


SAFETY GODOWN CO LTD
(Incorporated in Hong Kong with limited liability)
(Stock code: 237)

INTERIM REPORT 2011/2012

GROUP RESULTS

The profit attributable to owners of the Company for the first half of 2011 was HK\$92,765,000 compared with the profit of HK\$162,383,000, in the same period in 2010. Earnings per share were HK\$0.69 (2010: HK\$1.20). The underlying profit attributable to owners of the Company excluding the changes in fair value of investment properties and associated deferred tax decreased by 78% from HK\$59,962,000 in the first half of 2010 to HK\$12,956,000 for the period under review.

DIVIDENDS

The Directors have declared an interim dividend of HK7 cents per share (six months ended 30.9.2010: HK7 cents) and a special dividend of HK93 cents per share (six months ended 30.9.2010: HK3 cents) to be paid to the shareholders of the Company, whose names appear in the register of members on 21 December 2011. The interim dividend and special dividend will be paid around 7 January 2012.

BUSINESS REVIEW

During the period under review, Hong Kong's economy clearly experienced a slowdown, with its property market undergoing readjustment as a result of the impact of the US and Eurozone debt crises on the world economy, aggravated by prolonged macroeconomic control in China and measures introduced in Hong Kong and China to cool down the property market.

Nevertheless, since the storage demands of domestic consumer products and certain specific goods such as paper products remained stable, the overall income from the godown operations of the Group in the first half of the year was higher than that recorded for the same period last year. The occupancy rate of the Group's investment properties remained at around 90%, with a slight rise in rental income, while losses were recorded for treasury investments due to the substantial fluctuations and downside in the stock market.

OUTLOOK

As the Eurozone debt crisis has posed even greater challenges than the US debt crisis, and the proposed financial support from the European Union for Greece has met with a number of twists and turns, the global economy is faced with not only higher risks and uncertainties, but also the fact that the two crises may persist for some time before any viable solution is found. The market is highly concerned about whether the US will introduce a third round of quantitative easing. On the other hand, China has timely fine-tuned its economic policy to a suitable extent. If the reserve requirement for bank deposits is lowered, the liquidity difficulty faced by the small-medium enterprises could be alleviated, and the godown and logistics industry of Hong Kong would also enjoy an upturn. It is anticipated that the property market will experience a volatile and downward trend in the second half of the year, and the rental market may also be affected.

The redevelopment plan for the Safety Godown No. 4, Kwai Chung, is still in the preliminary study stage. As the economy and the financial market remain unstable, the Group has decided to hold off its development plan, and to distribute part of the funds originally reserved for development as special dividends to shareholders, with the balance being retained as a startup fund for future redevelopment projects.

FINANCIAL REVIEW

Turnover of the Group for the six months ended 30 September 2011 increased by 16% against last corresponding period to HK\$54,482,000. The Group recorded growth in the godown and property operations. Profit attributable to shareholders for the period amounted to HK\$92,765,000, which represented a decrease of 43% on a year-on-year basis.

Godown operation

During the period, godown operation's turnover showed a growth of 43% on a year-on-year basis. Godown storage service was supported by paper material storage need. Profits contributed from godown operation recorded an increase of 13% to HK\$3,841,000.

Property investment

During the period, rental rate and occupancies recovered steadily. Rental income generated from investment properties increased by 7% to HK\$36,270,000 on a year-on-year basis while profit attributable to this segment increased by 7% to HK\$29,404,000. The average occupancy rate of the Group's major property, Lu Plaza, remained at around 90% during the period.

As at 30 September 2011, the Group's investment property portfolio was revalued at HK\$1,634,834,000 (31 March 2011: HK\$1,539,254,000). The revaluation gave rise to an unrealised fair value gain of HK\$95,580,000, while the unrealised gain in the last corresponding period amounted to HK\$122,660,000.

Treasury investment

Being clouded by the poor U.S. and European economy, the Euro-debt problems, and the austerity measures taken by the Chinese Government, Hong Kong stock market fell over 25% during the period under review, Hang Seng Index dropped from 23,527 index level from 31 March 2011 to 17,592 at 30 September 2011. Reflecting the poor performance in the Hong Kong stock market, the Group recorded a loss of HK\$13,203,000 in treasury investment segment compared to a profit of HK\$43,080,000 for the same period last year.

