LOK'nSTORE

Business & Household Self Storage

Lok'nStore Group Plc

Interim Report for the six months to 31 January 2009

Financial Highlights

- Revenue £5.09 million – (£5.52 million: six months to 31.01.08) down 7.8%
- Group EBITDA £1.27 million – (£1.58 million: six months to 31.01.08) down 19.5%
- Operating profit £247,547– (£748,647: six months to 31.01.08) down 66.9%
- Existing £40 million bank facility until 2012
- Average interest rate payable 5.05% (7.48% six months to 31.01.08)
- Net Asset value per share £2.00* (£2.44: 31.07.08)

Operational Highlights

- Store EBITDA £2.06 million (£2.34 million: six months to 31.01.08) down 12.2%
- Store EBITDA margin 40.7% (six months to 31.01.08: 42.6%)
- Unit prices achieved for self-storage up 1.4% year-on-year

Current Trading

- Square feet let, enquiries, reservations, number of customers all strong from lower base
- Ongoing beneficiary of lower interest rates

*Based on Directors' valuation, before deferred taxation.

'Lok'nStore's business model has proved resilient in a difficult economy with unprecedented conditions in much of the property and financial markets. Lok'nStore's business remains robust with good operating margins and solid cash flow backed by substantial property assets.

We have curtailed capital expenditure to preserve cash and cut costs to maintain margins. The strong fundamentals and defensive nature of the self-storage business model are holding up well. Demand from our business customers has been stable and we have now absorbed the biggest collapse in housing transactions since records began.

Trading conditions have improved considerably since the turn of the year with reservations, enquiries, square feet let and number of customers all turning upwards from a lower base, and as interest rates have fallen Lok'nStore has seen an immediate benefit.

Self-storage remains an attractive long-term growth market.'

Andrew Jacobs, Chief Executive

The Big Friendly Storage Company

"Reservations, enquiries, square feet let and number of customers all turning upwards."

Store EBITDA

£2.06m

Revenue

£5.1m

Net Asset value per share

£2.00

Chairman's Statement

Store EBITDA Margin

40.7%

Overview

We are reporting on these interim results for Lok'nStore Group against a challenging background with unprecedented conditions in much of the property and financial markets. Despite this Lok'nStore's business remains robust with good operating margins and solid cash flow backed by substantial property assets. We have curtailed capital expenditure to preserve cash and manage costs to maintain margins. Under these circumstances the strong fundamentals and defensive nature of the self-storage business model are holding up well.

Trading conditions have improved in the New Year with most of our lead indicators turning positive, and as interest rates have fallen Lok'nStore has seen an immediate benefit, particularly in terms of the additional cash retained within the business.

Conditions in the Economy and Self-storage Market

Historically the self-storage market has been considered to be correlated to the housing sector. In Lok'nStore's view the household demand for storage is affected more by the number of house moves than by the level of house prices. In the period under review transactions in the UK housing market collapsed from a peak of 160,000* in December 2006 to 75,000 in July 2008 and only 43,000 in January 2009, with a total decline of 52% from the comparable period last year. Lok'nStore has proved its resilience against low housing market volumes with turnover declining only 7.8% from the comparative period last year.

At the end of January 2009 41.2% of Lok'nStore's revenue was from business customers (Jan 2008: 40.5%) and 58.8% was from household customers, (Jan 2008: 59.5%). By number of customers this breakdown was 26.0% business customers (Jan 2008: 25.3 %) and 74.0% household customers (Jan 2008: 74.7%). The relative strength of our commercial business provides insulation against the decline in housing market transactions.

Given the very severe credit conditions in the wider economy we are carefully monitoring our credit control indicators. They are showing no signs of weakening during the period with number of late letters declining while lien sales and bad debts written off are stable.

In the current circumstances achieving both occupancy growth and price increases may be hard to come by in the short term and we will focus on achieving the right balance between them. Against this background we will continue to be vigilant with costs and you will see in these accounts that in the period under review operating costs have been reduced by 2.9%.

Our new Harlow store opened on 2 January 2009 and is trading satisfactorily. Importantly, once the final bills have been settled the Company has no further capital commitments. We will consider conditions in the wider economy and the UK self-storage market in particular before committing to any further new developments.

The Self-storage Market in the UK

The self-storage market in the UK has grown rapidly over the last decade and continues to offer a great opportunity, particularly to major operators such as Lok'nStore. The 2008 UK Self-Storage Association Industry report prepared by Mintel estimated that the industry had grown by between 8 and 15% annually over the past five years. There are now over 300 separate companies operating self-storage facilities in the UK with around 45% of the available space in the hands of the larger operators. Lok'nStore is the fourth largest and one of three quoted storage operators in the UK.

The industry now generates revenues of about £360 million per annum, has over 235,000 customers and employs over 2,700 people directly in the business.

The more mature US market grew from 2.9 sq ft per head of population in 1994 to 7.2

*Government Office for National Statistics

> Until economic conditions stabilise we will focus on maximising the cash flow from the existing portfolio by controlling costs and capital expenditure.

Loan to Value Ratio

33.2%

sq ft in 2008 with nearly 52,700 facilities throughout the US. There are also 1,300 facilities in Australia and New Zealand representing around 1.1 sq ft per member of the population. This compares with 0.44 sq ft in the UK spread across around 750 facilities. This lower penetration in the UK contrasts with the difference in population density which is only 32 per sq km in the US against 246 per sq km in the UK. This creates far more pressure to use property resources efficiently in the UK, which is a notable driver of demand for self-storage. Combined with this, the restrictive town planning regime in the UK is a strong barrier to entry in the industry, although in the short to medium term more property will become available to the self-storage industry as competitive uses for sites struggle economically.

Sales and Earnings Performance

Revenue for the period under review was £5.09 million (£5.52 million: six months to 31.01.08) a decrease of 7.8% year to year. The Group made an operating profit for the period of £247,547 compared with £748,647 for the corresponding 2008 period. The Group made a pre-tax loss for the period of £480,162 (profit £216,020: six months to 31.01.08).

The cash flow of the operating business has remained resilient, with store earnings before interest, tax, depreciation and amortisation (Store EBITDA) at £2.06 million (£2.34 million: six months to 31.01.08).

