reliable
thoughtful
determined

Annual Report and Accounts 2009

innovative
consistent
strong
progressive
diverse
flexible
experienced
confident
trusted
forward thinking
expert
resolute
positive
dependable
imaginative

Safeland plc

Safeland plc is born

86

88

Safeland is listed on the main market

90

92

94

Hercules demerges

96

Safestore demerges

98

Now and going forward

We are riding the fallout of the biggest global downturn in recent history. Low liquidity and a depressed property market have created the toughest trading conditions our Company has known. To aid optimisation of shareholder value we continue to monitor the environment in pursuit of new opportunities.

Bizspace demerges

Safeland moves to the Aim market

Flexspace is founded

Safeland prepares to take advantage of a rising market

00 02 04 06 08 10 12

Chairman's Statement

We consider that Safeland is well positioned to take full advantage of any improvement in market conditions as and when they may occur, whilst also assessing opportunities in other areas that have the potential to improve the Company.

Market conditions throughout the year have remained difficult and property prices have continued to fall. The board have looked at the value of the portfolio as at the year end with the assistance of external valuers and have made the decision to write down the Group's trading properties by £4,648,000 (2008: £1,463,000).

This has obviously impacted on the results to the extent that for the year ended March 31 2009 the Group has made a loss before tax of £8,339,000 (2008: £977,000 loss). The resultant loss per share is 51.33p (2008: 3.92p loss per share). Revenue for the year was £15,115,000 compared to £23,567,000 in the prior year. Gearing at the year end was 154% (2008: 110%). Net assets per share at the year end was 63p (2008: 114p).

The board have also decided to write down the value of the investment in the Managed Workspace Fund by a further £400,000 in addition to the £500,000 that was written off in the interims of September 30 2008. The carrying value of this original investment is now £100,000.

Notwithstanding this, the board believe that the value of the underlying properties in the fund will recover over the forthcoming years and took the opportunity post balance sheet to increase the Safeland stake in the fund to just under 40% by purchasing 50% of the units owned by the largest investor, Babcock & Brown. The other 50% have been purchased by Electra who were already investors in the Fund.

This entire year has been one of continued consolidation due to the extremely difficult and unprecedented market conditions and whilst there is no significant improvement on the horizon, there has been an increase in activity since the year end.

With the continued support of the banks and our professional team Safeland is well positioned to take full advantage of any improvement in market conditions as and when they may occur, whilst also assessing opportunities in other areas that have the potential to improve the Company. I therefore remain optimistic of the long term future.

Raymond Lipman
Chairman

10 August 2009

With the turbulence in the property market, our development of core base income through our fund management activities has become increasingly important.

At the heart of our business

We firmly believe in our three guiding values. They've provided our solid strategic platform for over two decades.

Innovation

Identifying and exploiting strategic and tactical opportunities has been a big part of our success over the years.

We understand the needs of the market and have worked hard to create the value-add environment so key to our transactional business. We've also been quick to innovate through other avenues such as change of use or niche geographic opportunities.

Consistency

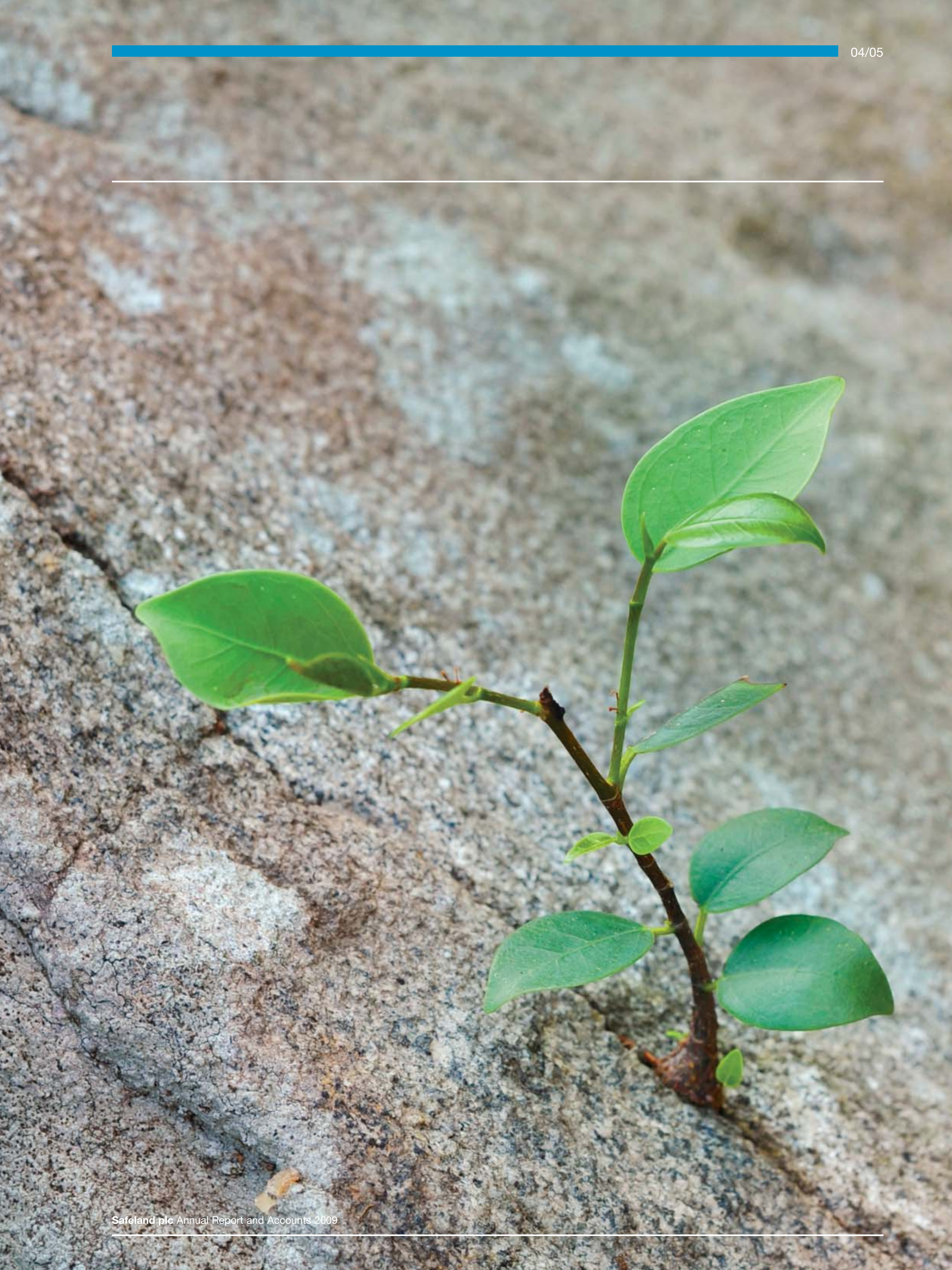
Our 20 plus years in the business is certainly one of our biggest strengths.

It means we're highly experienced and that our reliable and responsive team has a proven track record. Our breadth of experience and industry knowledge has enabled us to develop a professional network of agents and extensive connections throughout the UK property world.

Flexibility

Faced with an ever-changing market, we always keep an open mind as to the best approach for our corporate investments.

Decisions to buy, sell or rent, refurbish or sell un-modernised, hold, or defer the trading opportunities are always taken in light of the most recent market conditions and how we can most quickly add value.



Directors and Advisers

Our professional and expert management team has vast knowledge of the UK property industry. Their experience and complete awareness of all aspects of our business ensures strong and purposeful leadership.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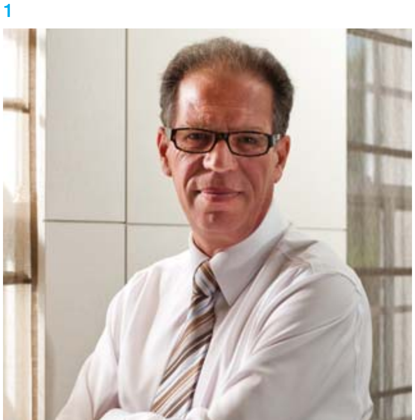
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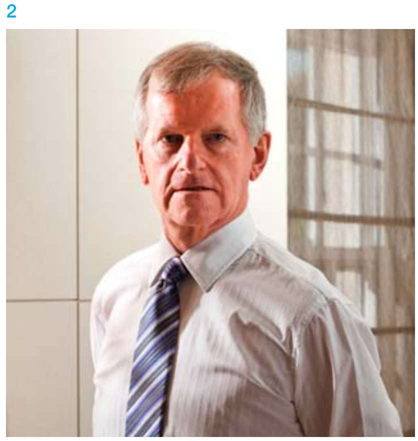
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Raymond Lipman (1)
Chairman
Mr R Lipman (aged 75) is the Chairman of Safeland plc and has been with Safeland since its inception. He has many years of experience of the property business and is responsible for all matters relevant to the business.

Larry Glenn Lipman (2)
Managing Director
Mr L G Lipman (aged 52) is the Managing Director of Safeland plc with many years' experience in the property business. His primary responsibility is that of negotiating acquisitions and disposals and liaising with various professionals.

Errol Alan Lipman (3)
Executive Director
Mr E A Lipman (aged 50) is an Executive Director whose primary responsibility is dealing with the Group's residential portfolio and the numerous residential agents.

Paul Malcolm Davis FCA (4)
Finance Director
Mr P M Davis (aged 56) qualified as a Chartered Accountant in 1975. As Finance Director he is responsible for the financial and systems-related aspects of the Group's business.

Edward George Young (5)
Non-Executive Director
Mr E G Young (aged 67) qualified as a solicitor in 1968 after graduating from University College London and has extensive experience in commercial property law and practice.