The Group also recorded an unrealised fair value loss on available-for-sale investments of HK\$10,128,000 (2010: fair value gain of HK\$2,484,000).

The Group does not engage in any derivative or hedging instruments investments.

Investments held for trading and available-for-sale investments comprised principally securities listed in Hong Kong. In view of the volatile stock markets, the Group reduced its portfolio holding in investments held for trading. Total market value of investments held for trading at the end of the period reduced by 30% to HK\$100,861,000.

During the period, the Group acquired a held-to-maturity investment which could provide steady interest income to the Group.

LIQUIDITY AND FINANCIAL RESOURCES

The Group continued to maintain a strong liquidity position. Total cash balance at the end of the current period amounted to HK\$210,952,000 (31 March 2011: HK\$186,060,000), an increase of 13% since 31 March 2011. The Group does not have any outstanding bank loan or debts, and hence no interest expenses incurred by the Group. The current ratio as at 30 September 2011 was 8.63 times (31 March 2011: 9.32 times). The Group has sufficient financial resources to satisfy its commitments and working capital requirements.

The shareholders' funds as at 30 September 2011 amounted to HK\$1,856,425,000 (31 March 2011: HK\$1,799,438,000), an increase of 3%. Net asset value per share of the Company rose from HK\$13.33 per share at 31 March 2011 to HK\$13.75 per share.

EMPLOYEES

As at 30 September 2011, the total number of employees of the Group was 65 (31 March 2011: 65 employees), compared with 68 as at 30 September 2010. Staff cost (including directors' emoluments) decreased by 11% to HK\$9,702,000 (2010: HK\$10,917,000).

The remuneration policies are reviewed periodically on the basis of the nature of job, market trend, company performance and individual performance. The Group also provides internal training to staff and provides bonuses based on staff performance and results of the Group. The Group does not have any share option scheme for employees.

EXPOSURE OF FOREIGN EXCHANGE

Certain bank balances of the Group are denominated in foreign currencies which are different from the functional currency of the entity to which they relate, and therefore the Group is exposed to foreign currency risk. At 30 September 2011, the Group's foreign currency bank deposits amounted to HK\$22,352,000 (31 March 2011: HK\$42,329,000). The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign exchange exposure should the need arise.

CONTINGENT LIABILITIES

As at 30 September 2011, the Group did not have any significant contingent liabilities.

PLEDGE OF ASSETS

At 30 September 2011, the Group has pledged its property, plant and equipment with carrying values of HK\$105,419,000 (31 March 2011: HK\$109,433,000) to a bank to secure a general banking facility to the extent of HK\$69,000,000 (31 March 2011: HK\$69,000,000) granted to the Group. At 30 September 2011, the facility was not utilised by the Group.

DIRECTORS' INTERESTS IN SECURITIES

At 30 September 2011, the interests of the directors and their associates in the shares of the Company as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO"), or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

Name of director	Number of issued ordinary shares of the Company held (long position)			Total	Percentage of issued share capital of the Company
	Personal interests	Family interests	Corporate interests		
Mr. Lu Sin	4,400,000	2,589,500 ¹	59,553,445 ²	66,542,945	49.29%
Mr. Lui Chi Lung	7,884	–	–	7,884	0.0058%
Mr. Lu Wing Yee, Wayne	7,462,420	–	23,440 ³	7,485,860	5.55%
Mr. Lam Ming Leung	10,000	–	–	10,000	0.0074%

Notes:

- Mr. Lu Sin was deemed to be interested in these 2,589,500 shares which were held by his spouse, Ms. Chan Koon Fung, personally.
- Mr. Lu Sin was deemed to be interested in these 59,553,445 shares which comprise:-
 - 47,203,445 shares held through Kian Nan Financial Limited. Kian Nan Financial Limited was 98% held by Lusin and Company Limited which in turn was 70% controlled by Mr. Lu Sin;
 - 2,000,000 shares held through Lusin and Company Limited which was 70% controlled by Mr. Lu Sin; and
 - 10,350,000 shares held through Earngold Limited of which Mr. Lu Sin and his spouse, Ms. Chan Koon Fung, indirectly owned in aggregate 50% of the issued share capital.
- Mr. Lu Wing Yee, Wayne was deemed to be interested in these 23,440 shares through a company, which was 100% controlled by himself.