Breakdown of Performance of Stores

Store analysis Weeks old	Over 250	100 to 250	January 2009 Under 100	Pipeline**	Total
Six months ended 31 January 2009					
Sales (£'000)	4,230	780*	35	–	5,045
Stores EBITDA (£'000)	1,823	359	(127)	–	2,055
EBITDA margin (%)	43.1%	46.0%	–	–	40.7%
As at 31 January 2009 ('000 sq ft)					
Freehold	439	128	69	143	779
Leasehold	326	81	40	0	447
Maximum Net Area	765	209	109	143	1,226
Total stores	16	3	2	2	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 revenue figures.

** Ancillary revenues from pipeline sites is not reported here (refer note 3 revenue and segmental information).

Overall EBITDA margins across all stores declined from 42.6% to 40.7%.

Pricing

Lok'nStore is taking an active approach to yield management with average prices achieved for self-storage units increasing 1.4% year-on-year. Average prices for all rented space increased 1.9% 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, although we expect this to be muted in the short term.

Chairman's Statement continued

Pricing continued

Lok'nStore's average price for self-storage was £18.00 per sq ft per annum at 31 January 2009 (£17.75: 31.01.08) compared with the average of £21.08 for the UK industry (source: Self-Storage Association Industry Report 2008). Over the medium term we believe that there is room to continue to increase our prices while retaining our competitive pricing position in the market. Packing materials, insurance and other sales increased 4.1% year on year accounting for 8.4% of revenue in the period (six months ended 31.01.2008: 7.4%).

Property Assets and Net Asset Value

During the period we obtained planning permissions for new stores in Southampton and North Harbour, Portsmouth improving the value of these sites. We have also renewed and improved the planning permission for the new store at Reading. The new store in Harlow commenced trading from January 2009.

It is the Company's established policy to undertake comprehensive external independent property valuations of its trading properties at every 31 July financial year-end; accordingly, the freehold and leasehold properties have not been externally valued during this interim six month period.

The Board is mindful of the need to comply with the measurement principles of International Financial Reporting Standards as adopted by the European Union. Accordingly the property valuations at the half-year are directors' valuations. After consultation with our valuers and based on yield shift assumptions which would be applied at 31 January 2009 to our properties valued at 31 July 2008, the Directors consider that it is appropriate to apply a 1.5% yield shift to the portfolio reducing values accordingly. No yield shift has been applied to the Reading site valued at its residential development potential as this value was substantially reduced at 31 July 2008, to a value which remains appropriate at 31 January 2009.

The properties held for development are held at historical cost less provision for any impairment and are not valued.

As a result, on a same store basis Lok'nStore's freehold and operating leasehold properties which were independently valued by Cushman & Wakefield ('C&W') at £72.1 million as at 31 July 2008 have been restated at 31 January 2009 at £60.8 million, a decline of 16%. Adding our Harlow store (now removed from stores under development) and stated at fair value and together with our stores under development at cost and our Maidenhead site (included in non-current prepayments), our total property valuation of £76.8 million (July 2008: £86.4 million) translates into a net asset value of 200 pence per share, (31.07.08: 244 pence 31.01.08: 270 pence). This translates into a net asset value of 162 pence per share after making full provision for deferred tax arising on the revaluations (31.07.08: 194 pence, 31.01.08: 213 pence).

The Board continues to believe that the market for self-storage assets, which is a sub-sector, characterised by a relative scarcity of prime sites has remained comparatively resilient to the downturn in commercial property values generally. We will continue to commission independent valuations annually to coincide with our year-end reporting.

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 may be reinvested in our new store pipeline. It is not the intention of the directors to make any other 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.

Historically we have valued both our freehold and our leasehold property assets. Our freehold property assets are formally included in the Balance Sheet at their fair value, but International Financial Reporting Standards as adopted by the European Union ('EU') 'IFRS' 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 £10.64 million a decline of 8% from 31 July 2008 (31.07.08: £11.57 million) (31.01.08: £9.44 million). Instead, we have reported by way of a note the underlying value of these leaseholds and adjusted our Net Asset Value ('NAV') calculation accordingly to include their value. This ensures consistent and comparable NAV calculations.

Analysis of total property value	31 January 2009 Valuation £	31 January 2008 Valuation £	31 July 2008 Valuation £
Freehold valued by 'C&W'	**55,370,000***	66,800,000*	60,510,000
Leasehold valued by 'C&W'	**10,640,000***	9,440,000*	11,570,000**
Sub total	**66,010,000**	76,240,000	72,080,000
Sites in development at cost	**10,779,794*** **	14,140,987	14,366,321
Total	**76,789,794**	90,380,987	86,446,321

* Directors' valuation at 31 January 2009 and 31 January 2008.
** Three leasehold stores were not valued as their remaining unexpired terms were insufficient to yield a value under the Cushman & Wakefield valuation methodology.
***Under IAS 17 payments made of £2.8 million to secure a long lease in Maidenhead as a development site are classified as an operating lease and are shown as a non-current asset prepayment in the balance sheet rather than within Property Plant and Equipment. Where reference is made elsewhere to £10.8 million of development sites this is a combination of the £2.8 million Maidenhead site and the £8 million of sites in development at cost included in Property Plant and Equipment.

Adjusted Net Asset Value Per Share (adjusted NAV)	31 January 2009 £	31 January 2008 £	31 July 2008 £
Analysis of net asset value (NAV)			
Total non-current assets	**71,988,001**	86,334,730	80,950,612
Adjustment to include leasehold stores at valuation			
Add: C&W leasehold valuation	**10,640,000**	9,440,000	11,570,000
Deduct: leasehold properties and their fixtures and fittings at NBV	**(5,687,160)**	(4,651,569)	(5,939,842)
	76,940,841	91,123,161	86,580,770
Add: current assets	**3,664,292**	6,905,149	4,864,958
Less: current liabilities	**(2,959,607)**	(3,373,106)	(5,162,205)
Less: non-current liabilities (excluding deferred tax provision)	**(27,537,355)**	(24,294,378)	(25,311,225)
Adjusted net assets before deferred tax provision	**50,108,171**	70,360,826	60,972,298
Deferred tax on revaluation surpluses	**(9,643,545)**	(14,729,164)	(12,431,474)
Adjusted net assets	**40,464,626**	55,631,662	48,540,824

Shares in issue	Number	Number	Number
Opening shares	**26,758,865**	26,731,365	26,731,365
Shares issued for the exercise of options	**–**	27,500	27,500
Closing shares in issue	**26,758,865**	26,758,865	26,758,865
Shares held in treasury	**(1,142,000)**	(52,000)	(1,142,000)
Shares held in EBT	**(624,947)**	(627,500)	(624,947)
Closing shares for NAV purposes	**24,991,918**	26,079,365	24,991,918
Adjusted net asset value per share after deferred tax provision	**162 pence**	213 pence	194 pence
Adjusted net asset value per share before deferred tax provision	**200 pence**	270 pence	244 pence

Net asset values per share are based upon 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.