Registered Office
94-96 Great North Road
London N2 0NL

Company Number
2012015

Company Secretary
Paul Malcolm Davis FCA

Merchant Bankers
Investec Henderson Crosthwaite
2 Gresham Street
London EC2V 7QP

Stockbrokers
Arbuthnot Securities Ltd
Arbuthnot House
20 Ropemaker Street
London EC2Y 9AR

Corporate Solicitors
Dechert LLP
160 Queen Victoria Street
London EC4V 4QQ

Auditor
Baker Tilly UK Audit LLP
2 Bloomsbury Street
London WC1B 3ST

Registrars
Capita Registrars Ltd
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

Bankers
Lloyds TSB plc
Ground floor
10 Gresham Street
London EC2V 7AE

The Royal Bank of Scotland plc
135 Bishopsgate
London EC2M 3UR

Bank of Scotland plc
PO Box 267
38 Threadneedle Street
London EC2P 2EH

Anglo Irish Bank Corporation Ltd
10 Old Jewry
London EC2R 8DN

Directors' Report

The directors present their annual report on the affairs of the Group together with the financial statements for the year ended 31 March 2009.

Principal activities
The principal activities of the Group comprise property trading, property refurbishment (including redevelopment), property investment and property fund management.

Review of business and future prospects
A detailed account of the Group's progress during the year, its position at the year end and its future prospects is set out in the Chairman's Statement on page 2.

The Group's key performance indicators are net assets per share and total shareholder return.

Net assets per share is calculated by dividing net assets per the consolidated balance sheet by the number of shares in issue at that date.

Total shareholder return measures the return to shareholders from share price movements supplemented by other returns such as the 2005 dividend in specie. The performance graph comparing the total shareholder return of Safeland plc to the FTSE Real Estate Index is set out in the Directors' Remuneration Report on page 12.

Other performance indicators, including net assets per share, are set out in the Chairman's Statement on page 2

Principal risks and uncertainties are discussed on page 9.

Results and dividends
The results for the year are set out in detail on page 18. No interim dividend was paid by the Company (2008: £nil) and the directors are not proposing a final dividend (2008: £nil).

Directors
The directors who have served since 1 April 2008 were as follows:

Raymond Lipman	
Larry Lipman	
Errol Lipman	
Paul Davis	
Leonard Green	(retired on 30 June 2008)
Richard Pryce	(retired on 30 June 2008)
Edward Young	(appointed 30 June 2008)

Mr R Lipman and Mr E A Lipman retire by rotation and being eligible offer themselves for re-election at the Annual General Meeting.

Directors' interests in shares
The directors who were in office at 31 March 2009 had the following beneficial interests in the ordinary shares of the Company during the year and at the year end.

	At 31 March 2009 Number of 5p ordinary shares	At 31 March 2008 Number of 5p ordinary shares
Raymond Lipman	-	519,332
Larry Lipman	261,128	88,016
Errol Lipman	692,442	519,332
Paul Davis	97,385	97,385
Edward Young	-	-

Mr LG Lipman and Mr EA Lipman each own one third of the share capital of Safeland Holdings (2008) Corporation ("SHC") a corporation incorporated in Panama. SHC owned 10,854,386 (2008: 10,544,643) ordinary shares in the Company, representing 64.41% (2008: 62.58%) of the Company's shares in issue as at 31 March 2009.

There have been no changes in the directors' interests in shares since the year end.

Other substantial shareholdings
Apart from the shareholdings of the directors, as at 31 July 2009, the Company had been notified of the following shareholdings which constitute three per cent or more of the total issued ordinary shares of the Company.

	Ordinary shares of 5p each Fully paid Number	Percentage %
Safeland Holdings (2008) Corporation (see above)	10,854,386	64.41

Supplier payment policy
The Group's policies in respect of its suppliers are:

- to settle the terms of payments with these suppliers when agreeing the terms of each transaction;
- to ensure that those suppliers are made aware of the terms of payment; and
- to abide by the terms of payment.

Creditor days as at 31 March 2009 were 15 (2008: 15).

Financial instruments
The Group's policy on financial instruments is stated on pages 47-50.

Principal risks and uncertainties
The principal risks and uncertainties that could potentially have an impact on the Group's performance are detailed below.

Business risk
Safeland operates in the property market which over the years has always been liable to price fluctuations dependent upon the state of the UK economy. In the event that there was a further drop in the value of property throughout the country this would obviously affect the properties held by Safeland at that time, but would also present an opportunity for buying at distinctly lower levels than exist at present.

It is conceivable that governments may wish to harmonise the rate of stamp duty throughout Europe which would most likely cause an increase in the UK rates that exist at present which would erode the margins that Safeland is able to attain on its trades.

Safeland has increasingly over the years added value by obtaining change of use and adverse changes to the planning requirements could affect this methodology.

Financial risk
In order to purchase the properties that Safeland deals in, it borrows money from various banks. Increases in interest rates will adversely affect the profit that Safeland is able to make.

The determining factor as to how much Safeland is able to buy at any one time is limited by cash and there maybe times when opportunities are not able to be taken advantage of as all available monies have been allocated elsewhere. Strict financial controls are in operation to ensure that monies cannot be expended above the available limits.

Financial risk management policies are described on page 26.

Political and charitable donations
The Group and Company did not make any political donations during the year or the preceding year. The Group and Company made charitable donations of £650 during the year (2008: £100).

Conflicts of interest
Under the articles of association of the Company and in accordance with the provisions of the Companies Act 2006, a director must avoid a situation where he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict with the Company's interests. However, the directors may authorise conflicts and potential conflicts, as they deem appropriate. As a safeguard, only directors who have no interest in the matter being considered will be able to take the relevant decision, and the directors will be able to impose limits or conditions when giving authorisation if they think this is appropriate. During the financial year ended 31 March 2009, the directors have authorised no such conflicts or potential conflicts in accordance with the above procedures.

Statement of disclosure of information to auditor
- So far as each of the directors currently in office is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- Each of the directors has taken all the steps that ought to have been taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor
A resolution to re-appoint Baker Tilly UK Audit LLP will be proposed at the forthcoming Annual General Meeting.

Special Business at the Annual General Meeting
The items of Special Business to be proposed at the Annual General Meeting are summarised below:

Resolution 5 -
Directors' authority to allot shares in the Company
This resolution, if passed, will give the directors authority under section 80 of the Companies Act 1985 as amended (the "**1985 Act**") to allot up to 5,617,060 ordinary shares of 5 pence each, representing approximately one third of the issued share capital of the Company. The Company does not currently have any treasury shares in issue. Other than in relation to the Company's share option scheme, the directors have no present intention of exercising this authority. This authority will, unless renewed, expire at the earlier of the conclusion of the next annual general meeting of the Company held in 2010 and 30 September 2010.

Directors' Report

Resolution 6 – Disapplication of statutory pre-emption rights

This resolution, if passed, will disapply section 89(1) of the 1985 Act allowing the Company to allot equity securities for cash, other than in connection with a rights issue, open offer or otherwise in favour of ordinary shareholders where the equity securities attributable to the interest of all ordinary shareholders are proportionate to the respective numbers of ordinary shares held by them, up to an aggregate nominal amount of £42,128 being equal to 5 per cent of the issued ordinary share capital of the Company. This authority will, unless renewed, expire at the earlier of the conclusion of the next annual general meeting of the Company held in 2010 and 30 September 2010.

Since December 2003, the 1985 Act has allowed shares purchased by the Company to be held as treasury shares, which may then be cancelled, sold for cash or used to meet the Company's obligations under its share option schemes. The requirements to allot equity securities for cash to existing shareholders in proportion to their holdings will also apply to the sale by the Company of any shares it holds as treasury shares. These requirements may be similarly disapplied by shareholders. The authority sought, and limits set, by resolution 6 will also apply to a sale of treasury shares. However, the directors have no present intention of holding shares in treasury pursuant to the 1985 Act.

Resolution 7 – Purchase of own shares

This resolution, if passed, will give the directors authority under section 166 of the 1985 Act to make market purchases (as defined in section 163(3) of the 1985 Act) of ordinary shares, subject to certain stipulations, up to a maximum number of 2,527,676 ordinary shares representing approximately 14.99 per cent of the Company's issued share capital. This authority will, unless renewed, expire at the earlier of the conclusion of the next annual general meeting of the Company to be held in 2010 and 30 September 2010. Renewal of this authority has been sought at recent annual general meetings of the Company and it continues to be envisaged that such renewal will be sought at subsequent annual general meetings. The minimum price (exclusive of expenses) payable on any exercise of such authority will be 5p per ordinary share, being the nominal value of ordinary shares, and the maximum price (exclusive of expenses) will not be more than the higher of (a) 5 per cent above the average of the market value for an ordinary share as derived from the Daily Official List of the London Stock Exchange plc for the five business days immediately preceding the date on which the ordinary share is contracted to be purchased; and (b) the higher of the price of the last independent trade and the highest current independent bid for an ordinary share on the Daily Official List of the London Stock Exchange plc at the time the purchase is carried out.

The authority sought to make market purchases of its own ordinary shares is intended to apply equally to shares to be held by the Company as treasury shares in accordance with the 1985 Act. However, as mentioned above, the directors have no present intention of holding shares in treasury pursuant to the 1985 Act.

The directors have no present intention of exercising this power, and it would not be the directors' intention to exercise this power except at a price level that would be likely to increase earnings per share of the remaining issued ordinary shares and unless to do so would be in the best interests of shareholders generally. The Company cannot by law exercise the power other than out of distributable profits or a fresh issue of shares made for the purpose of the purchase.

Under Rule 9 of the Code, any person or Group of persons acting in concert who acquires an interest in shares which when taken, with shares already held, carry 30% or more of the voting rights of a Company, or who holds not less than 30% but not more than 50% of the voting rights of a Company and acquires any additional interests in shares which increases his percentage of the voting rights of the Company is normally required by the Panel on Takeovers and Mergers (the "**Panel**") to make a general offer to all shareholders of the Company. When a Company purchases its own shares, a resulting increase in the percentage of voting rights carried by shareholdings of the directors and persons acting in concert with them will be treated as acquisitions for the purpose of Rule 9 of the Code. Mr L G Lipman, Mr E A Lipman and Mr R Lipman and their respective families, Safeland Holdings Corporation and Safeland Holdings (2008) Corporation (together "**the Lipman Concert Party**") are treated as acting to concert for the purposes of the Code.