Other than as disclosed above, none of the directors, chief executives nor their associates had any interests or short positions in any shares or underlying shares of the Company or its associated corporations as defined in Part XV of the SFO at 30 September 2011.

SUBSTANTIAL SHAREHOLDERS

At 30 September 2011, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO showed that, other than the interests of certain directors disclosed under the section headed "Directors' Interests in Securities" above, the following shareholders had notified the Company of their relevant interests in the issued share capital of the Company:

Name of substantial shareholder	Number of issued ordinary shares held		Percentage of issued share capital of the Company
	Direct interest	Indirect interest	
Lusin and Company Limited	2,000,000	47,203,445 ¹	36.45%
Kian Nan Financial Limited	47,203,445	–	34.97%
Fu Nan Enterprises Company Limited	11,999,661	–	8.89%
Earngold Limited	10,350,000	–	7.67%

Notes:

1. Lusin and Company Limited was deemed to be interested in 47,203,445 shares of the Company by virtue of its 98% shareholding in Kian Nan Financial Limited.
2. Ms. Chan Koon Fung, the spouse of Mr. Lu Sin, was taken to be interested in a total of 66,542,945 shares of the Company, representing approximately 49% of the issued shares of the Company, which comprise her personal interests and Mr. Lu Sin's interests in the shares of the Company as disclosed in the section headed "Directors' Interests in Securities" above.

Other than as disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company at 30 September 2011.

CLOSURE OF MEMBERS REGISTER

The Register of Members of the Company will be closed from Monday, 19 December 2011 to Wednesday, 21 December 2011, both days inclusive, during which period no transfer of shares can be registered. In order to qualify for the proposed interim dividend and special dividend, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's Share Registrars, Tricor Standard Limited, 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong, for registration not later than 4:00 p.m. on Friday, 16 December 2011.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period under review.

REVIEW OF RESULTS

The Group's condensed consolidated financial statements for the six months ended 30 September 2011 (the "Financial Statements") have not been audited but have been reviewed by Deloitte Touche Tohmatsu ("DTT"), Certified Public Accountants, the external independent auditor of the Company, whose review report is contained on page 4 of this Interim Report.

In the presence of the representatives of DTT, the Audit Committee met on 21 November 2011 and reviewed with the management the unaudited Financial Statements and expressed no disagreement with the accounting policies and standards adopted by the Group.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions set out in Appendix 14 of the Code on Corporate Governance Practices (the "CG Code") under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the six months ended 30 September 2011 except for the deviations from the following code provisions:

Code provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

Mr. Lu Sin is the Chairman and the Chief Executive Officer of the Company. He is the founder and a substantial shareholder of the Company and has considerable industry experience. The Board considers this structure will not impair the balance of power and authority between the Board and the Management of the Group. The balance of power and authority can be ensured as at least one-third of the Board members are represented by Independent Non-executive Directors throughout the period. The Board believes that this structure enables the Group to make and implement decisions promptly and efficiently.

Code provision A.4.1 stipulates that Non-executive Directors should be appointed for a specific term.

All the Directors (including Non-executive Directors) are subject to retirement by rotation once every three years in accordance with the Company's Articles of Association. In view of the requirement on Director's retirement by rotation under the Articles of Association of the Company, the Directors do not consider appointment of Non-executive Directors for specific terms necessary.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as its code of conduct regarding directors' securities transactions. Having made specific enquiry of all Directors of the Company, the Directors have confirmed in writing that they had complied with the required standard as set out in the Model Code throughout the six months ended 30 September 2011.