Chairman's Statement continued

Financing and Treasury

Total store EBITDA, has declined in this period to £2.06 million, down 12.2% from last year (31.01.08: £2.34 million).

Group EBITDA after accounting for central and head office costs was £1.27 million (31.01.08: £1.58 million) down 19.5%.

The Group made a pre-tax loss for the period of £480,162 compared with £216,020 profit for the corresponding 2008 period.

Lok'nStore's cash flow model is robust with security deposits taken from customers who pay four weekly in advance. We also retain a lien over customers' goods which can then be sold to cover any unpaid bills. Therefore credit control remains tight with only £22,800 of bad debts written off during the period representing around 0.4% of revenue (31.01.08: 0.4%). There was £3,070 of additional costs associated with recovery (31.01.08: £758).

The net interest charge increased from £502,682 to £720,387. This is a consequence of the Group utilising its bank facilities to fund the acquisition of sites at North Harbour, Portsmouth, and Maidenhead, and further site fit-out at the Harlow and Northampton Central stores. Period-end borrowings were £27.6 million. Net debt was £25.5 million.

There is no corporation tax liability to pay due to the availability of tax losses. Period end tax losses available to carry forward for offset against future profits amount to some £5.7 million.

Basic loss per share was 1.92 pence per share (31.01.08: 0.95 pence per share). On a diluted basis loss per share was 1.92 pence per share (31.01.08: 0.93 pence per share).

Borrowings, cash flow and interest costs

The Group uses cash generated from operations to fund some of the store capital expenditure rather than draw against its revolving credit facility. Cash inflow from operating activities before interest and capital expenditure was £7,887 (31.01.08: outflow £1.2 million).

The Group has a five year revolving credit facility with Royal Bank of Scotland Plc. This provides sufficient additional liquidity for the Group's current needs. Interest is payable on the loan at a rate of 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 £12.3 million. The facility is secured on the existing property portfolio. The loan facility runs until 2012 and during the period the Group comfortably complied with all debt covenants.

Turbulence in the capital and debt markets and the deteriorating economic landscape generally has caused LIBOR rates to change materially during the period under review. This resulted in the business incurring lower interest charges during the period. The average interest rate paid by the Company for the six month period since July 2008 was 5.05% compared to 7.28% for the year to 31 July 2008 and 7.48% for the corresponding six months ended 31 January 2008. Interest on bank borrowings for the period increased to £769,211 up from £733,495 in 2008 reflecting the increase in net borrowing over the period, but this was mitigated by the reduction in average interest rates over the same period. The company's interest rate payable has continued to fall since the period end which if sustained will result in a much reduced charge for the second half of the financial year and beyond.

The interest cost incurred by the Group is partly a result of the £10.8 million of development sites that the Group is currently carrying. The interest against this cost has not been capitalised. If interest had been capitalised, the Group's adjusted profit would have been approximately £510,747 higher for the period. From 1 August 2009 we will capitalise interest against our development pipeline in accordance with changes to International Financial Reporting Standards.

While the Group has grown its business through a combination of new site acquisition, existing store improvements and relocations, it has placed any further site acquisition and development on hold while the current economic conditions persist. Consequently, capital expenditure during the period totalled only £1.4 million, which includes the ongoing build works at Harlow, and planning and preparatory work at North Harbour together with a modest fit-out at the existing Luton store. The Company also spent £185,000 on preparatory and pre-planning works in connection with its proposed planning application on the long leasehold site at Maidenhead. This expense is shown in non-current prepayments. Capital expenditure will be limited to paying our outstanding development bills for the Harlow store over the remainder of the financial year.

At 31 January 2009, the Group had cash balances of £2.14 million (31.01.08: £4.78 million). The £27.6 million of borrowings at 31.01.09 represents gearing of 71.8% on net debt of £25.5 million (31.01.08: 38.7%). After adjusting for the uplift in value of leaseholds which are stated at depreciated historic cost in the balance sheet, gearing is 63%. (31.01.08: 35.6%). After adjusting for the deferred tax liability carried at period-end of £9.6 million gearing drops to 51% (31.01.08: 28%).

The total number of Ordinary Shares in issue is 26,758,865 (Jan 2008: 26,758,865).

Balance Sheet

Net assets at the period-end decreased to £35.5 million (31.07.08: £42.9 million) (31.01.08: £50.8 million) mainly as a result of the restatement of property values which valued freehold properties at £55.4 million compared to £60.5 million at 31 July 2008. (Jan 2008: £66.8 million). This valuation translates into an adjusted net asset value per share of £2.00 before deferred tax provision (July 2008: £2.44) (Jan 2008: £2.70) as reported above.

The Employee Benefit Trust owns 624,947 (Jan 2008: 627,500) shares, the costs of which are shown as a deduction from shareholders' funds. The Company is holding in Treasury a total of 1,142,000 of its own Ordinary Shares of 1 pence each with an aggregate nominal value of £11,420 for an aggregate cost of £2,092,902 at an average price of 181.88 pence per share. (At 31 January 2008, the Company held in Treasury a total of 52,000 shares at an aggregate cost of £95,728). At 31 January 2009 these shares represent 4.27% of the Company's issued share capital (31.01.08 0.19%).

Costs

Administrative expenses amounted to £3.67 million for the period (Jan 2008: £3.78 million) a decrease of 2.9%. Premises costs which are less variable accounted for 45.7% of these costs (Jan 2008: 42.3%), staff costs 38.8% (Jan 2008: 39.2%) and overheads 15.5% (Jan 2008: 18.5%).

Dividend

The Board does not propose to pay an interim dividend.