On 2 April 2008, Safeland Holdings Corporation sold its shares in the Company to Safeland Holdings (2008) Corporation, a corporation incorporated in Panama. Each of Mr L G Lipman, Mr E A Lipman and Mr S Lipman own one third of the share capital of Safeland Holdings (2008) Corporation.

On 15 April 2008, Mr R Lipman and his wife gifted the 519,332 shares held by them in the Company to their sons, Mr L G Lipman, Mr E A Lipman and Mr S Lipman, in equal proportions.

Resolutions of independent shareholders of the Company approving the waiver by the Panel of any of the obligations which might otherwise fall on the Lipman Concert Party to make a general offer pursuant to Rule 9 of the Code as a result of the Company's purchase of its own shares have been passed in previous years. The shareholders of the Company are not being asked to renew such approval at the forthcoming Annual General Meeting because the combined holding of the Lipman Concert Party exceeds 50% of the Company's ordinary share capital. Where a concert party holds more than 50% of the voting rights of a Company and for so long as its members continue to be treated as acting in concert, the concert party may accordingly increase its aggregate shareholding without being subject to the provisions of Rule 9 of the Code. However, the Panel should be consulted before any individual member of such concert party increases his holding through a Rule 9 threshold.

Member of Lipman Concert Party	Beneficial Interests in ordinary shares of 5p as at 31 March 2009 Number	Percentage of Issued share capital as at 31 March 2009 %	Percentage of Issued share capital if authority to purchase own shares is exercised in full (resolution 7) %
L G Lipman	261,128	1.55	1.82
E A Lipman	692,442	4.11	4.83
S R Lipman	173,111	1.03	1.21
Safeland Holdings (2008) Corporation	10,854,386	64.41	75.78
Total	**11,981,067**	**71.10**	**83.64**

The Panel has confirmed that further purchases by the Company of its own shares will not give rise to a requirement for any members of the Lipman Concert Party to make a general offer for so long as the combined holding of the Lipman Concert Party exceeds 50% of the Company's ordinary share capital.

The Notice of the Annual General Meeting is on pages 59 to 62.

Approved by the Board of Directors and signed on behalf of the Board

P M Davis
Company Secretary

10 August 2009

Directors' Remuneration Report

Introduction

This report describes how the board has applied the Principles of Good Governance relating to directors' remuneration during the year ended 31 March 2009.

Remuneration committee

Prior to 30 June 2008, the Remuneration Committee comprised the non-executive directors, Mr L W Green (Chairman of the Committee) and Mr R E Pryce. On 30 June 2008, Mr Green and Mr Pryce retired from the board, Mr E G Young being appointed as a non executive director in their place. Following the above retirements, it was considered inappropriate for the Remuneration Committee to comprise only the non executive director. Consequently, the duties of the committee are now performed by the board as a whole. The Committee determines on behalf of the shareholders, the Company's policy for the level of remuneration for the executive directors.

Remuneration policy on executive directors' remuneration

Executive remuneration packages are designed to attract, motivate and retain directors of the high calibre required and to reward them for enhancing value to shareholders. The performance measurement of both executive and non executive directors and the determination of their annual remuneration package is undertaken by the Committee, which from 30 June 2008, consisting of the board as a whole.

There are two main elements of the remuneration package for executive directors and senior managers:

1. Basic salary is determined by the Remuneration Committee at the beginning of each year and when an individual changes position or responsibility. Appropriate salary levels are set by reference to the performance, experience and responsibilities of each individual concerned and having regard to the prevailing market conditions.

2. Performance related bonuses are assessed annually and are based on a combination of individual and corporate performances during the preceding financial year.

The remuneration package for executive directors also includes benefits in kind such as cars, fuel and health insurance. The remuneration policy for executive directors' remuneration is not expected to change in the coming or subsequent years.

The Company does not operate any long-term incentive schemes for its directors.

It is the Company's policy that its executive directors may take up outside directorships where it is considered that the appointment would not impinge on their employment with the Company. Individuals may retain any remuneration received from such services.

Directors' service contracts

The Executive Directors have rolling service contracts with a notice period of three years. Having regard to the size of the Company and the nature of its activities it is considered that the retention of a period of notice of three years is in the best interests of shareholders. On 30 June 2008, Mr LW Green and Mr R E Pryce (the two non-executive directors) retired from the board. Also on 30 June 2008, Mr E G Young was appointed to the board as an independent non-executive director.

Mr R Lipman, Mr L G Lipman and Mr E A Lipman all hold rolling service contracts dated 14 November 1988, amended on 11 March 1993 to include a three year notice period. Mr P M Davis holds a rolling service contract dated 7 September 1992, amended on 27 July 1994 to include a three year notice period. Mr E G Young holds a rolling service contract dated 20 May 2008 with a notice period of three months.

The directors' service contracts contain no provision for fixed termination payments.

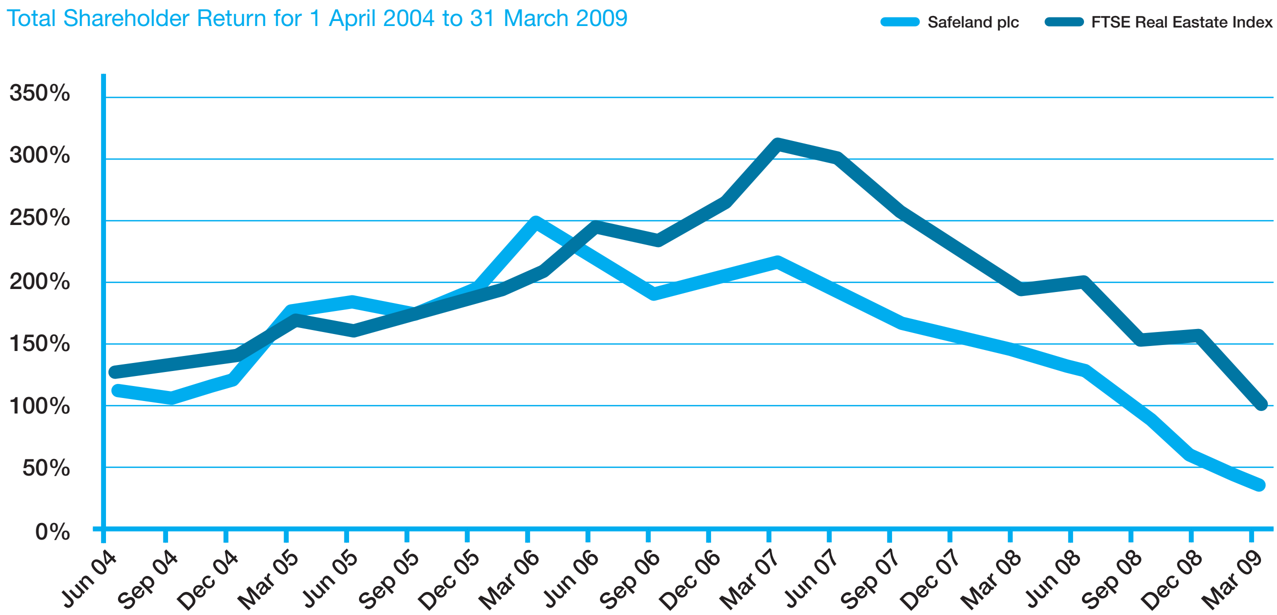
Performance graph

The graph opposite shows the total shareholder return of the Company's ordinary shares compared to the total shareholder return for the FTSE Real Estate Index for the five years ended 31 March 2009. The FTSE Real Estate Index has been selected as the benchmark for comparison since it allows a reasonable comparison of the performance of the Company against its peers.

Share price

The Company has a single class of ordinary shares listed on the AIM market of the London Stock Exchange. High and low prices for the year were 65.3p and 16p respectively (2008: 99p and 65.5p) and the market price of the shares at 31 March 2009 was 18p (2008: 65.5p).

Total Shareholder Return for 1 April 2004 to 31 March 2009



Directors' emoluments

The emoluments of the directors of the Company for the year ended 31 March 2009 were as follows:

Name	Salary and fees £'000	Benefits in kind £'000	Annual bonus £'000	2009 Total £'000	Salary and fees £'000	Benefits in kind £'000	Annual bonus £'000	2008 Total £'000
Chairman								
R Lipman	302	149	14	465	275	155	37	467
Other executive directors								
L G Lipman	443	246	14	703	403	171	48	622
E A Lipman	355	60	14	429	322	55	41	418
P M Davis	254	33	-	287	242	28	20	290
Non-executive directors								
L W Green	6	-	-	6	25	-	-	25
R E Pryce	-	-	-	-	10	-	-	10
E G Young	11	-	-	11	-	-	-	-
	1,371	**488**	**42**	**1,901**	**1,277**	**409**	**146**	**1,832**

Approved by the Board of Directors and signed on behalf of the Board

PM Davis
Company Secretary

10 August 2009

Corporate Governance Report

Introduction

In June 2006, the Financial Reporting Council issued a revised Combined Code on corporate governance. The Company fully supports the principles of the Code and has adopted core values and Group standards which set out the behaviours expected of staff in their dealings with shareholders, customers, colleagues, suppliers and other stakeholders of the Group. However, in view of the size and nature of the Group, the directors have taken into consideration the recommendations of The Quoted Companies Alliance on the Code.

This Corporate Governance Report sets out how the principles in the Code have been applied by the Company during the year.

Directors

During the year ended 31 March 2009 the Group was controlled by its Board of Directors which consisted of four executive and from 30 June 2008, one non-executive director, (prior to this date, two non-executive directors). The full Board met eight times during the year. Its main roles are to create value to shareholders, to provide entrepreneurial leadership of the Group, to approve the Group's strategic objectives and to ensure that the necessary financial and other resources are made available to enable them to meet those objectives.

Mr R Lipman is chairman of the Board and Mr L G Lipman is managing director. The division of responsibilities of these roles is clearly defined and has been approved by the Board. A brief outline of these roles is included on page 7.

Each Board meeting receives the latest financial information available which consists of detailed management accounts with the relevant comparisons to budget. A current trading appraisal is given by the executive directors.