By Order of the Board
Lu Sin
Chairman

Hong Kong, 25 November 2011

**REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION
TO THE BOARD OF DIRECTORS OF SAFETY GODOWN COMPANY, LIMITED**

(incorporated in Hong Kong with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 5 to 9, which comprises the condensed consolidated statement of financial position of Safety Godown Company, Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) as of 30 September 2011 and the related condensed consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. 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 Hong Kong Standards on Auditing 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 interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

25 November 2011

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 September 2011

	Notes	Six months ended	
		30.9.2011 (unaudited) HK\$'000	30.9.2010 (unaudited) HK\$'000
Turnover	3	54,482	47,013
Income from godown operations		15,363	10,742
Income from property investment		36,270	33,840
Fair value (loss) gain on investments held for trading		(14,917)	34,281
Interest income		1,049	471
Dividend income		1,800	1,960
Other income and gain		36	6,779
Increase in fair value of investment properties		95,580	122,660
Staff costs		(9,702)	(10,917)
Depreciation of property, plant and equipment		(4,502)	(995)
Other expenses		(7,942)	(5,528)
Profit before taxation	4	113,035	193,293
Taxation	5	(20,270)	(30,910)
Profit for the period attributable to owners of the Company		92,765	162,383
Other comprehensive (expense) income			
Fair value (loss) gain on available-for-sale investments		(10,128)	2,484
Total comprehensive income for the period attributable to owners of the Company		82,637	164,867
Earnings per share-Basic	7	HK\$0.69	HK\$1.20

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 September 2011

	Notes	30.9.2011 (unaudited) HK\$'000	31.3.2011 (audited) HK\$'000
Non-current assets			
Investment properties	8	1,634,834	1,539,254
Property, plant and equipment	9	117,901	122,006
Available-for-sale investments		21,722	31,850
Held-to-maturity investment		7,717	–
		1,782,174	1,693,110
Current assets			
Investments held for trading		100,861	145,123
Trade and other receivables	10	16,847	10,463
Tax recoverable		572	1,965
Bank and other deposits		145,781	165,382
Bank balances and cash		65,171	20,678
		329,232	343,611
Current liabilities			
Other payables		30,970	32,301
Tax payable		7,167	4,568
		38,137	36,869
Net current assets		291,095	306,742
		2,073,269	1,999,852
Capital and reserves			
Share capital	11	135,000	135,000
Reserves		1,721,425	1,664,438
Equity attributable to owners of the Company		1,856,425	1,799,438
Non-current liabilities			
Deferred tax liabilities		214,141	197,863
Provision for long service payments		2,703	2,551
		216,844	200,414
		2,073,269	1,999,852

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2011

	Share capital HK\$'000	Share premium HK\$'000	Investment revaluation reserve HK\$'000	Property revaluation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 April 2010 (audited)	135,000	43,216	9,873	63,618	1,273,034	1,524,741
Profit for the period	–	–	–	–	162,383	162,383
Fair value gain on available-for-sale investments	–	–	2,484	–	–	2,484
Total comprehensive income for the period	–	–	2,484	–	162,383	164,867
Dividends paid (Note 6)	–	–	–	–	(33,750)	(33,750)
At 30 September 2010 (unaudited)	135,000	43,216	12,357	63,618	1,401,667	1,655,858
At 1 April 2011 (audited)	135,000	43,216	17,071	63,618	1,540,533	1,799,438
Profit for the period	–	–	–	–	92,765	92,765
Fair value loss on available-for-sale investments	–	–	(10,128)	–	–	(10,128)
Total comprehensive (expense) income for the period	–	–	(10,128)	–	92,765	82,637
Dividends paid (Note 6)	–	–	–	–	(25,650)	(25,650)
At 30 September 2011 (unaudited)	135,000	43,216	6,943	63,618	1,607,648	1,856,425

