BIG YELLOW GROUP PLC

INTERIM 2001

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"WE BELIEVE THAT THE ACTIVITY OF THE LAST TWO AND A HALF YEARS HAS RESULTED IN A CONSERVATIVELY FINANCED BUSINESS WHICH IS ASSET BACKED WITH A STRONG AND RECOGNISABLE BRAND. WE HAVE AN UNPARALLELED PORTFOLIO OF STORES, A PIPELINE OF NEW STORES, A GROWING REVENUE BASE AND AN EXCELLENT TEAM OF WELL MOTIVATED PEOPLE. FURTHER, WE BELIEVE THAT, BEYOND SHORT TERM CYCLES, THE SELF STORAGE SECTOR PROVIDES SIGNIFICANT PROSPECTS FOR GROWTH."

space for everyone

FINANCIAL HIGHLIGHTS

SIX MONTHS ENDED 30 SEPTEMBER 2001

- TURNOVER UP **112%** TO **£3.6** MILLION (2000: £1.7 MILLION)
- ANNUALISED REVENUES UP **115%** TO **£8.8** MILLION (2000: £4.1 MILLION)
- LOSS FOR THE PERIOD OF **£1.2** MILLION (2000: LOSS £0.8 MILLION)
- **17** STORES CURRENTLY OPEN, A FURTHER **10** STORES COMMITTED PROVIDING **1.6** MILLION SQ. FT. WHEN COMPLETED
- NUMBER OF CUSTOMERS DOUBLED TO **6,000** (2000: 3,000)
- LIKE FOR LIKE ANNUALISED SALES FOR **12** STORES OPEN THROUGHOUT THE PERIOD UP **53%** AT SEPTEMBER WHEN COMPARED TO MARCH
- MERCHANDISE, INSURANCE AND OTHER SALES UP TO **13.9%** OF STORAGE INCOME (2000: 7.1%)
- PLACING AND OPEN OFFER RAISED **£22.7** MILLION IN MAY 2001

CHAIRMAN'S STATEMENT

THE BOARD OF BIG YELLOW GROUP PLC IS PLEASED TO ANNOUNCE THE GROUP'S INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2001. DURING THE PERIOD, TRADING HAS BEEN STRONG IN ALL STORES AND THE LEVEL OF CUSTOMER ENQUIRIES – A USEFUL, ALBEIT SHORT TERM BAROMETER OF ACTIVITY – REMAINS BUOYANT. WE NOW HAVE 27 STORES COMMITTED OF WHICH 17 ARE OPEN.

FINANCIAL REVIEW

Turnover from operations for the six month period was £3.6 million (2000: £1.7 million), a 112% increase on the comparable period last year. Additionally, revenue of £103,000 was derived from an insurance claim, giving total revenue for the six months of £3.7 million. Merchandise, insurance and other sales have risen strongly and now amount to 13.9% of total storage income for the period.

At the period end, underlying revenues on an annualised basis rose to £8.8 million, an increase of 115% when compared to that reported at September 2000.

On a like for like basis, annualised revenue from the twelve stores open throughout the six month period was 53% higher at 30 September 2001 than at 31 March 2001.

The loss of £1.2 million in the period (2000: loss £0.8 million) was less than expected. The loss per share was 1p (2000: loss of 1p).

The Placing and Open Offer in May 2001 raised £22.7 million and net cash balances at 30 September 2001 were £11.2 million. In addition the Group has available a committed bank facility of £20 million.

REVIEW OF OPERATIONS

Our business strategy of developing a quality brand in the self storage market, which is customer service driven, is proving successful. At the period end, eight of the twelve stores which had traded throughout the period were operating cash flow positive (after charging an allocation of central overheads), of which six were profitable at the pre-tax level.

The total capacity of the 17 stores open now stands at 1 million sq. ft., including 300,000 sq. ft. from five stores which opened late in or after the period end, giving an average store size of 59,000 sq. ft.. At the period end, 401,000 sq. ft. was occupied spread across 6,000 customers (2000: 212,000 sq. ft., 3,000 customers). Capacity will be increased to 1.6 million sq. ft. when all 27 stores are fully fitted out, 15 of which will be located in London and 17 held freehold.