People

At 31 January 2009 we had 105 employees (2008: 108). 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 during these difficult times and for their continued hard work.

Outlook

Lok'nStore's business has proved resilient in difficult economic conditions. Demand from our business customers has been stable and we have now absorbed the biggest collapse in housing transactions since records began. Since the turn of the year trading has been encouraging with reservations, enquiries, square feet let and number of customers all turning upwards from a lower base.

Until economic conditions stabilise we will focus on maximising the cash flow from the existing portfolio by controlling costs and capital expenditure. The Company has no capital commitments beyond opening our new Harlow store and we are seeing cost savings from the significant reductions in interest rates.

Self-storage remains an attractive long-term growth market.

Simon Thomas
Chairman

24 April 2009

Consolidated Income Statement

For the six months ended 31 January 2009

	Notes	**Six months 31 January 2009 Unaudited £**	Six months 31 January 2008 Unaudited £	Year ended 31 July 2008 Audited £
Continuing Operations				
Revenue	3	**5,094,018**	5,523,329	10,827,064
Cost of sales		**(151,268)**	(162,770)	(298,089)
Gross profit		**4,942,750**	5,360,559	10,528,975
Administrative expenses		**(3,672,790)**	(3,782,104)	(7,796,343)
EBITDA		**1,269,960**	1,578,455	2,732,632
Depreciation based on historic cost		**(735,320)**	(555,812)	(1,210,502)
Additional depreciation based on revalued assets		**(141,787)**	(117,133)	(231,692)
		(877,107)	(672,945)	(1,442,194)
Impairment of goodwill		**–**	–	(310,559)
Share based payments		**(145,306)**	(156,863)	(317,146)
		(1,022,413)	(829,808)	(2,069,899)
Operating profit		**247,547**	748,647	662,733
Costs of relocation of Portsmouth store		**–**	(29,945)	(125,814)
(Loss)/profit on sale of motor vehicles		**(7,322)**	–	563
		(7,322)	(29,945)	(125,251)
Profit before net finance cost		**240,255**	718,702	537,482
Finance income		**48,824**	230,813	329,659
Finance cost		**(769,211)**	(733,495)	(1,608,587)
(Loss)/profit before taxation		**(480,162)**	216,020	(741,446)
Income tax expense	5	**–**	32,797	(98,201)
(Loss)/profit for the financial year				
Attributable to equity shareholders		**(480,162)**	248,817	(839,647)
(Loss)/earnings per share	6			
Basic		**(1.92p)**	0.95p	(3.27p)
Fully diluted		**(1.92p)**	0.93p	(3.27p)

Consolidated Statement of Changes in Equity

For the six months ended 31 January 2009

	Share capital £	Share premium £	Other reserves £	Revaluation reserve £	Retained earnings £	Total £
1 August 2007 Audited	**267,314**	**667,731**	**12,719,975**	**31,106,701**	**6,146,366**	**50,908,087**
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
Total recognised income and expense	–	–	–	(230,614)	248,817	18,203
Transfer	–	–	–	(84,321)	84,321	–
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)
Movement on EBT (ESOP)	–	–	–	–	–	–
Dividend paid (net)	–	–	–	–	(174,782)	(174,782)
31 January 2008 Unaudited	**267,589**	**698,044**	**12,876,838**	**30,791,766**	**6,208,994**	**50,843,231**
Decrease in asset valuation	–	–	–	(7,357,208)	–	(7,357,208)
Deferred tax recognised in equity	–	–	–	2,265,613	162,880	2,428,493
Income and expense recognised directly in equity	–	–	–	(5,091,595)	162,880	(4,928,715)
Loss for the period	–	–	–	–	(1,088,464)	(1,088,464)
Total recognised income and expense	–	–	–	(5,091,595)	(925,584)	(6,017,179)
Transfer	–	–	–	(82,497)	82,497	–
Share based remuneration (options)	–	–	160,283	–	–	160,283
Exercise of share options	–	–	–	–	–	–
Purchase of shares for Treasury	–	–	–	–	(1,997,174)	(1,997,174)
Movement on EBT (ESOP)	–	–	–	–	3,970	3,970
Dividend paid (net)	–	–	–	–	(82,463)	(82,463)
31 July 2008 Audited	**267,589**	**698,044**	**13,037,121**	**25,617,674**	**3,290,238**	**42,910,666**
Decrease in asset valuation	–	–	–	(9,684,507)	–	(9,684,507)
Deferred tax recognised in equity	–	–	–	2,787,929	–	2,787,929
Income and expense recognised directly in equity	–	–	–	(6,896,578)	–	(6,896,578)
Loss for the period	–	–	–	–	(480,162)	(480,162)
Total recognised income and expense	–	–	–	(6,896,578)	(480,162)	(7,376,740)
Transfer	–	–	–	(141,787)	141,787	–
Share based remuneration	–	–	145,306	–	–	145,306
Dividend paid	–	–	–	–	(167,446)	(167,446)
31 January 2009 Unaudited	**267,589**	**698,044**	**13,182,427**	**18,579,309**	**2,784,417**	**35,511,786**

All amounts are attributable to equity holders of the parent.

Consolidated Balance Sheet

31 January 2009

	Notes	Unaudited 31 January 2009 £	Unaudited 31 January 2008 £	Audited 31 July 2008 £
Non-current assets				
Goodwill		–	310,559	–
Property, plant and equipment	7	69,190,741	83,512,556	78,338,778
Prepayments	2b	2,797,260	2,511,615	2,611,834
		71,988,001	86,334,730	80,950,612
Current assets				
Inventories		99,264	79,797	92,712
Trade and other receivables	8	1,423,242	2,045,745	2,291,420
Cash and cash equivalents		2,141,786	4,779,607	2,480,826
		3,664,292	6,905,149	4,864,958
Total assets		75,652,293	93,239,879	85,815,570
Current liabilities				
Trade and other payables	9	(2,922,347)	(3,308,024)	(5,077,541)
Provisions		(37,260)	(65,082)	(84,664)
		(2,959,607)	(3,373,106)	(5,162,205)
Non-current liabilities				
Bank borrowings	10	(27,537,355)	(24,294,378)	(25,311,225)
Deferred tax	11	(9,643,545)	(14,729,164)	(12,431,474)
		(37,180,900)	(39,023,542)	(37,742,699)
Total liabilities		(40,140,507)	(42,396,648)	(42,904,904)
Net assets		35,511,786	50,843,231	42,910,666
Equity				
Called up share capital		267,589	267,589	267,589
Share premium		698,044	698,044	698,044
Other reserves		13,182,427	12,876,838	13,037,121
Retained earnings	13	2,784,417	6,208,994	3,290,238
Revaluation surplus		18,579,309	30,791,766	25,617,674
Total equity attributable to equity holders of the parent		35,511,786	50,843,231	42,910,666