Each member of the Board is subject to the re-election provisions of the Articles of Association, which requires them to offer themselves for re-election at least once every three years. In the event of a proposal to appoint a new director, this would be discussed at a full Board meeting, with each member being given the opportunity to meet the individual concerned prior to any formal decision being taken.

The directors have delegated certain of their responsibilities to various committees, which operate within specific terms of reference and authority limits. The executive directors meet on a regular basis and deal with decisions that do not require full Board approval. The directors believe that this process for making business decisions provides sufficient division of responsibility to meet the requirements of the Combined Code.

Due to the small size of the Board, it is considered inappropriate to establish a Nomination Committee and its duties are performed by the Board as a whole. Following the retirement of Mr R E Pryce and Mr L W Green and the appointment of Mr E G Young, it is considered inappropriate for the Audit and Remuneration committee to comprise only the non-executive director. Consequently, these duties are performed by the board as a whole.

Independent non-executive director

On 30 June 2008 Mr E G Young was appointed as an independent non-executive director. Mr Young is available to meet shareholders on request and to ensure that the Board is aware of shareholder concerns not resolved through existing mechanisms for investor communication.

The non-executive director constructively challenges and helps develop proposals on strategy. He also ensures that robust internal controls exist and monitor management performance against agreed goals and objectives.

A procedure to enable directors to take independent professional advice, if required, has been agreed by the Board and formally confirmed by all directors.

Directors' remuneration

The executive directors' remuneration consists of a package of basic salary, benefits in kind and bonuses, which are linked to corporate and individual performance achievements and the levels of each are determined by the Board. The statement of remuneration policy and details of each director's remuneration are set out in the Directors' Remuneration Report.

Performance evaluation

The board has established a process for the annual evaluation of the performance of the Board, its principal committees, and individual directors, with particular attention to those who are due for re-appointment. The directors are made aware that their performance will be subject to an evaluation on appointment.

Shareholder relations
The directors meet and discuss the performance of the Group with shareholders during the year. Queries raised by a shareholder, either verbally or in writing, are promptly answered by whoever is best placed on the Board to so do. All directors are individually introduced to shareholders at the Annual General Meeting.

Accountability and audit
The Board believes that the Annual Report and Accounts play an important part in presenting all shareholders with an assessment of the Group's position and prospects. This is achieved by the Chairman's Statement which contains a detailed consideration of the Group's position and prospects.

Internal control
The Board is responsible for ensuring that the Group has in place a system of internal control. In this context, control is defined as those policies and processes established to ensure that business objectives are achieved cost effectively, assets and shareholder value are safeguarded, and laws, regulations and policies are complied with. Controls can provide reasonable but not absolute assurance that risks are identified and adequately managed to achieve business objectives and to minimise material errors, losses and fraud or breaches of laws and regulations. The system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives.

The Group operates a system of internal financial control, which is designed to ensure that the possibility of misstatement or loss is kept to a minimum. There is a comprehensive system in place for financial reporting and the Board receives a number of reports to enable it to carry out these functions in the most efficient manner. These procedures include the preparation of management accounts, forecast variance analysis and other ad hoc reports. There are clearly defined authority limits throughout the Group, including those matters which are reserved specifically for the Board.

The Board has developed an ongoing process for identifying, evaluating and managing the significant risks faced by the Company. This process is reviewed regularly by the Board and accords with the Turnbull guidance. The Board seeks regular assurance that enables it to satisfy itself that the system of internal control is functioning effectively.

The Group's management operates a risk management process which identifies the key risks facing the objectives of business and reports to the Board on how those risks are being managed. This is based on a risk register which identifies the key risks, the probability of those risks occurring, the impact if they do occur and the actions being taken to manage these risks to the desired level. The Board and its respective committees also identify risks to the Group's business objectives and formulate action plans to manage these risks.

The Board reviews the Group risk register and receives regular reports on any material issues that have occurred during the year and how the risks have changed over the period under review. Steps are being taken to further embed internal control and risk management into the operations of the business and to address areas of improvement which come to management's and the Board's attention.

The Group does not currently have, nor considers there is a need for, an internal audit function. It is believed that the directors are sufficiently able to carry out all of the tasks that would be required of this role.

Going concern
The directors report that based on the Group's budgets and financial projections, they have satisfied themselves that the business is a going concern. The Board has a reasonable expectation that the Company and Group have adequate resources and facilities to continue in operational existence for the foreseeable future and therefore the accounts are prepared on a going concern basis.

Auditor
The Board is responsible for the relationship with the Group's auditor, the in-depth review of the Group's financial reports, internal controls and any other reports that the Group may circularise. This includes a review of the cost effectiveness of the audit and non-audit services provided to the Group.

The Board monitors the non-audit services being provided to the Group by its external auditors on a regular basis to check that these services do not impair their independence or objectivity. Prior approval of the Board is required for activities which may be perceived to be in conflict with the role of the external auditor.

Details of the amounts paid to the external auditor during the year for audit and other services are set out in the notes to the financial statements.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

UK Company law requires the directors to prepare Group and Company Financial Statements for each financial year. Under that law the directors are required to prepare Group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU and have elected to prepare the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

The Group financial statements are required by law and IFRS adopted by the EU to present fairly the financial position and performance of the Group; the Companies Act 1985 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

The Company financial statements are required by law to give a true and fair view of the state of affairs of the Company.

In preparing each of the Group and Company financial statements, the directors are required to:

a. select suitable accounting policies and then apply them consistently;

b. make judgements and estimates that are reasonable and prudent;

c. for the Group financial statements, state whether they have been prepared in accordance with IFRSs adopted by the EU; and for the Company financial statements state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the Company financial statements;

d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the requirements of the Companies Act 1985. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Board

P M Davis
Company Secretary

10 August 2009

Independent Auditor's Report to the Members of Safeland plc

We have audited the Group and parent Company financial statements on pages 18 to 58.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

The directors' responsibilities for preparing the Annual Report, and the Group financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union ("EU"), and for preparing the parent Company financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.The information given in the Directors' Report includes that specific information presented in the Chairman's Statement that is cross referenced from the Review of Business and Future Prospects section of the Directors' Report

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Directors' Report, the Chairman's Statement, the Directors' Remuneration Report and the Corporate Governance Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the Group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the Group's affairs as at 31 March 2009 and of its loss for the year then ended;
- the parent Company financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the parent Company's affairs as at 31 March 2009;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

Baker Tilly UK Audit LLP

BAKER TILLY UK AUDIT LLP
Registered Auditor
Chartered Accountants
2 Bloomsbury Street
London WC1B 3ST
10 August 2009

Consolidated income statement

Year ended 31 March 2009

Continuing Operations	Note	2009 £'000	2008 £'000
Revenue	2	15,115	23,567
Cost of sales (including amounts written off inventories of £4,648,000 (2008: £1,463,000))		(18,472)	(19,339)
Gross (loss) / profit		(3,357)	4,228
Sales and distribution costs		(464)	(573)
Administrative expenses		(4,114)	(4,022)
Other operating income	3	758	855
Loss on disposal of property plant and equipment		(14)	(4)
Gain on revaluation of investment properties	12	1,295	287
(Loss) / profit on disposal of investment properties		(290)	105
Operating (loss) / profit		(6,186)	876
Share of results of associates – post tax	14	-	-
Impairment of available- for- sale investments	15	(900)	-
Impairment of interests in associates	14	-	(10)
(Loss) / profit before interest		(7,086)	866
Finance income	4	84	81
Finance costs	5	(1,337)	(1,924)
Loss before tax	2	(8,339)	(977)
Tax	7	(312)	267
Loss for the financial year from continuing operations		(8,651)	(710)
Loss for the year from discontinued operations	10	-	(83)
Loss for the financial year attributable to equity holders of the parent Company	6, 29	(8,651)	(793)
Loss per share			
Continuing operations			
Basic loss per share	8	(51.33)p	(3.92)p
Diluted loss per share	8	(51.33)p	(3.92)p
Loss attributable to equity holders of the parent Company			
Basic loss per share	8	(51.33)p	(4.38)p
Diluted loss per share	8	(51.33)p	(4.38)p

Consolidated statement of recognised income and expense

Year ended 31 March 2009

	Note	2009 £'000	2008 £'000
Fair value losses on available-for-sale investments	15	(16)	(102)
Exchange differences on translation of foreign operations	26	-	(38)
Tax on items taken directly to equity	22	6	30
Transfer foreign currency translation reserve to income statement	26	-	45
Net loss recognised directly in equity		(10)	(65)
Loss for the year	29	(8,651)	(793)
Total recognised income and expense for the year attributable to equity shareholders	30	(8,661)	(858)

Consolidated balance sheet

31 March 2009

	Note	2009 £'000	2008 £'000
Non-current assets			
Property, plant and equipment	11	2,052	2,177
Investment properties	12	3,046	2,054
Interests in associates	14	-	-
Available-for-sale investments	15	273	1,089
Deferred tax assets	16	-	104
Total non-current assets		5,371	5,424
Current assets			
Trading properties	17	22,272	33,390
Trade and other receivables	18	427	2,657
Current tax receivable		-	283
Cash and cash equivalents	19	1,811	813
Total current assets		24,510	37,143
Total assets	2	29,881	42,567
Current liabilities			
Bank loans and overdrafts	20	18,179	19,679
Trade and other payables	21	572	1,255
Current tax liabilities		15	-
Total current liabilities		18,766	20,934
Non-current liabilities			
Bank loans	20	-	2,301
Deferred tax liabilities	22	466	146
Total non-current liabilities		466	2,447
Total liabilities	2	19,232	23,381
Net assets		10,649	19,186
Equity			
Share capital	23	843	843
Share premium account		5,351	5,351
Capital redemption reserve	24	847	847
Share based payment reserve	25	210	86
Investment revaluation reserve	28	3	13
Retained earnings	29	3,395	12,046
Total equity attributable to equity holders of the parent Company	30	10,649	19,186

These financial statements were approved by the Board of Directors and authorised for issue on 10 August 2009

Signed on behalf of the Board of Directors

L G Lipman Director **P M Davis** Director

Consolidated cash flow statement

Year ended 31 March 2009

	Note	2009 £'000	2008 £'000
Operating activities			
Net cash inflow from operations	31	5,798	6,724
Interest paid		(1,337)	(1,924)
Tax received / (paid)		416	(542)
Net cash inflow from operating activities		4,877	4,258
Investing activities			
Interest received		68	81
Dividends received		16	-
Purchase of investment properties		(511)	(761)
Purchase of property, plant and equipment		(139)	(482)
Purchase of available for sale investments		(100)	-
Proceeds from sale of property, plant and equipment		64	278
Proceeds from sale of investment properties		524	967
Cash outflows in respect of subsidiary in voluntary liquidation		-	(358)
Net cash outflow from investing activities		(78)	(275)
Financing activities			
New loans		9,439	19,140
Loan repayments		(12,464)	(23,330)
Purchase of own shares		-	(1,160)
Net cash outflow from financing activities		(3,025)	(5,350)
Net increase / (decrease) in cash and cash equivalents		1,774	(1,367)
Cash and cash equivalents at beginning of year	19	(18)	1,349
Cash and cash equivalents at end of year	19	1,756	(18)

Notes to the consolidated accounts

Year ended 31 March 2009

1. ACCOUNTING POLICIES

Basis of accounting

The Group financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations adopted by the European Union and as applied in accordance with the provisions of the Companies Act 1985.