The relocation of our Staples Corner store was completed in the period, increasing in size to 110,000 sq. ft. from 43,500 sq. ft. It is pleasing to report that the new store is already generating a significant pre-tax profit.

FUTURE STRATEGY

A number of macro level factors currently exist which may have some influence on our future. While the Group has no evidence, currently, of a slow down in its business, general and specific economic indicators suggest we should be more cautious with regard to the economic outlook in the short to medium term.

The Group remains committed to the initial 50 store target articulated at its flotation, but in the current uncertain environment it is likely that we will implement this more slowly then previously intended. This strategy is partly defensive, to ensure a continuing conservative financing structure, but also opportunistic as we believe property prices may fall.

In terms of international expansion, the Group remains committed to expanding into mainland Europe, initially confined to France, and will continue to do so on a conservative basis.

OUTLOOK

Whilst this industry and this Group are unlikely to be immune to an economic downturn they will, we believe, be relatively resilient, as has been evidenced in the United States in past downturns. There are however no statistics to support this view in Europe given the relative infancy of the sector.

Notwithstanding our caution, we believe that the activity of the last two and a half years has resulted in a conservatively financed business which is asset backed with a strong and recognisable brand. We have an unparalleled portfolio of stores, a pipeline of new stores, a growing revenue base and an excellent team of well motivated people. Further, we believe that, beyond short term cycles, the self storage sector provides significant prospects for growth.

David White

David White
Chairman
5 November 2001

Consolidated Profit and Loss Account

Six months ended 30 September 2001

	Note	**Six months ended 30 September 2001 (Unaudited) £**	Six months ended 30 September 2000 (Unaudited) £	**Year ended 31 March 2001 (Audited) £**
Turnover	2	**3,583,849**	1,740,044	**4,174,300**
Exceptional item	3	**–**	–	**(300,000)**
Other cost of sales		**(3,851,946)**	(2,021,486)	**(4,544,560)**
Total cost of sales		**(3,851,946)**	(2,021,486)	**(4,844,560)**
Gross loss		**(268,097)**	(281,442)	**(670,260)**
Administrative expenses		**(1,383,864)**	(1,138,307)	**(2,469,313)**
Other operating income		**102,948**	61,026	**230,622**
Operating loss		**(1,549,013)**	(1,358,723)	**(2,908,951)**
Interest receivable and similar income		**345,210**	698,732	**1,259,684**
Interest payable and similar charges	4	**(189)**	(185,390)	**(186,854)**
Loss on ordinary activities before and after taxation for the period/year	5	**(1,203,992)**	(845,381)	**(1,836,121)**
Dividends payable	6	**–**	36,750	**36,750**
Loss for the period/year		**(1,203,992)**	(808,631)	**(1,799,371)**
Loss per share	7	**(1p)**	(1p)	**(2p)**
Diluted loss per share	7	**(1p)**	(1p)	**(2p)**

All items in the profit and loss account relate to continuing operations.

Consolidated Balance Sheet

30 September 2001

	30 September 2001 (Unaudited) £	30 September 2000 (Unaudited) £	31 March 2001 (Audited) £
Fixed assets			
Intangible assets	**1,674,980**	1,771,978	**1,723,479**
Tangible assets	**62,171,300**	29,634,524	**42,697,471**
	63,846,280	31,406,502	**44,420,950**
Current assets			
Stocks	**127,937**	85,018	**94,149**
Debtors	**2,803,325**	1,257,608	**2,458,440**
Cash at bank and in hand	**11,213,634**	22,887,419	**10,967,581**
	14,144,896	24,230,045	**13,520,170**
Creditors: amounts falling due within one year	**(4,717,364)**	(2,898,548)	**(6,193,861)**
Net current assets	**9,427,532**	21,331,497	**7,326,309**
Total assets less current liabilities	**73,273,812**	52,737,999	**51,747,259**
Capital and reserves			
Called up share capital	**11,578,267**	9,648,559	**9,648,559**
Share premium account	**66,923,236**	46,122,121	**46,122,121**
Profit and loss account	**(5,227,691)**	(3,032,681)	**(4,023,421)**
Equity shareholders' funds	**73,273,812**	52,737,999	**51,747,259**