Consolidated Cash Flow Statement

For the six months ended 31 January 2009

	Notes	**Unaudited Six months 31 January 2009 £**	Unaudited Six months 31 January 2008 £	Audited Year 31 July 2008 £
Operating Activities				
Cash generated from operations	15a	**7,887**	(1,215,959)	1,397,710
Income tax paid		**–**	–	(195)
Net cash from operating activities		**7,887**	(1,215,959)	1,397,515
Investing activities				
Purchase of property plant and equipment		**(1,422,653)**	(8,752,195)	(14,218,042)
Acquisition of long leasehold prepayment		**(185,426)**	(2,511,615)	(100,129)
Sale of property plant and equipment		**1,755**	4,000,000	4,002,025
Interest received		**48,824**	230,813	329,659
Net cash used in investing activities		**(1,557,500)**	(7,032,997)	(9,986,487)
Financing activities				
Issue of new ordinary shares (Share options)		**–**	30,588	30,588
Increase in borrowings – bank loans		**2,226,129**	8,801,772	9,818,619
Interest paid		**(848,110)**	(722,421)	(1,626,682)
Purchase of shares for treasury		**–**	(95,728)	(2,084,614)
Equity dividends paid		**(167,446)**	(174,782)	(257,247)
Net cash from financing activities		**1,210,573**	7,839,429	5,880,664
Net (decrease)/increase in cash and cash equivalents in the period		**(339,040)**	(409,527)	(2,708,308)
Cash and cash equivalents at beginning of the period		**2,480,826**	5,189,134	5,189,134
Cash and cash equivalents at end of the period		**2,141,786**	4,779,607	2,480,826

Notes to the Interim Results

1 General information
Lok'nStore Plc is an AIM listed company incorporated and domiciled in the United Kingdom under the Companies Act 1985. The address of the registered office is 1 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, Hants. 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 2009 have been prepared on the basis of the accounting policies expected to be used in the 2009 Lok'nStore Group Plc Annual Report and Accounts and in accordance with the recognition and measurement principles of International Financial Reporting Standards as adopted by the European Union ('EU') ('IFRS'). The interim results, which were approved by the Directors on 24 April 2009 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 2008 have been extracted from the statutory accounts for the Group for that period, which carried an unqualified audit report, did not include a reference to any matters to which the auditor drew attention by way of emphasis of matter, did not contain a statement under section 237(2) or (3) of the Companies Act 1985 and have been delivered to the Registrar of Companies.

Critical accounting estimates and judgements
The preparation of consolidated financial statements under IFRS requires management to make estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual outcomes may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

a) Estimate of fair value of trading properties

The Group values its self-storage stores using a discounted cash flow methodology which is based on projections of net operating income. Principal assumptions underlying management's estimation of the fair value are those relating to stabilised occupancy levels; expected future growth in storage rents and operating costs, maintenance requirements, capitalisation rates and discount rates. A more detailed explanation of the background and methodology adopted in the valuation of the Group's trading properties is set out in the annual financial statements. The carrying value of properties held at valuation at the balance sheet date was £55.4 million compared to £60.5 million at 31 July 2008. (31.01.08: £66.8 million).

Market Uncertainty
Since the middle of September 2008 financial markets have been exceptionally volatile in response to concerns over the solvency and credit worthiness of a number of major banks and financial institutions and the wider consequences for the global financial system and economy.

Under these conditions many investment decisions have been put on hold or deferred. In view of the already reduced volume of transactions in the property investment market in the year to date, these latest developments only serve to increase the degree of uncertainty that must attach to any opinion of value given at the present time.

Cushman & Wakefield (C&W) valued the properties as at 31 July 2008 on the basis of market evidence available as at the date of valuation, although there had been and continues to be a greatly reduced number of property transactions and much relating to transactions completed before the full extent of the banking crisis manifested itself. In this regard C&W confirm that they had to exercise a greater degree of judgement than is usual in a more active market. As a result, there was greater uncertainty attached to their opinion of value than during normal market conditions.

Although the Board did not commission an external valuation at this interim it is mindful of the need to accord with the measurement principles of International Financial Reporting Standards as adopted by the European Union. Accordingly the property valuations at the half-year are directors' valuations. After consultation with our valuers, and based on yield shift assumptions which would be applied at 31 January 2009 to our properties valued at 31 July 2008, the Directors consider that it is appropriate to apply a 1.5% yield shift to the portfolio reducing values accordingly. No yield shift has been applied to the Reading site valued at its residential development potential as this value was substantially reduced at 31 July 2008, to a value which remains appropriate at 31 January 2009.

2 Basis of preparation continued

As a result, on a same store basis Lok'nStore's freehold and operating leasehold properties which were independently valued by Cushman & Wakefield ('C&W') at £72.1 million as at 31 July 2008 have been restated at 31 January 2009 at £60.8 million a decline of 16%. Adding our Harlow store now removed from stores under development and stated at fair value and together with our stores under development at cost and our Maidenhead site (included in non-current prepayments), our total property is now stated at £76.8 million (31 July 2008: £86.4 million).

b) Assets in the course of construction and land held for pipeline store development. ('Development property assets')

The Group's development property assets are held in the balance sheet at historic cost and are not valued externally. In acquiring sites for redevelopment into self-storage facilities, the Group estimates and makes judgements on the potential net lettable storage space that it can achieve in its planning negotiations, together with the time it will take to achieve maturity occupancy level. In addition, assumptions are made on the storage rent that can be achieved at the store by comparing with other stores within the portfolio and within the local area. These judgements taken together with estimates of operating costs and the projected construction cost, allow the Group to calculate the potential net operating income at maturity, projected returns on capital invested and hence to support the purchase price of the site at acquisition. Following the acquisition, regular reviews are carried out taking into account the status of the planning negotiations, revised construction costs or capacity of the new facility, for example, to make an assessment of any impairment to the carrying value of the development property held at historic cost. Once a store is opened, then it is valued as a trading store in the Group's balance sheet. The carrying value of development property assets at the balance sheet date was £10.8 million (31.01.08: £14.1 million) of which £2.8 million relating to the long lease at Maidenhead was classified as a non current prepayment in the balance sheet. (31.01.08: £2.5 million). The Group reviews all development property assets for impairment at each balance sheet date.