Going concern

The directors report that based on the Group's budgets and financial projections, they have satisfied themselves that the business is a going concern. The Board has a reasonable expectation that the Company and Group have adequate resources and facilities to continue in operational existence for the foreseeable future and therefore the accounts are prepared on a going concern basis.

Standards issued but not yet effective

At the date of authorisation of these financial statements the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective:

International Accounting Standards (IAS/IFRS)		Effective date – Annual periods beginning on or after
IFRS 1	First-time adoption of International Financial Reporting Standards – Amendment relating to cost of an investment on first-time adoption	1 July 2009
IFRS 2	Share Based Payment – Amendment relating to vesting conditions and cancellations	1 January 2009*
IFRS 3	Business Combinations – Comprehensive revision on applying the acquisition method	1 July 2009
IFRS 7 & IAS 39	Financial instruments: Disclosures - reclassification of financial assets	1 January 2009
IFRS 8	Operating Segments	1 January 2009*
IFRIC 13	Customer Loyalty Programmes	1 July 2008*
IFRIC 15	Agreements for the Construction of Real Estate	1 January 2009
IFRIC 16	Hedges of a Net Investment in a Foreign Operation	1 October 2008
IFRIC 17	Distributions of non cash assets to owner	1 July 2009
IFRIC 18	Transfers of assets from customers	1 July 2009
IAS 1	Presentation of Financial Statements – Amendments relating to disclosure of puttable instruments and obligations arising on liquidation	1 January 2009*
IAS 1	Presentation of Financial Statements – Amendments resulting from May 2008 annual improvements to IFRS's and other amendments	1 January 2009*
IAS 23	Borrowing costs – Comprehensive revision to prohibit immediate expensing	1 January 2009*
IAS 27	Consolidated and Separate Financial Statements – Consequential amendments arising from amendments to IFRS 3	1 July 2009
IAS 28	Investments in Associates - Consequential amendments arising from amendments to IFRS 3	1 July 2009*
IAS 31	Interests in Joint Ventures – Consequential amendments arising from amendments to IFRS 3	1 July 2009*

IAS 31	Interests in Joint Ventures – Amendments resulting from May 2008 annual improvements to IFRS's	1 January 2009*
IAS 32	Financial Instruments: Presentation – Amendments relating to puttable instruments and obligations arising on liquidation	1 January 2009*
IAS 36	Impairment of Assets – Amendments resulting from May 2008 annual improvements to IFRS	1 January 2009*
IAS 39	Financial Instruments: Recognition and Measurement – Amendments resulting from May 2008 annual improvements to IFRS and other amendments	1 January 2009
IAS 39	Financial Instruments: Recognition and Measurement – Amendments for eligible hedged items	1 July 2009

*Approved by the EU at the date of signing of these financial statements

The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Group when the relevant standards and interpretations come into effect.

The financial statements have been prepared under the historical cost convention, except for the revaluation of investment properties and certain financial instruments. The principal accounting policies adopted are set out below.

Basis of consolidation
The consolidated financial statements incorporate the financial statements of Safeland plc, all its subsidiaries and the Group's share of profits and losses and assets and liabilities of joint ventures made up to 31 March each year.

Interests in associates are equity accounted for using the latest available financial statements being drawn up to 31 December 2008.

The acquisition or disposal of shares in subsidiaries where property constitutes the only or main asset, are accounted for as property transactions unless the fair values attributed to other assets and liabilities within the entity differ from their carrying value.

Goodwill
On acquisition, the assets and liabilities of a subsidiary, joint venture or associate that are accounted for as business combinations are measured at their fair value at the date of acquisition. Any excess/(deficiency) of the cost of acquisition over/(below) the fair value of the identifiable net assets acquired is recognised as goodwill/(bargain purchase). Goodwill is recognised as an asset and assessed for impairment at least annually. Bargain purchase is immediately recognised in the income statement.

Property, plant and equipment
Properties under this heading comprise those properties occupied by Group companies.

Property, plant and equipment are stated at cost less accumulated depreciation and are depreciated over their estimated useful lives on the following annual bases:

Freehold buildings	2% (straight line)
Motor vehicles	5% (reducing balance)
Fixtures, fittings and equipment	20% (reducing balance)

Investment properties
Investment properties are those properties that are held either to earn rental income or for capital appreciation or both. Investment properties are stated at fair value in the balance sheet. Valuation surpluses and deficits arising in the period are included in the income statement.

The gain or loss arising on the disposal of a property is determined as the difference between the sales proceeds and the fair value of the asset at the beginning of the period and is recognised in the income statement.

1. ACCOUNTING POLICIES (continued)

Investment properties may be freehold properties or leasehold properties. For leasehold properties that are classified as investment properties, the associated leasehold obligations, if material, are accounted for as finance lease obligations.

Impairment of property, plant and equipment

At each balance sheet date, the Group reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount.

An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Joint ventures

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control.

Jointly controlled entities are accounted for using the proportionate consolidation method. As a result, the results and assets and liabilities are incorporated in these financial statements on a line by line basis.

The Group’s share of any jointly controlled operations or assets are recognised with similar items in these financial statements. Liabilities and expenses incurred directly are accounted for on an accruals basis.

Associates

An associate is an entity over which the Group is in a position to exercise significant influence, but not control, through participation in the financial and operating policy decisions of the investee.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Investments in associates are carried in the balance sheet at cost, adjusted by post-acquisition changes in the Group's share of the net assets of the associates, less any impairment in the value of individual investments of the associates.

Available-for-sale investments

Available-for-sale investments are non-derivative financial assets that are designated as available-for-sale.

The investments are held at fair value with gains and losses taken to equity. The gains and losses taken to equity are recycled through the income statement on realisation. If there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity is removed from equity and recognised in the income statement. The amount removed from equity and recognised in the income statement, is the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in income.

Impairment losses recognised in the income statement are not reversed through income.

Trading properties
Properties held for development and resale are classified as trading properties and are shown at the lower of cost and net realisable value. Cost comprises purchase price, acquisition costs and direct expenditure, but excludes interest, which is written off in the income statement as incurred. Purchases of properties are recognised on completion of contracts.

Operating (loss)/ profit
Operating (loss)/ profit is stated before share of results of associates and joint ventures, impairment of associates and of available-for-sale investments, interest and tax.

Cash and cash equivalents
Cash and cash equivalents comprise cash balances, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts that are repayable on demand and which form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Borrowings
Borrowings other than bank overdrafts are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in the income statement over the period of the borrowings, using the effective interest method.

Trade receivables
Trade receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit and loss when there is objective evidence that the asset is impaired.

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

Impairment of financial assets
Financial assets, other than those at fair value through profit or loss (FVTPL) are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For shares classified as available for sale (AFS), a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of its impairment. For all other financial assets, objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- It becoming probable that the borrower will enter bankruptcy or financial re-organisation.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

1. ACCOUNTING POLICIES (continued)

Equity Instruments
Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Share based payment
The Group has applied the requirements of IFRS 2 Share based payment to share options. The fair value of the share options are determined at the grant date and are expensed on a straight line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions.

Fair value is measured by use of the Black Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects on non-transferability, exercise restrictions and behavioural considerations.

Leases
Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Finance leases are capitalised at the lease commencement at the lower of the fair value of the asset and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in current and non-current borrowings. The finance charges are charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Investment properties acquired under finance leases are carried at their fair value.

Financial risk management
The Group's financial instruments comprise bank loans and overdrafts, cash and cash equivalents, available-for-sale investments and various items within trade and other receivables and payables that arise directly from its operations.

The main risks arising from the financial instruments are credit risk, interest rate risk, liquidity risk and market price risk. The board reviews and agrees policies for managing these risks which are detailed below.

Credit risk
The principal credit risk arises from trade receivables which predominately comprise rental receivables. These are unsecured but the Group's exposure to tenant default is limited as no tenant accounts for more than 5% of total rental income.

Interest rate risk
The Group's borrowings are all at variable interest rates. The directors consider that the interest rate risk is currently at an acceptable level and will continue to review the Group's position.

Liquidity risk
All of the Group's long term borrowings are secured on the Group's property portfolio. The board regularly review the Group's gearing levels, cash flow projections and associated headroom and ensure that excess banking facilities are available for future use.

Market price risk
Certain of the Group's available-for-sale investments are traded on the AIM market and are subject to market price fluctuations. The board review the financial performance of its investments and consider that this reduces the risk of short term market price fluctuations to an acceptable level.

Revenue
Revenue comprises the sales proceeds from properties previously held as trading inventory, rental income from investment properties and property fund management fees and fees for the provision of services falling within the ordinary activities of the Group. Sales of trading properties are recognised on completion of a contract. Revenue is measured at the fair value of the consideration received or receivable and is stated net of discounts, VAT and other sales related taxes.