Reconciliation of Movements in Shareholders' Funds

Six months ended 30 September 2001

	Six months ended 30 September 2001 (Unaudited) £	Six months ended 30 September 2000 (Unaudited) £	**Year ended 31 March 2001 (Audited) £**
Loss for the financial period/year	**(1,203,992)**	(845,381)	**(1,836,121)**
Dividends	**–**	36,750	**36,750**
Foreign Exchange translation differences	**(278)**	–	**–**
	(1,204,270)	(808,631)	**(1,799,371)**
Issue of shares (net of issue costs)	**22,730,823**	43,603,003	**43,603,003**
Redemption of preference shares	**–**	(1,044,110)	**(1,044,110)**
Net addition to shareholders' funds	**21,526,553**	41,750,262	**40,759,522**
Opening shareholders' funds	**51,747,259**	10,987,737	**10,987,737**
Closing shareholders' funds	**73,273,812**	52,737,999	**51,747,259**

Statement of Total Recognised Gains and Losses

Six months ended 30 September 2001

	Six months ended 30 September 2001 (Unaudited) £	Six months ended 30 September 2000 (Unaudited) £	**Year ended 31 March 2001 (Audited) £**
Loss for the period/year	**(1,203,992)**	(808,631)	**(1,799,371)**
Foreign Exchange translation differences	**(278)**	–	**–**
Total recognised gains and losses	**(1,204,270)**	(808,631)	**(1,799,371)**

Consolidated Cash Flow Statement

Six months ended 30 September 2001

	Six months ended 30 September 2001 (Unaudited) £	Six months ended 30 September 2000 (Unaudited) £	**Year ended 31 March 2001 (Audited) £**
Cash outflow from operating activities	**(1,196,318)**	(61,693)	**(208,906)**
Returns on investments and servicing of finance	**320,235**	3,571	**594,633**
Capital expenditure and financial investment	**(21,608,687)**	(13,294,392)	**(25,658,079)**
Cash outflow before financing	**(22,484,770)**	(13,352,514)	**(25,272,352)**
Financing			
Issue of ordinary share capital (net of expenses)	**22,730,823**	43,603,003	**43,603,003**
Decrease in debt	**–**	(6,116,000)	**(6,116,000)**
Repayment of financing transaction	**–**	(4,731,800)	**(4,731,800)**
Redemption of preference share capital	**–**	(1,044,110)	**(1,044,110)**
	22,730,823	31,711,093	**31,711,093**
Increase in cash in the period/year	**246,053**	18,358,579	**6,438,741**

Reconciliation of Net Cash Flow to Movement in Net Funds

Six months ended 30 September 2001

	Six months ended 30 September 2001 (Unaudited) £	Six months ended 30 September 2000 (Unaudited) £	**Year ended 31 March 2001 (Audited) £**
Increase in cash in the period/year	**246,053**	18,358,579	**6,438,741**
Cash outflow from decrease in debt financing	**–**	10,847,800	**10,847,800**
Change in net funds resulting from cash flows	**246,053**	29,206,379	**17,286,541**
Movement in net funds in the period/year	**246,053**	29,206,379	**17,286,541**
Net debt at start of period/year	**10,967,581**	(6,318,960)	**(6,318,960)**
Net funds at end of period/year	**11,213,634**	22,887,419	**10,967,581**

Reconciliation of Operating Loss to Net Cash Flow from Operating Activities

Six months ended 30 September 2001

	Six months ended 30 September 2001 (Unaudited) £	Six months ended 30 September 2000 (Unaudited) £	**Year ended 31 March 2001 (Audited) £**
Operating loss	**(1,549,013)**	(1,358,723)	**(2,908,951)**
Depreciation	**768,171**	388,051	**849,558**
Amortisation of goodwill	**48,498**	48,496	**96,995**
Increase in stock	**(33,789)**	(53,304)	**(62,435)**
(Increase)/decrease in debtors	**(320,099)**	127,805	**(1,359,529)**
(Decrease)/increase in creditors	**(110,086)**	785,982	**3,175,456**
Net cash flow from operating activities	**(1,196,318)**	(61,693)	**(208,906)**