c) Dilapidations

The Group has a number of stores operating under leasehold tenure. From time to time, in accordance with the Group's stated objective to maximise shareholder value, it may choose not to renew a lease, particularly where alternative premises have been sourced and customers can be moved into the new premises. In these circumstances the Group may incur repairing and decoration liabilities ('dilapidations') based on the tenant's obligation to the landlord to keep the leasehold premises in good repair and decorative condition. Landlords in these circumstances will normally serve a schedule of dilapidations on the tenant setting out a list of items to be remedied. This may also refer to obligations on the tenant to reinstate any alterations works previously undertaken by the tenant under a Licence for Alterations. Such claims will always be negotiated robustly by Lok'nStore and may require legal, valuation and surveyor's expertise, particularly if it can be shown that the landlord's interest in the premises has not been diminished by the dilapidations. As such, evaluations of actual liabilities are always a critical judgement and any sums provided to be set aside can only be an estimate until a settlement is concluded.

The carrying value of the provision for dilapidations at the balance sheet date was £37,260 (31.01.08: £65,082).

Notes to the Interim Results continued

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 2009 (unaudited) £	Six months ended 31 January 2008 (unaudited) £	Year ended 31 July 2008 (audited) £
Stores trading			
Self-storage income	**4,577,142**	5,038,843	9,854,216
Other storage related income	**418,846**	402,317	793,343
Ancillary store rental income	**26,191**	21,359	5,218
Management fees	**10,455**	11,113	21,374
Sub-Total	**5,032,634**	5,473,632	10,674,151
Stores under development			
Non-storage income	**61,384**	49,697	152,913
Total revenue	**5,094,018**	5,523,329	10,827,064

4 Cost of sales

Cost of sales represents the direct costs associated with the sale of retail products (boxes, packaging etc), the ancillary sales of insurance cover for customer goods and the provision of van hire services at discounted rates to customers to facilitate 'move-ins' all of which fall within the Group's ordinary activities.

	Unaudited Six months ended 31 January 2009 £	Unaudited Six months ended 31 January 2008 £	Audited Year ended 31 July 2008 £
Retail	**92,027**	112,546	190,377
Insurance	**17,942**	31,259	66,021
Van Hire	**41,299**	18,965	41,691
	151,268	162,770	298,089

5 Taxation

	Unaudited Six months ended 31 January 2009 £	Unaudited Six months ended 31 January 2008 £	Audited Year ended 31 July 2008 £
Current tax charge for the period	–	–	98,201
Deferred tax (credit)/charge for the period	–	(32,797)	–
Total tax (credit)/charge for the period	–	(32,797)	98,201

No current tax charge arises due to the availability of excess tax losses brought forward.

6 (Loss)/earnings per ordinary share

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

	Unaudited Six months ended 31 January 2009 £	Unaudited Six months ended 31 January 2008 £	Audited Year ended 31 July 2008 £
(Loss)/profit for the financial period	(480,162)	248,817	(839,647)
	No of shares	No of shares	No of shares
Weighted average number of shares			
For basic earnings per share	24,991,918	26,098,735	25,678,141
Dilutive effect of share options	–	676,338	314,232
	24,991,918	26,775,072	25,992,372
(Loss)/Earnings per share			
Basic	(1.92p)	0.95p	(3.27p)
Diluted	(1.92p)	0.93p	(3.27p)

624,947 shares held in the Employee Benefit Trust and 1,142,000 treasury shares are excluded from the above.

Notes to the Interim Results continued

7 Property, plant and equipment

Group	Land and buildings £	Short Leasehold improvements £	Fixtures, fittings and equipment at cost £	Motor Vehicles at cost £	Total £
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 31 July 2007	66,967,426	1,134,306	7,606,766	45,105	75,753,603
Net book value at 31 January 2008	73,454,931	1,231,368	8,773,933	52,324	83,512,556
Net book value at 31 July 2008	**66,956,311**	**1,537,252**	**9,727,404**	**117,811**	**78,338,778**
Cost or valuation					
1 August 2008 b/fwd	66,956,311	2,470,943	14,257,265	167,345	83,851,864
Additions	306,365	27,437	1,048,864	39,987	1,422,653
Disposals	–	–	–	(48,279)	(48,279)
Revaluations	(9,918,662)	–	–	–	(9,918,661)
31 January 2009 c/fwd	**57,344,015**	**2,498,380**	**15,306,129**	**159,053**	**75,307,578**
Depreciation					
1 August 2008 b/fwd	–	933,691	4,529,861	49,535	5,513,087
Depreciation	234,154	108,759	519,879	14,315	877,107
Disposals	–	–	–	(39,203)	(39,203)
Revaluations	(234,154)	–	–	–	(234,154)
31 January 2009 c/fwd	–	1,042,450	5,049,740	24,647	6,116,837
Net book value at 31 January 2009	**57,344,015**	**1,455,930**	**10,256,389**	**134,407**	**69,190,741**

The capital expenditure during the period totalled was £1.4 million, which includes the ongoing build works at Harlow, and planning and preparatory site works at the freehold site at North Harbour. The balance of the additions relates to a modest fit-out at the existing Luton store.

Market valuation of freehold and leasehold land and buildings

Following the Company's comprehensive external valuation at 31 July 2008 by C&W which indicated a total for freehold properties valued of £60.5 million (NBV £24.9 million), the freehold and leasehold properties have not been externally valued at 31 January 2009, although in accordance with the Company's established policy it is the intention to do so at the next year-end at 31 July 2009. Although the Board did not commission an external valuation at this interim it is mindful of the need to accord with the measurement principles of International Financial Reporting Standards as adopted by the European Union. Accordingly after consultation with our valuers, and based on yield shift assumptions which would be applied at 31 January 2009 to our properties valued at 31 July 2008 the Directors consider that it is appropriate to apply a 1.5% market yield shift to the portfolio. No yield shift has been applied to the Reading site valued at its residential development potential as this value was substantially reduced at 31 July 2008, to a value which remains appropriate at 31 January 2009.