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2011

	Six months ended	
	30.9.2011 (unaudited) HK\$'000	30.9.2010 (unaudited) HK\$'000
Operating activities		
Profit before taxation	113,035	193,293
Adjustments for:		
Gain on disposal of property, plant and equipment	–	(10)
Unrealised loss (gain) on investments held for trading	11,734	(29,685)
Increase in fair value of investment properties	(95,580)	(122,660)
Exchange loss on held-to-maturity investment	597	–
Depreciation	4,502	995
Operating cash flows before movements in working capital	34,288	41,933
Decrease (increase) in investments held for trading	32,528	(66,016)
Other movements in working capital	(7,563)	(5,268)
Cash generated from (used in) operations	59,253	(29,351)
Income tax paid	–	(96)
Net cash from (used in) operating activities	59,253	(29,447)
Investing activities		
Withdrawal of bank deposits	51,075	62,467
Placement of deposits with security brokers	(30,373)	(638)
Addition of bank deposits	(1,101)	(19,402)
Purchase of held-to-maturity investment	(8,314)	–
Purchase of property, plant and equipment	(397)	(655)
Proceeds from disposal of property, plant and equipment	–	10
Net cash from investing activities	10,890	41,782
Cash used in financing activity		
Dividends paid	(25,650)	(33,750)
Net increase (decrease) in cash and cash equivalents	44,493	(21,415)
Cash and cash equivalents at beginning of the period	20,678	68,797
Cash and cash equivalents at end of the period, represented by bank balances and cash	65,171	47,382

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2011

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments, which are measured at fair values.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2011 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2011. In addition, the Group applied the following accounting policy for the classification and measurement of the Group’s investment in quoted notes with principal amount of Australian dollar 1,000,000 carrying interest at 7.75% per annum and mature on 23 November 2016 during the current interim period:

Held-to-maturity investment is a non-derivative financial asset with fixed or determinable payments and fixed maturities that the Group’s management has the positive intention and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investment is measured at amortised cost using the effective interest method, less any identified impairment losses.

In addition, in the current interim period, the Group has applied, for the first time, the following new or revised standards and interpretations (“new and revised HKFRSs”) issued by the HKICPA.

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010
HKAS 24 (Revised in 2009)	Related Party Disclosures
HK(IFRIC) – Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments

The application of the above new or revised HKFRSs in the interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

The Group has not early applied new or revised standards that have been issued but are not yet effective. The following new or revised standards have been issued after the date the consolidated financial statements for the year ended 31 March 2011 were authorised for issuance and are not yet effective:

HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income ¹
HKAS 19 (as revised in 2011)	Employee Benefits ²
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine ²

¹ Effective for annual periods beginning on or after 1 July 2012

² Effective for annual periods beginning on or after 1 January 2013

As disclosed in the Group’s consolidated financial statements for the year ended 31 March 2011, the application of HKFRS 9 “Financial Instruments” would mainly affect the classification and measurement of the Group’s available-for-sale investment, whereas the application of HKAS 12 “Deferred Tax: Recoverability of Underlying Assets” will have a material impact on the deferred tax recognised for investment properties that are measured using the fair value model. Other than the potential effect on the application of HKFRS 9 and HKAS 12, the directors of the Company anticipate that the application of the new or revised standards will not have a material impact on the results and the financial position of the Group.

3. SEGMENT INFORMATION

The Group’s operating segments, based on information reported to the chief operating decision maker, Chairman of the Company, for the purposes of resource allocation and performance assessment are as follows:

Godown operations	– Operation of godowns
Property investment	– Leasing of investment properties
Treasury investment	– Securities trading and investment

The following is an analysis of the Group’s revenue and results by reportable and operating segments for the period under review:

For the six months ended 30 September 2011

	Godown operations	Property investment	Treasury investment	Segment total	Eliminations	Consolidated
	HK\$’000	HK\$’000	HK\$’000	HK\$’000	HK\$’000	HK\$’000
Turnover						
External revenue	15,363	36,270	2,849	54,482	–	54,482
Inter-segment revenue	–	2,119	–	2,119	(2,119)	–
Total	15,363	38,389	2,849	56,601	(2,119)	54,482
Inter-segment revenue is charged based on market/concessionary rates						
Segment profit	3,841	29,404	(13,203)	20,042	–	20,042
Increase in fair value of investment properties						95,580
Central administrative costs						(2,587)
Profit before taxation						113,035

3. SEGMENT INFORMATION – CONTINUED

For the six months ended 30 September 2010

	Godown operations <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Treasury investment <i>HK\$'000</i>	Segment total <i>HK\$'000</i>	Eliminations <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Turnover						
External revenue	10,742	33,840	2,431	47,013	–	47,013
Inter-segment revenue	–	2,119	–	2,119	(2,119)	–
Total	<u>10,742</u>	<u>35,959</u>	<u>2,431</u>	<u>49,132</u>	<u>(2,119)</u>	<u>47,013</u>
Inter-segment revenue is charged based on market/concessionary rates						
Segment profit	<u>3,386</u>	<u>27,597</u>	<u>43,080</u>	<u>74,063</u>	<u>–</u>	<u>74,063</u>
Increase in fair value of investment properties						122,660
Central administrative costs						(3,430)
Profit before taxation						<u>193,293</u>