Taxation
The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised on the basis of tax losses enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Foreign currencies
Transactions in currencies other than sterling are initially recorded at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities denominated in such currencies are retranslated at the rates prevailing on the balance sheet date. Profits and losses arising on retranslation are included in the income statement, except where foreign currency denominated loans are designated as a hedge of the Group's investment in its overseas subsidiaries. In this case the exchange difference is taken to equity until the realisation of the overseas investment and then it is transferred to the income statement as part of the profit or loss on realisation.

On consolidation, the assets and liabilities of the Group's overseas operations are translated into sterling at exchange rates prevailing on the balance sheet date. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised as income or expenses in the period in which the operation is disposed of. Income and expense items are translated at the average exchange rates for the period.

Segmental reporting
A business segment is a Group of assets and operations that provide a product or service and that is subject to risks and returns that are different from other business segments. A geographic segment is a Group of assets and operations that provide a product or service within a particular economic environment and that is subject to risks and returns that are different from segments operating in different economic environments.

Other operating income
Other operating income includes rental income from trading properties and management fees.

Critical accounting judgements and key sources of estimation and uncertainty

Investment properties
At 31 March 2009, the carrying value of the Group’s investment properties was £3,046,000 (2008: £2,054,000).
As at 31 March 2009, the investment properties were subject to a valuation exercise. The valuations are performed by a combination of the directors of Safeland plc and an independent third party valuer using the basis of market value as defined in the Apportionment and Valuation Manual of the Royal Institution of Chartered Surveyors. The split of the total valuations performed by each of the above is disclosed in note 12 to these financial statements. The increase in fair value of the Group’s investment properties during the year is £1,295,000.

1. ACCOUNTING POLICIES (continued)

Trading properties
At 31 March 2009, the carrying value of the Group's trading properties was £22,272,000 (2008: £33,390,000). As at 31 March 2009, the net realisable value of trading properties were ascertained using valuations performed by a combination of the directors of Safeland plc and independent third party valuers using the basis of market value as defined in the Apportionment and Valuation Manual of the Royal Institution of Chartered Surveyors. The split of valuations performed by the directors and each valuer is disclosed in note 17. Following this valuation an impairment of £4,648,000 on the value of the properties was entered into the financial statements.

Available-for-sale investments
At 31 March 2009, the carrying value of the Group's available for sale investments was £273,000 (2008: £1,089,000). A valuation exercise has been undertaken by the directors on the Group's available for sale investments, the result of which is a reduction in the fair value of the investments of £916,000.

2. BUSINESS AND GEOGRAPHICAL SEGMENTS

Business segments
For management purposes, the Group was organised into three operating divisions as detailed below:

- property trading, property refurbishment and property investment
- property fund management; and
- self storage

These divisions are the basis on which the Group reports its primary segmental information.

The Group's self storage subsidiary was placed into voluntary liquidation on 1 October 2007 and this segment has been disclosed as a discontinued operation in the comparative numbers.

Geographical segments
The Group's operations are wholly based in the United Kingdom except the self-storage operation which operated in Italy and was placed into voluntary liquidation on 1 October 2007.

No additional segmental disclosure is provided in respect of geographical segments as they are identical to the business segments detailed above.

Year ended 31 March 2009	Property trading, refurbishment and investment £'000	Fund management £'000	Total £'000
Revenue	14,705	410	15,115
Segment result	(5,594)	(592)	(6,186)
Impairment of available- for- sale investments			(900)
Finance income			84
Finance costs			(1,337)
Loss before tax			(8,339)
Tax			(312)
Loss for the financial year			(8,651)
Other information			
Capital expenditure	139	-	139
Depreciation	156	31	187
Share based payment	-	124	124
Balance sheet			
Segment assets	29,400	208	29,608
Available-for-sale investments			273
Total assets			29,881
Segment liabilities	547	25	572
Borrowings			18,179
Deferred tax liabilities			466
Current tax liabilities			15
Total liabilities			19,232

2. BUSINESS AND GEOGRAPHICAL SEGMENTS (continued)

Year ended 31 March 2008	Property trading, refurbishment and investment £'000	Self storage £'000	Fund management £'000	Discontinued operations £'000	Total £'000
Revenue	23,136	225	431	(225)	23,567
Segment result	1,353	(52)	(477)	52	876
Impairment of interests in associates					(10)
Finance income					81
Finance costs					(1,924)
Loss before tax					(977)
Tax					267
Loss for the year from discontinued operations					(83)
Loss for the financial year					(793)
Other information					
Capital expenditure	1,208	12	23		1,243
Depreciation	164	-	28		192
Share based payment	-	-	86		86
Balance sheet					
Segment assets	38,044	1,593	1,454		41,091
Available-for-sale investments					1,089
Deferred tax asset					104
Current tax receivable					283
Total assets					42,567
Segment liabilities	1,095	-	160		1,255
Borrowings					21,980
Deferred tax liabilities					146
Total liabilities					23,381

3. OTHER OPERATING INCOME

	2009 £'000	2008 £'000
Rental income from trading properties	658	855
Property management fee	100	-
	758	855

4. FINANCE INCOME

	2009 £'000	2008 £'000
Interest revenue:		
Bank deposit interest	19	48
Interest on late completion of contracts	4	14
Interest from joint venture	1	15
Other interest receivable	44	4
Total interest revenue	68	81
Dividends from equity investment	16	-
Total finance income	84	81

5. FINANCE COSTS

	2009 £'000	2008 £'000
Interest on bank overdrafts and loans	1,333	1,920
Other interest payable	4	4
Total finance costs	1,337	1,924

6. LOSS FOR THE FINANCIAL YEAR

	2009 £'000	2008 £'000
Loss for the financial year is arrived at after charging:		
Depreciation on owned assets	187	192
Staff costs	2,398	2,534
Auditor's remuneration for audit services	67	67

Notes to the consolidated accounts

Year ended 31 March 2009

6. LOSS FOR THE FINANCIAL YEAR (continued)

Amounts payable to Baker Tilly UK Audit LLP and its related entities, in respect of both audit and non-audit services are set out below:

	2009 £'000	2008 £'000
Fees payable to the auditor for the audit of the Company's annual accounts	35	35
Fees payable to the auditor and its related entities for other services:		
The audit of the Company's subsidiaries	32	32
Taxation services	29	37
Other services	-	8
	96	112

The fees disclosed in 2009 represent the directors' estimate of the fees payable for the audit for the year ended 31 March 2009.

7. TAX

	2009 £'000	2008 £'000
Current tax		
Corporation tax	-	(281)
Adjustment in respect of prior years	(118)	(1)
Total current tax	(118)	(282)
Deferred tax	469	15
Adjustment in respect of prior years	(39)	-
Total tax charge / (credit)	312	(267)

The charge / (credit) for the year can be reconciled to the loss per the income statement as follows:

	2009 £'000	2008 £'000
Loss before tax	(8,339)	(977)
Tax at the UK corporation tax rate of 28% (2008: 30%)	(2,335)	(293)
Factors affecting charge / (credit) for the year		
Disallowable expenditure	372	25
Share based payments	35	-
Amounts unrecognised in deferred tax	2,358	-
Other reconciling items	39	2
Adjustment in respect of prior years	(157)	(1)
Group tax charge / (credit)	312	(267)

Details of deferred tax assets and liabilities are included in notes 16 and 22 respectively.

The Group has tax losses of approximately £8.4m which are available for offset against future trading profits. A deferred tax asset of £2.4m has not been recognised in the financial statements due to the uncertainty as to the timing of future taxable profits.

8. LOSS PER SHARE

The calculation of the basic and diluted loss per share is based on the following data:

	2009 £'000	2008 £'000
Loss for the year from continuing operations	(8,651)	(710)
Loss for the year from discontinued operations	-	(83)
Loss for the year attributable to equity holders of the Company	(8,651)	(793)

	2009 '000	2008 '000
Weighted average number of ordinary shares for the purposes of basic loss per share	16,851	18,122
Effect of dilutive potential ordinary shares	-	-
Weighted average number of ordinary shares for the purposes of diluted loss per share	16,851	18,122

There is no dilutive effect of potential ordinary shares in either 2009 or 2008 as in both instances there is a loss for the year.

9. STAFF COSTS

The average monthly number of employees (including executive directors) during the year was:

	2009 Number	2008 Number
Sales	4	4
Administration	12	15
	16	19

The costs incurred in respect of these employees (including executive directors) were:

	2009 £'000	2008 £'000
Wages and salaries	1,980	2,145
Social security costs	294	303
Share based payments	124	86
	2,398	2,534

10. DISCONTINUED OPERATIONS

On 1 October 2007, the Group's subsidiary, Espazio SRL was placed into voluntary liquidation and hence all assets and liabilities were deemed to be disposed of on this date. This subsidiary carried out the Group's self storage business. The results of the discontinued operations which have been included within the consolidated income statement, were as follows:

	2009 £'000	2008 £'000
Revenue	-	225
Expenses	-	(277)
Finance costs (net)	-	(28)
Loss before tax	-	(80)
Foreign currency translation reserve (note 26)	-	(45)
Profit on disposal of discontinued operations	-	42
Loss attributable to discontinued operations	-	(83)
Basic loss per share	-	(0.46)p
Diluted loss per share	-	(0.46)p

11. PROPERTY, PLANT AND EQUIPMENT

	Freehold land and buildings £'000	Motor vehicles £'000	Fixtures, fittings and equipment £'000	Total £'000
Cost				
At 1 April 2007	4,434	580	221	5,235
Additions	5	470	7	482
Disposals	-	(414)	-	(414)
On disposal of subsidiary	(2,552)	-	(81)	(2,633)
At 1 April 2008	1,887	636	147	2,670
Additions	-	139	-	139
Disposals	-	(131)	-	(131)
At 31 March 2009	1,887	644	147	2,678
Depreciation				
At 1 April 2007	685	166	121	972
Charge for the year	23	148	21	192
Disposals	-	(132)	-	(132)
On disposal of subsidiary	(483)	-	(56)	(539)
At 1 April 2008	225	182	86	493
Charge for the year	38	135	14	187
Disposals	-	(54)	-	(54)
At 31 March 2009	263	263	100	626
Net book value				
At 31 March 2009	1,624	381	47	2,052
At 31 March 2008	1,662	454	61	2,177

The Group has not pledged any freehold land and buildings to secure banking facilities granted to the Group.