As a result, on a same store basis Lok'nStore's freehold and operating leasehold properties which were independently valued by Cushman & Wakefield ('C&W') at £72.1 million as at 31 July 2008 have been restated at 31 January 2009 at £60.8 million a decline of around 16%. Adding our Harlow store, which has recently opened and now removed from stores under development and stated at fair value together with our stores under development at cost and our Maidenhead site (included in non-current prepayments), our total property is now stated at £76.8 million (31 July 2008: £86.4 million).

The leasehold properties are carried in any event at historic cost less accumulated depreciation in the balance sheet and significant progress has been made in enhancing the value of development sites which are held at cost of £10.8 million through a combination of planning permissions secured since the year-end and the potential for more imaginative collaborative schemes on certain of our development land sites.

7 Property, plant and equipment continued

Market Uncertainty

The Directors consider, based on opinion available that the market for self-storage assets has remained relatively resilient to the downturn in property values generally and increasing yields seen in the wider property market. The market conditions generally and the lack of transactions, particularly since the full extent of the banking and wider credit crisis manifested itself, only serve to increase the degree of uncertainty that must attach to any opinion of value given at the present time. (Refer also to note 2a on critical accounting estimates and judgements in relation to fair value of trading properties).

8 Trade and other receivables

	Unaudited Six months ended 31 January 2009 £	Unaudited Six months ended 31 January 2008 £	Audited Year ended 31 July 2008 £
Due within one year:			
Trade receivables	**705,737**	802,469	734,431
Other receivables	**119,457**	554,710	354,841
Prepayments and accrued income	**598,048**	688,566	1,202,148
	1,423,242	2,045,745	2,291,420

9 Trade and other payables

	Unaudited Six months ended 31 January 2009 £	Unaudited Six months ended 31 January 2008 £	Audited Year ended 31 July 2008 £
Trade payables	**381,365**	413,450	2,212,960
Taxation and social security costs	**182,723**	105,950	99,026
Other payables	**804,484**	1,006,758	879,308
Accruals and deferred income	**1,553,775**	1,781,866	1,886,247
	2,922,347	3,308,024	5,077,541

Notes to the Interim Results continued

10 Bank borrowings

	Unaudited Six months ended 31 January 2009 £	Unaudited Six months ended 31 January 2008 £	Audited Year ended 31 July 2008 £
Bank loans repayable in more than two years but not more than five years			
Gross	**27,642,416**	24,434,459	25,433,796
Deferred financing costs	**(105,061)**	(140,081)	(122,571)
Net bank loans repayable in more than two years but not more than five years	**27,537,355**	24,294,378	25,311,225

The bank loans are secured by legal charges and debentures over the freehold and leasehold properties and other assets of the business with a net book value of £85.6 million together with cross-company guarantees of Lok'nStore Limited. The revolving credit facility is for a five-year term and expires on 5 February 2012. The Group is not obliged to make any repayments prior to expiration. The loans bear interest at the London Inter Bank Offer Rate (LIBOR) plus 1.25%–1.35% Royal Bank of Scotland plc margin.

The gearing ratio at the period-end is as follows:

	Unaudited 31 January 2009 £	Unaudited 31 January 2008 £	Audited 31 July 2008 £
Debt	**(27,642,416)**	(24,434,459)	(25,433,796)
Cash and cash equivalents	**2,141,786**	4,779,607	2,480,826
Net debt	**(25,500,630)**	(19,654,852)	(22,952,970)
Balance sheet equity	**35,511,786**	50,843,231	42,910,666
Net debt to equity	**71.8%**	38.7%	53.5%

11 Deferred tax

	Unaudited 31 January 2009 £	Unaudited 31 January 2008 £	Audited 31 July 2008 £
Provision at start of period	**12,431,474**	14,851,644	14,851,644
(Credit)/charge to income in the period	**–**	(32,797)	98,006
Credit to equity in period	**(2,787,929)**	(89,683)	(2,518,176)
Provision at end of period	**9,643,545**	14,729,164	12,431,474

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 other 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 Equity settled share-based payment plans

The Group operates three equity settled share-based payment plans, 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 Company has the following share options:

Summary	As at 31 July 2008	Granted	Exercised	Lapsed/ surrendered	**As at 31 January 2009**
Enterprise Management Initiative Scheme	501,901	–	–	(10,000)	**491,901**
Approved Share Options Scheme	19,458	–	–	–	**19,458**
Unapproved Share Options	1,775,906	–	–	(32,000)	**1,743,906**
Total	2,297,265	–	–	(42,000)	**2,255,265**
Options held by Directors	1,270,000	–	–	–	**1,270,000**
Options not held by Directors	1,027,265	–	–	(42,000)	**985,265**
Total	2,297,265	–	–	(42,000)	**2,255,265**

Summary	As at 31 January 2008	Granted	Exercised	Lapsed/ surrendered	As at 31 July 2008
Enterprise Management Initiative Scheme	601,493	–	–	(99,592)	501,901
Approved Share Options Scheme	22,377	–	–	(2,919)	19,458
Unapproved Share Options	1,498,314	396,000	–	(118,408)	1,775,906
Total	2,122,184	396,000	–	(220,919)	2,297,265
Options held by Directors	1,075,000	195,000	–	–	1,270,000
Options not held by Directors	1,047,184	201,000	–	(220,919)	1,027,265
Total	2,122,184	396,000	–	(220,919)	2,297,265

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 £145,306 (31.01.08: £156,863), all of which relates to equity-settled share-based payment transactions.