Segment profit/loss represents the profit earned/loss incurred by each segment without allocation of central administrative costs, directors' fees, other expenses that are not directly related to the core business and income tax expenses. This is the measure reported to the chief operating decision maker, Chairman of the Company, for the purposes of resources allocation and performance assessment.

The following is an analysis of the Group's assets by reportable and operating segment:

	30.9.2011 <i>HK\$'000</i>	31.3.2011 <i>HK\$'000</i>
Godown operations	128,856	127,099
Property investment	1,640,437	1,544,265
Treasury investment	276,370	342,709
Total segment assets	<u>2,045,663</u>	<u>2,014,073</u>

4. PROFIT BEFORE TAXATION

	Six months ended	
	30.9.2011 (unaudited) <i>HK\$'000</i>	30.9.2010 (unaudited) <i>HK\$'000</i>
Profit before taxation has been arrived at after charging (crediting):		
Exchange loss (gain), net	<u>751</u>	<u>(6,739)</u>

5. TAXATION

	Six months ended	
	30.9.2011 <i>HK\$'000</i>	30.9.2010 <i>HK\$'000</i>
The charge comprises:		
Hong Kong Profits Tax	3,992	9,751
Deferred taxation	16,278	21,159
	<u>20,270</u>	<u>30,910</u>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the current and prior periods.

6. DIVIDENDS

	Six months ended	
	30.9.2011 <i>HK\$'000</i>	30.9.2010 <i>HK\$'000</i>
Dividends paid:		
Final dividend paid in respect of the year ended 31 March 2011 of HK7 cents (2010: HK7 cents) per ordinary share	9,450	9,450
Special dividend paid in respect of the year ended 31 March 2011 of HK12 cents (2010: HK18 cents) per ordinary share	16,200	24,300
	<u>25,650</u>	<u>33,750</u>
Dividends proposed:		
Interim dividend – HK7 cents (six months ended 30.9.2010: HK7 cents) per ordinary share	9,450	9,450
Special dividend – HK93 cents (six months ended 30.9.2010: HK3 cents) per ordinary share	125,550	4,050
	<u>135,000</u>	<u>13,500</u>

Subsequent to the end of the reporting period, the directors of the Company have proposed that an interim dividend of HK7 cents per share (six months ended 30.9.2010: HK7 cents) and a special dividend of HK93 cents per share (six months ended 30.9.2010: HK3 cents) be paid to the shareholders of the Company, whose names appear in the register of members on 21 December 2011. The interim dividend and special dividend will be paid around 7 January 2012.

7. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit for the period attributable to owners of the Company of HK\$92,765,000 (six months ended 30.9.2010: HK\$162,383,000) and on 135,000,000 (six months ended 30.9.2010: 135,000,000) shares in issue throughout the period.

No diluted earnings per share have been presented as there were no dilutive potential ordinary shares in issue for both periods.

8. INVESTMENT PROPERTIES

	30.9.2011 <i>HK\$'000</i>	31.3.2011 <i>HK\$'000</i>
AT FAIR VALUE		
At beginning of period/year	1,539,254	1,369,375
Additions	–	139
Transfer to property, plant and equipment	–	(105,800)
Increase in fair value	95,580	275,540
At end of period/year	<u>1,634,834</u>	<u>1,539,254</u>

The fair values of the Group's major investment properties at 30 September 2011 amounting to HK\$1,611,000,000 (31.3.2011: HK\$1,515,900,000) have been arrived at on the basis of valuations carried out on that date by Messrs. Jones Lang LaSalle Limited and A A Property Services Limited, Chartered Surveyors, independent qualified professional valuers not connected with the Group. The directors of Messrs. Jones Lang LaSalle Limited and A A Property Services Limited, Chartered Surveyors, who carried out the valuation, are members of the Hong Kong Institute of Surveyors. The valuations were arrived at by reference to market evidence of recent transaction prices for similar properties and/or on the basis of discounted cash flow projections based on estimates of future rental income from properties using current market rentals and yields as inputs.