Notes to the Interim Report

Six months ended 30 September 2001

1. ACCOUNTING POLICIES

Basis of preparation

The interim information for the six months ended 30 September 2001 and 30 September 2000 is unaudited and does not comprise statutory accounts. The comparative figures for the year ended 31 March 2001 are not statutory accounts but are extracted from the audited statutory accounts. The statutory accounts for the year ended 31 March 2001 have been filed with the Registrar of Companies. They received an unqualified audit report which did not contain a statement under Section 237(2) or 237(5) of the Companies Act 1985. This interim report should be read in conjunction with the statutory accounts for the year ended 31 March 2001. The interim figures have been prepared on the same basis and applying the same accounting policies as in prior years.

2. SEGMENTAL INFORMATION

Turnover represents amounts derived from the provision of services which fall within the Group's ordinary activities after deduction of trade discounts and value added tax. The Group's net assets, turnover and loss before tax, all of which arises in the United Kingdom, with the exception of £173,465 in respect of administration expenses in France, are attributable to one activity, the provision of self storage and related services.

3. EXCEPTIONAL ITEM

The Group opened a new store at Staples Corner in March 2001 and has transferred trading to that store from its existing store at Staples Corner. The exceptional costs of this transfer of £300,000, being the write off of redundant fixed assets, the cost of transferring customers' assets and lease break costs, were provided for as at 31 March 2001.

4. INTEREST PAYABLE AND SIMILAR CHARGES

	Six months ended 30 September 2001 £	Six months ended 30 September 2000 £	**Year ended 31 March 2001 £**
Loan stock	**–**	58,133	**59,326**
Bank overdraft and other borrowings	**189**	31,098	**31,369**
Option finance fee	**–**	96,159	**96,159**
	189	185,390	**186,854**

5. TAXATION

No liability to corporation tax arises on the Group's result for the period as the Group made a taxable loss during the period.

6. DIVIDENDS

	Six months ended 30 September 2001 £	Six months ended 30 September 2000 £	**Year ended 31 March 2001 £**
7% preference shares	**–**	(36,750)	**(36,750)**

An accrual was made as at 31 March 2000 for a dividend of £36,750 payable on the preference shares in issue at that date. On 8 May 2000, the preference shares were redeemed by way of a share buy-back financed from the issue of new ordinary shares for consideration of £1,044,110. The dividend became no longer payable. It was therefore credited to the profit and loss account for the 6 months ended 30 September 2000.
Dividends have not been paid in respect of the ordinary shares of the Company in any of the periods reported upon and no dividend is proposed.

7. LOSS PER ORDINARY SHARE

Loss per ordinary share has been calculated on the retained loss for the period of £1,203,992 (2000: £808,631) and on the weighted average number of shares in issue during the period of 109,330,311 (2000: 87,081,952). There is no material dilutive effect from the conversion of share options.

Independent Review Report to Big Yellow Group PLC

INTRODUCTION

We have been instructed by the company to review the financial information for the six months ended 30 September 2001 which comprises the profit and loss account, the balance sheet, the cash flow statement and the related notes 1 to 7. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

DIRECTORS' RESPONSIBILITIES

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by the directors. The directors are also responsible for ensuring that the accounting policies and presentation applied to the interim figures are consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

REVIEW WORK PERFORMED

We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with United Kingdom auditing standards and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the financial information.

REVIEW CONCLUSION

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 September 2001.

Deloitte & Touche

Deloitte & Touche

Chartered Accountants
Hill House
1 Little New Street
London
EC4A 3TR

5 November 2001

Designed and Produced by **MAGEE**

Big Yellow Group PLC
2 The Deans, Bridge Road,
Bagshot, Surrey GU19 5AT

Tel: 01276 470190
Fax: 01276 470191
Email:info@thebigyellow.co.uk
www.thebigyellow.co.uk