Notes to the Interim Results continued

13 Retained earnings

Group	Retained earnings before deduction of own shares £	Own shares (note 14) £	Retained earnings Total £
1 August 2007	**6,655,952**	**(509,586)**	**6,146,366**
Profit for the financial period	248,817	–	248,817
Transfer from revaluation reserve	84,321	–	84,321
Dividends	(174,782)	–	(174,782)
Purchase of shares	–	(95,728)	(95,728)
31 January 2008	**6,814,308**	**(605,314)**	**6,208,994**
Loss for the financial period	(1,088,464)	–	(1,088,464)
Deferred tax	162,880	–	162,880
Transfer from revaluation reserve	82,497	–	82,497
Movement on EBT (ESOP)	–	3,970	3,970
Dividends	(86,783)	4,318	(82,465)
Purchase of shares	–	(1,997,174)	(1,997,174)
1 August 2008	**5,884,438**	**(2,594,200)**	**3,290,238**
Loss for the financial period	(480,162)	–	(480,162)
Transfer from revaluation reserve	141,787	–	141,787
Dividends	(167,446)	–	(167,446)
31 January 2009	**5,378,617**	**(2,594,200)**	**2,784,417**

The Own Shares Reserve represents the cost of shares in Lok'nStore Group Plc purchased in the market and held in the Employee Benefit Trust to satisfy awards made under the Groups share incentive plan and shares purchased separately by Lok'nStore Limited for Treasury Account. These treasury shares have not been cancelled and were purchased at an average price considerably lower than the Company's adjusted net asset value. These shares may in due course be released back into the market to assist liquidity of the Company's stock and to provide availability of a reasonable line of stock to satisfy investor demand as and when required.

The Company has taken advantage of the exemption available under the Companies Act 1985 not to present the Company income statement. The Company profit for the year was £nil (2008: £nil).

14 Own Shares

	ESOP shares Number	ESOP shares £	Treasury shares Number	Treasury shares £	Own shares total £
1 August 2007	**627,500**	**509,586**	**–**	**–**	**509,586**
Purchase of shares	–	–	52,000	95,728	95,728
31 January 2008	**627,500**	**509,586**	**52,000**	**95,728**	**605,314**
Transfer out of scheme	(2,553)	(3,970)	–	–	(3,970)
Purchase of shares	–	–	1,090,000	1,997,174	2,092,902
Dividends received	–	(4,318)	–	–	(4,318)
31 July 2008	**624,947**	**501,298**	**1,142,000**	**2,092,902**	**2,594,200**
31 January 2009	**624,947**	**501,298**	**1,142,000**	**2,092,902**	**2,594,200**

Lok'nStore Limited holds a total of 1,142,000 of its own ordinary shares of 1 pence each for treasury with an aggregate nominal value of £11,420 for an aggregate cost of £2,092,902 at an average price of £1.818 per share. These shares represent 4.27% of the Company's called-up share capital. The maximum number of shares held by the Company in the period was 1,142,000. No shares were disposed of or cancelled in the year.

Distributable reserves have been reduced by £2,092,902 for the purchase cost of these shares. (See note 14).

The Group operates an Employee Benefit Trust ('EBT') under a settlement dated 8 July 1999 between Lok'nStore Limited and Lok'nStore Trustee Limited, constituting an employees' share scheme.

Funds are placed in the trust by way of deduction from employees' salaries on a monthly basis as they so instruct for purchase of shares in the Company. Shares are allocated to employees at the prevailing market price when the salary deductions are made.

As at 31 January 2009, the Trust held 624,947 (Jan 2008: 627,500) Ordinary Shares of 1 pence each with a market value of £218,731 (31.01.08: £1,129,500).

No dividends were waived during the year. No options have been granted under the EBT.

Notes to the Interim Results continued

15 Cash flows

(a) Reconciliation of (loss)/profit to net cash flows from operating activities

	Unaudited Six months ended 31 January 2009 £	Unaudited Six months ended 31 January 2008 £	Audited Year ended 31 July 2008 £
(Loss)/profit before tax	**(480,162)**	216,020	(741,446)
Depreciation	**877,107**	672,945	1,442,194
Impairment of goodwill	**–**	–	310,559
Share-based employee remuneration	**145,306**	156,863	317,146
(Profit)/loss on disposal of fixed assets	**7,322**	–	(563)
Interest receivable	**(48,824)**	(230,813)	(329,659)
Interest payable	**769,211**	733,495	1,608,587
(Increase)/decrease in inventories	**(6,552)**	(5,253)	18,168
Decrease/(increase) in receivables	**785,238**	(120,995)	(302,787)
(Decrease) in payables	**(2,040,759)**	(2,638,221)	(888,153)
Net cash flow from operating activities	**7,887**	(1,215,959)	1,397,710

(b) Reconciliation of Net Cash Flow to Movement in Net Debt

	Unaudited Six months ended 31 January 2009 £	Unaudited Six months ended 31 January 2008 £	Audited Year ended 31 July 2008 £
(Decrease) in cash in the period	**(339,040)**	(409,527)	(2,708,308)
Change in net debt resulting from cash flows	**(2,208,619)**	(8,819,282)	(9,783,599)
Movement in net debt in period	**(2,547,659)**	(9,228,809)	(12,491,907)
Net debt brought forward	**(22,952,971)**	(10,461,064)	(10,461,064)
Net debt carried forward	**(25,500,630)**	(19,689,873)	(22,952,971)

16 Commitments under operating leases

At 31 January 2009, the total future minimum lease payments under non-cancellable operating leases were as follows:

The Group as a lessee:

The minimum lease payments under non-cancellable operating lease rentals are in aggregate as follows:

	Unaudited Six months ended 31 January 2009 £	Unaudited Six months ended 31 January 2008 £	Audited Year ended 31 July 2008 £
Land and buildings			
Amounts due:			
Within one year	**1,389,692**	1,389,692	1,389,692
Between two and five years	**5,338,768**	5,338,768	5,338,768
After five years	**6,309,142**	7,647,642	6,981,973
	13,037,602	14,376,102	13,710,433

Operating lease payments represent rentals payable by the Group for certain of its properties.

Leases are negotiated for a typical term of 20 years and rentals are fixed for an average of five years.

17 Events after the balance sheet date

There were no reportable events after the balance sheet date.

18 Capital commitments and guarantees

The Group has capital expenditure contracted for but not provided for in the financial statements of £558,770 (Jan 2008: £3.84 million). The outstanding commitments relate principally to the remaining building and fitting-out costs of the Harlow and Northampton Central stores as well as the fit-out costs relating to the existing Luton store.

The Company has guaranteed the bank borrowings of Lok'nStore Limited. As at the period-end, that company had gross bank borrowings of £27.6 million (January 2008: £24.5 million).

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 2009 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 18. 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 2009 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
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24 April 2009

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