Notes to the consolidated accounts

Year ended 31 March 2009

12. INVESTMENT PROPERTIES

	2009 £'000	2008 £'000
Fair value		
At 1 April	2,054	1,868
Additions - properties acquired in year	508	760
Additions - existing properties	3	1
Disposals	(814)	(862)
Increase in fair value during the year	1,295	287
At 31 March	3,046	2,054

The fair value of the investment properties at 31 March 2009 comprises freehold properties of £2,142,000 (2008: £1,575,000) and long leasehold properties of £904,000 (2008: £479,000).

The directors do not consider the fair value of the Group's lease obligations associated with its long leasehold investment properties to be material to the financial statements. As a result, no finance lease obligations are included in the balance sheet at 31 March 2008 or 2009.

The Group has pledged investment properties with a carrying value of £3,025,000 (2008: £2,033,000) to secure banking facilities granted to the Group.

Except as stated below, the fair value of the Group's investment properties at 31 March 2009 has been arrived at on the basis of market value as defined in the Apportionment and Valuation Manual of the Royal Institution of Chartered Surveyors. The valuations were performed by:

	2009 £'000	2008 £'000
External independent valuations		
-Drivers Jonas	221	1,260
Directors' valuations	2,825	794
	3,046	2,054

One of the investment properties has been valued by the directors based on a prospective change of use which could result in a significant uplift in the value of that property. The directors, based on assistance from an independent Chartered Surveyor, have recognised a proportion of the uplift in the financial statements. This has resulted in a revaluation gain in the financial statements for the year of £1,440,000.

Property rental income earned by the Group from its investment properties amounted to £53,000 (2008: £45,000). Direct operating expenses arose on these properties during the year of £2,000 (2008: £10,000).

The historical cost of investment properties included in the financial statements at 31 March 2009 is £1,450,000 (2008: £1,412,000) of which £464,000 (2008: £933,000) are freehold and £986,000 (2008: £479,000) are long leasehold properties.

13. INTEREST IN JOINT VENTURES

AMI Joint Venture:

The AMI joint venture was a contractual arrangement between Cranmer Finance Limited, a wholly-owned subsidiary of Safeland plc, and Alliance and Mutual Investment Company Limited. The Group held a 51% interest in the joint venture, whose principal activity is residential property trading.

Guilford Street Joint Venture:

The Guilford Street Joint Venture is a contractual arrangement between Safeland plc and Amek Investments Limited. The Group holds a 50% interest in the joint venture whose principal activity is property trading and development.

The following information is given in respect of the Group's share of the joint ventures:

	Guilford Street		AMI	
Group share of results	**2009 £'000**	**2008 £'000**	**2009 £'000**	**2008 £'000**
Revenue	-	12,275	-	301
Operating (loss) / profit	(15)	3,079	-	106
Finance income	1	13	-	2
Finance costs	(148)	(898)	-	-
(Loss) / profit before tax	(162)	2,194	-	108
Tax	-	(658)	-	(33)
(Loss) / profit after tax	(162)	1,536	-	75

Group share of net assets	**2009 £'000**	**2008 £'000**	**2009 £'000**	**2008 £'000**
Current assets	2,556	4,542	-	4,745
Current liabilities	(2,578)	(95)	-	(1)
Non-current liabilities	-	(2,301)	-	-
Share of net (liabilities) / assets	(22)	2,146	-	4,744

14. INTERESTS IN ASSOCIATES

Share of net assets	**2009 £'000**	**2008 £'000**
1 April	-	10
Share of results - post tax	-	-
Impairment of interests in associates	-	(10)
31 March	-	-

14. INTERESTS IN ASSOCIATES (continued)

The Group's interests in associates at 31 March 2009 comprise 5,119,190 ordinary equity shares (representing 9.11% of the issued equity) in both Taurus Storage Plc and Sagittarius Professional Services Plc.

These two associates at 31 March 2009 are equity accounted for using the latest available financial statements being drawn up to 31 December 2008.

The Group's share of aggregated amounts relating to associates owned at 31 March 2009 based on the latest available financial statements are set out below:

	2009 £'000	2008 £'000
Total assets	-	-
Total liabilities	-	-
Revenue	-	-
Loss for the year	-	-

Safeland plc paid expenses totalling £29,000 (2008: £25,000) on behalf of the two associates still owned. As at 31 March 2009, the Company was owed £121,000 (2008: £92,000) by the associates. This debt has been fully impaired in the Group's accounts.

15. AVAILABLE-FOR-SALE INVESTMENTS

Fair value	2009 £'000	2008 £'000
1 April	1,089	1,191
Additions	100	-
Impairment charge	(900)	-
Fair value loss	(16)	(102)
31 March	273	1,089

The Group held the following available-for-sale investments at 31 March 2009.

- 500,000 income units and 500,000 capital units representing 6.25% of both the issued income units and capital units of the Safeland Active Management Unit Trust. The directors estimate the fair value of these units at 31 March 2009 was £100,000 (2008: £1,000,000).
- 511,919 ordinary equity shares (representing 7.09% of the issued equity) in Leo Insurance Services Plc, an AIM listed Company. In addition, the Group owns 65,000 £1 redeemable preference shares. The fair value of these shares at 31 March 2009 was £73,000 (2008: £89,000).
- 1,111,111 ordinary equity shares (representing 2.95% of the issued equity) in Trust Property Management Plc. The directors estimate the fair value of these shares at 31 March 2009 was £100,000 (2008: £Nil).

16. DEFERRED TAX ASSETS

	Tax trading losses £'000	Depreciation in excess of capital allowances £'000	Provisions £'000	Total £'000
1 April 2007	-	21	25	46
Credit / (charge) to income	82	1	(25)	58
31 March 2008	82	22	-	104
Charge to income	(82)	(22)	-	(104)
31 March 2009	-	-	-	-

17. TRADING PROPERTIES

	2009 £'000	2008 £'000
Properties for resale	22,272	33,390

During the year, the Group sold trading properties that cost £13,824,000 (2008: £17,876,000) for total consideration of £14,587,000 (2008: £23,099,000). These amounts have been recognised in the income statement as cost of sales and revenue for the year.

The Group has pledged properties for resale with carrying value of £22,272,000 (2008: £33,390,000) to secure banking facilities granted to the Group.

Properties for resale have been impaired as at 31 March 2009 by £4,648,000 (2008: £1,463,000) and this impairment expense is included within cost of sales in the income statement.

The net realisable value of the Group's trading properties at 31 March 2009 has been ascertained using valuations calculated on the basis of market value as defined in the Apportionment and Valuation Manual of the Royal Institution of Chartered Surveyors. The valuations were performed by:

	2009 £'000	2008 £'000
External independent valuations		
- Drivers Jonas	9,620	5,000
- GVA Grimley	2,244	1,809
- Knight Frank	1,395	8,280
Directors' valuations	9,013	18,301
	22,272	33,390

Notes to the consolidated accounts

Year ended 31 March 2009

18. TRADE AND OTHER RECEIVABLES

	2009 £'000	2008 £'000
Trade receivables	50	-
Other receivables	117	2,155
Prepayments and accrued income	260	502
	427	2,657

The directors consider that the carrying amount of trade and other receivables approximates to their fair value.

The average credit period on sales is Nil days (2008: Nil days) as sales are not completed if the proceeds are not received. As a result, the Group does not have a policy on charging interest on late receivables or on providing for overdue receivables. Interest is only received from purchasers when a sale completes late, at a rate that is predetermined in the conditions of the particular sales contract.

Included in the Group's trade receivables balance are receivables with a carrying amount of £Nil (2008 £:Nil) which are past due at the reporting date for which the Group has not provided. During the year, the Group wrote off £305,000 (2008: £Nil) on debts that were not expected to be recovered.

Included in other receivables are deposits paid on exchange of contracts in respect of the purchase of nil (2008: three) properties totalling £nil (2008: £272,000). The balance of the purchase prices totalling £nil (2008: £2,453,000) will be settled on completion.

19. CASH AND CASH EQUIVALENTS

	2009 £'000	2008 £'000
Cash and cash equivalents per balance sheet	1,811	813
Bank overdrafts (note 20)	(55)	(831)
Cash and cash equivalents per cash flow statement	1,756	(18)

All of the Group's cash and cash equivalents at 31 March 2009 are at floating interest rates except for cash held in non-interest bearing accounts of £11,000 (2008: £4,000).

All of the Group's cash and cash equivalents at 31 March 2009 and 2008 are in sterling.

The directors consider that the carrying amount of cash and cash equivalents approximates their fair value.

20. BANK LOANS AND OVERDRAFTS

At amortised cost	2009 £'000	2008 £'000
Bank overdrafts	55	831
Bank loans	18,124	21,149
	18,179	21,980

	2009 £'000	2008 £'000
The borrowings are repayable as follows:		
In the second year	-	2,301
	-	2,301
On demand or within one year	18,179	19,679
	18,179	21,980

At 31 March 2009, all of the Group's borrowings were repayable on demand mainly due to the fact that the Group had breached its bank loan covenants on loans totalling £15,295,000. Subsequent to the year end, the Group has received waiver letters covering all covenant breaches.

All of the Group's bank loans and overdrafts disclosed above comprise borrowings in sterling.

All of the borrowings at 31 March 2009 are at floating interest rates and bear interest at rates between 1.25% and 1.9% over either bank base rate or LIBOR.

The bank loans are secured on properties owned by the Group and its joint ventures.

The Group had undrawn committed borrowing facilities as at 31 March 2009 of £2,661,000 (2008: £3,395,000).

There have been no defaults on any loans during the year.

21. TRADE AND OTHER PAYABLES

	2009 £'000	2008 £'000
Trade payables	35	207
Social security and other taxes	105	117
Other creditors	-	94
Accruals and deferred income	432	807
Amounts owed to joint venture	-	30
	572	1,255

Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 15 days (2008: 15 days).

Included within accruals and deferred income are deposits received on exchange of contracts in respect of nil (2008: one) properties totalling £nil (2008: £250,000). The balance of the sales price totalling £nil (2008: £4,750,000) will be settled on completion.