The fair values of the Group's investment properties as at 30 September 2011 amounting to HK\$23,834,000 (31.3.2011: HK\$23,354,000) have been determined by the directors of the Company. No valuation has been performed by independent qualified professional valuers. The valuation performed by the directors of the Company was arrived at by reference to market evidence of recent transaction prices for similar properties and/or on the basis of discounted cash flow projections based on estimates of future rental income from properties using current market rentals and yields as inputs.

The revaluation gave rise to a gain arising from changes in fair value of HK\$95,580,000 (six months ended 30.9.2010: HK\$122,660,000) which has been included in the condensed consolidated statement of comprehensive income.

9. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group acquired additional property, plant and equipment for HK\$397,000 (six months ended 30.9.2010: HK\$655,000).

10. TRADE AND OTHER RECEIVABLES

The Group has a policy of allowing a credit period of 60 days to its customers in respect of godown operations and 30 days for tenants. Usually, the Group issues billing in advance to its customers in respect of the property rental business.

An analysis of trade receivables by age, presented based on the billing date, is as follows:

	30.9.2011 <i>HK\$'000</i>	31.3.2011 <i>HK\$'000</i>
Trade receivables		
Within 60 days	5,970	3,940
61-90 days	295	195
Over 90 days	581	153
	<u>6,846</u>	<u>4,288</u>
Other receivables	3,151	3,724
Prepayments and deposits	6,850	2,451
	<u>16,847</u>	<u>10,463</u>

11. SHARE CAPITAL

	Number of Shares	Nominal value HK\$'000
Ordinary shares of HK\$1 each		
Authorised:		
At 31 March 2011 and 30 September 2011	<u>200,000,000</u>	<u>200,000</u>
Issued and fully paid:		
At 31 March 2011 and 30 September 2011	<u>135,000,000</u>	<u>135,000</u>

12. RELATED PARTY TRANSACTIONS

The remuneration of directors and other members of key management during the period was HK\$2,777,000 (six months ended 30.9.2010: HK\$2,796,000).

CORPORATE INFORMATION AND KEY DATES

DIRECTORS

Executive Directors

Mr. Lu Sin (*Chairman and Managing Director*)
Mr. Lui Chi Lung
Mr. Lu Wing Yee, Wayne
Mr. Oen Min Tjin

Non-executive Director

Mr. Lee Ka Sze, Carmelo

Independent Non-executive Directors

Mr. Gan Khai Choon
Mr. Lam Ming Leung
Mr. Leung Man Chiu, Lawrence

COMPANY SECRETARY

Mr. Wong Leung Wai

REGISTERED OFFICE

Units 1305-1306, 13th Floor, Lu Plaza
2 Wing Yip Street
Kwun Tong
Kowloon
Hong Kong

WEBSITE

<http://www.safetygodown.com>

STOCK CODE

237

KEY DATES

Interim Results Announcement
Closure of Register of Members
Record Date for Interim Dividend and Special dividend
Payment of Interim Dividend and Special dividend

AUDIT COMMITTEE

Mr. Gan Khai Choon (*Chairman*)
Mr. Lee Ka Sze, Carmelo
Mr. Lam Ming Leung
Mr. Leung Man Chiu, Lawrence

REMUNERATION AND NOMINATION COMMITTEE

Mr. Lu Sin (*Chairman*)
Mr. Lee Ka Sze, Carmelo
Mr. Lam Ming Leung
Mr. Leung Man Chiu, Lawrence

BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Bank of China (Hong Kong) Limited
Bank of Tokyo-Mitsubishi UFJ

SOLICITORS

Woo, Kwan, Lee & Lo

AUDITORS

Deloitte Touche Tohmatsu

REGISTRARS AND TRANSFER OFFICE

Tricor Standard Limited
26/F., Tesbury Centre
28 Queen's Road East
Hong Kong

25 November 2011
19-21 December 2011 (both days inclusive)
21 December 2011
around 7 January 2012