188,428
Total assets	44,043,898	–	43,208,692	87,252,590
Current liabilities				
Trade and other payables	(6,000,253)	65,082	–	(5,935,171)
Provisions	–	(65,082)	–	(65,082)
Bank overdrafts and loans	–	–	–	–
	(6,000,253)	–	–	(6,000,253)
Net current assets/(liabilities)	5,188,175	–	–	5,188,175
Non-current liabilities				
Bank loans	(15,492,606)	–	–	(15,492,606)
Deferred taxation liabilities	–	–	(14,851,644)	(14,851,644)
	(15,492,606)	–	(14,851,644)	(30,344,250)
Total liabilities	(21,492,859)	–	(14,851,644)	(36,344,503)
Net assets	22,551,039	–	28,357,048	50,908,087
Equity				
Share capital	267,314	–	–	267,314
Share premium account	667,731	–	–	667,731
Other reserves	12,719,975	–	–	12,719,975
ESOP shares	(509,586)	–	–	(509,586)
Retained earnings	9,405,605	–	(2,749,653)	6,655,952
Revaluation surplus	–	–	31,106,701	31,106,701
Total equity	22,551,039	–	28,357,048	50,908,087

16b Reconciliation of Profit Previously Reported Under UK GAAP to Profit Under IFRS *continued*

Reconciliation of the UK GAAP consolidated income statement to the IFRS consolidated income statement:

Year ended 31 July 2007

	Year ended 31 July 2007 UK GAAP unaudited £'000	Measurement and recognition differences £'000	Year ended 31 July 2007 IFRS unaudited £'000
Revenue from continuing operations	10,665,532	–	10,665,532
Cost of sales	(328,216)	–	(328,216)
Gross profit	10,337,316	–	10,337,316
Administrative expenses	(8,515,402)	–	(8,515,402)
Share-based payments	(275,572)	–	(275,572)
Additional depreciation based on revalued assets	–	(253,307)	(235,307)
Operating profit	1,546,342	(235,307)	1,311,035
Exceptional (costs)/gains	10,234,583	(9,629,320)	605,263
Finance costs	(965,740)	–	(965,740)
Profit before taxation	10,815,185	(9,864,627)	950,558
Taxation	36,913	(92,156)	(55,243)
Profit for the period	10,852,098	(9,956,783)	895,315
Earnings per share (total and from continuing operations)			
Basic	43.3p	–	3.49p
Diluted	42.2p	–	3.40p

Independent Review Report to Lok'nStore Group Plc

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 January 2008 which comprises the consolidated income statement, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated cash flow statement, and related notes 1 to 16. 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, including the conclusion, has been prepared for and only for the Company for the purpose of meeting the requirements of the AIM Rules for Companies and for no other purpose. We do not, therefore, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Directors' Responsibilities

The half-yearly financial report, is the responsibility of, and has been approved by the Directors. The Directors are responsible for preparing and presenting the half-yearly financial report in accordance with the AIM Rules for Companies.

As disclosed in note 2, the annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards and International Financial Reporting Interpretations Committee ('IFRIC') pronouncements as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with the measurement and recognition criteria of International Financial Reporting Standards and International Financial Reporting Interpretations Committee ('IFRIC') pronouncements, as adopted by the European Union.

Our Responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements 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 condensed set of financial statements in the half-yearly financial report for the six months ended 31 January 2008 is not prepared, in all material respects, in accordance with the measurement and recognition criteria of International Financial Reporting Standards and International Financial Reporting Interpretations Committee ('IFRIC') pronouncements as adopted by the European Union, and the AIM Rules for Companies.

BAKER TILLY UK AUDIT LLP

Registered Auditor
Chartered Accountants
2 Bloomsbury Street
London WC1B 3ST

25 April 2008

Notes

Notes

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