The directors consider that the carrying of trade and other payables approximates to their fair value.

Notes to the consolidated accounts

Year ended 31 March 2009

22. DEFERRED TAX LIABILITIES

	Revaluation of investment properties £'000	Fair value of available-for-sale investments £'000	Total £'000
1 April 2007	67	36	103
Charge to income	73	-	73
Credit to equity	-	(30)	(30)
31 March 2008	140	6	146
Charge to income	326	-	326
Credit to equity	-	(6)	(6)
31 March 2009	466	-	466

23. SHARE CAPITAL

	2009 £'000	2008 £'000
Authorised:		
45,750,000 ordinary shares of 5p each	2,288	2,288
Allotted, called up and fully paid:		
16,851,180 ordinary shares of 5p each	843	843

Share issues

There have been no shares issued during 2008 or 2009.

Purchase of own shares

On 7 January 2008, the Company bought back 1,649,350 of its own ordinary shares of 5p each for total consideration of £1,160,000. These shares were subsequently cancelled.

24. CAPITAL REDEMPTION RESERVE

	2009 £'000	2008 £'000
1 April	847	765
Purchase of own shares	-	82
31 March	847	847

25. SHARE BASED PAYMENT RESERVE

	2009 £'000	2008 £'000
1 April	86	-
Share based payment charge for the year (note 27)	124	86
31 March	210	86

26. TRANSLATION RESERVE

	2009 £'000	2008 £'000
1 April	-	(7)
Exchange differences on translation of overseas operations	-	(38)
Transfer to income statement (note 10)	-	45
31 March	-	-

27. SHARE BASED PAYMENTS

The Company has granted share options to subscribe for ordinary shares of 5p each, as follows:

			Number of share options outstanding	
Grant date	**Exercise price per share (pence)**	**Period within which options are exercisable**	**31.03.2009**	**31.03.2008**
09/01/2007	90.5	09/01/2010 to 08/01/2014	618,783	618,783
20/06/2007	91.0	20/06/2010 to 19/06/2014	21,978	21,978
19/09/2007	75.5	19/09/2010 to 18/09/2014	3,311	3,311
05/12/2007	72.5	05/12/2010 to 04/12/2014	134,482	134,482
09/01/2008	69.5	09/01/2011 to 08/01/2015	402,877	402,877
			1,181,431	1,181,431

The share options are exercisable at a price equal to the average quoted market price of the Company's shares on the date of grant. The vesting period is 3 years from the date of grant and there are no performance conditions attached to the options. The options are forfeited if the employee leaves the Group before the options vest. None of the options were granted to the Company's directors. No options were exercised, forfeited or expired during either 2009 or 2008.

27. SHARE BASED PAYMENTS (continued)

Details of these share options are summarised in the table below:

	2009		2008	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
Outstanding at beginning of year	1,181,431	81.3p	618,783	90.5p
Granted during year	-	-	562,648	71.1p
Outstanding at end of year	1,181,431	81.3p	1,181,431	81.3p
Exercisable at end of year	-	-	-	-

A share based payment charge has been calculated using the Black-Scholes model to calculate the fair value of the share options. The inputs into the Black-Scholes model were as follows:

	2008	2007
Weighted average share price	71.1p	90.5p
Weighted average exercise price	71.1p	90.5p
Expected volatility	20.3%	23.4%
Expected life	7 years	7 years
Risk free rate	5.5%	5%
Expected dividends	0%	0%

The expected volatility percentage was calculated by reference to the share price of the Company over the three years to 31 March 2008. The expected life used in the model has been adjusted based on management's best estimate, for the effects of non transferability, exercise restrictions and behavioural considerations.

The weighted average remaining contractual life of the options outstanding at 31 March 2009 was 5 years, 2 months (2008: 6 years, 2 months).

The aggregate of the estimated fair value for those options granted during the year is £Nil (2008: £142,000). The resultant share based payment charge for the year is £124,000 (2008: £86,000).

28. INVESTMENT REVALUATION RESERVE

	2009 £'000	2008 £'000
1 April	13	85
Fair value losses on available-for-sale investments	(16)	(102)
Tax on items taken directly to equity	6	30
31 March	3	13

29. RETAINED EARNINGS

	2009 £'000	2008 £'000
1 April	12,046	13,999
Loss for the year	(8,651)	(793)
Purchase of own shares	-	(1,160)
31 March	3,395	12,046

30. STATEMENT OF CHANGES IN EQUITY

	2009 £'000	2008 £'000
1 April	19,186	21,118
Total recognised income and expense for the year	(8,661)	(858)
Purchase of own shares	-	(1,160)
Share based payment charge	124	86
31 March	10,649	19,186

31. NOTES TO THE CASH FLOW STATEMENT

	2009 £'000	2008 £'000
Loss before tax from continuing operations	(8,339)	(977)
Loss before tax from discontinued operations	-	(83)
Adjustments for:		
Depreciation of property, plant and equipment	187	192
Loss on sale of property, plant and equipment	14	4
Loss /(profit) on sale of investment properties	290	(105)
Gains on revaluation of investment properties	(1,295)	(287)
Impairment of interests in associates	-	10
Impairment of available for sale investments	900	-
Share based payment charge	124	86
Finance costs (net)	1,252	1,871
Changes in working capital:		
Decrease in trading properties	11,118	5,363
Decrease in trade and other receivables	2,230	1,136
Decrease in trade and other payables	(683)	(486)
Net cash inflow from operations	5,798	6,724

32. OPERATING LEASE ARRANGEMENTS

At the balance sheet date, the Group had no outstanding commitments for future minimum lease payments under non-cancellable operating leases.

During the year ended 31 March 2009, the Group made payments under operating leases of £Nil (2008: £47,000).

33. RELATED PARTY TRANSACTIONS

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

The remuneration of the directors, who are the key management personnel of the Group, is set out below.

	2009 £'000	2008 £'000
Short term employee benefits		
- Directors' emoluments	1,901	1,832
- Social security costs	243	227
	2,144	2,059

Further information about the remuneration of individual directors is provided in the Directors' Remuneration Report.

Mr L G Lipman owns a leasehold property, the freehold of which is owned by the Group. During the year, the Group invoiced £75 (2008: £75) to Mr L G Lipman in respect of ground rent on this property. This amount has been included within other operating income and was received in full during the year.

In 2008, the Group acquired a property with a sitting tenant. Subsequent to the acquisition Mr L G Lipman agreed to transfer this sitting tenant from the Group property to a property owned by Mr L G Lipman. This transfer enhanced the value of the Group property and as a result the independent non executive directors approved the payment of £50,000 compensation to Mr L G Lipman.

34. FINANCIAL INSTRUMENTS

Capital management

Total Capital is calculated as equity, as shown in the consolidated balance sheet, plus debt.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits to other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The following table details the Group's capital management structure:

	2009 £'000	2008 £'000
Share capital	843	843
Share premium account	5,351	5,351
Capital redemption reserve	847	847
Share based payment reserve	210	86
Investment revaluation reserve	3	13
Retained earnings	3,395	12,046
Current liabilities: Bank loans and overdrafts	18,179	19,679
Non-current liabilities: Bank loans and overdrafts	-	2,301

The Group has no externally imposed capital requirements.

Significant Accounting Policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 1 to these financial statements and in the tables below:

Categories of financial instruments

At 31 March 2009, the Group held the following financial assets (defined as the contractual right to receive cash or another financial asset from another entity):

	2009 £'000	2008 £'000
Trade and other receivables	167	2,155
Cash and cash equivalents	1,811	813
Available for sale financial assets	273	1,089
	2,251	4,057

At 31 March 2009, the Group held the following financial liabilities (defined as the obligation to deliver cash or another financial asset to another entity):

	2009 £'000	2008 £'000
Bank loans and overdrafts	18,179	21,980
Trade and other payables	467	1,108
	18,646	23,088

34. FINANCIAL INSTRUMENTS (continued)

Market risk
The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

Foreign currency risk management
The Group does not trade overseas and at 31 March 2009, had no foreign currency denominated assets or liabilities. The Group therefore has minimal foreign currency risk.

The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at 31 March 2009 is as follows:

	Assets		Liabilities	
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
Euro	-	1,590	-	-
	-	1,590	-	-

Foreign currency risk sensitivity
As highlighted above, as at 31 March 2009, the Group had minimal exposure to foreign currency risk. No sensitivity analysis on changes between the values of sterling compared with foreign currencies has therefore been prepared.

Interest rate risk management
The Group is exposed to interest rate risk on its borrowings, which are all at floating interest rates between 1.25% and 1.9% above Bank base rate or LIBOR as shown in the table below. The Group carefully manages its interest rate risk on an ongoing basis but does not currently actively use interest rate swaps or other hedging activities to mitigate risk. The directors currently believe that interest rate risk is at an acceptable level.

The Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

2009 Interest rate %	2009 Value of loan £'000	2008 Interest rate %	2008 Value of loan £'000
3.97	7,000	7.25	98
3.82	2,448	7.00	479
3.42	6,119	6.90	7,500
3.32	2,176	6.50	60
2.25	436	4.82	2,301
		4.42	6,119
		4.32	4,592
	18,179		21,149

Interest rate sensitivity
The sensitivity analyses below have been determined based on the exposure to interest rates for all borrowings subject to interest charges at the balance sheet date. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the balance sheet date was outstanding for the whole year. A 0.25% increase or decrease is used when reporting interest rate risk internally to key management and represents management's assessment of the reasonably possible change in interest rates.

At 31 March 2009, if interest rates had been 0.25% higher or (lower) and all other variables were held constant, the Group's net loss would increase / (decrease) by £45,310 (2008: increase / (decrease) by £55,000). This is attributable to the Group's exposure to interest rates on its variable rate borrowings.

At 31 March 2009, the Group had £18,179,000 (2008: £21,980,000) of borrowings subject to variable rate interest.

Other price risks
The Group has minimal exposure to equity price risk arising from its equity investments. The investments in equity securities present the Group with opportunity for return through dividend income. Equity investments designated as available-for-sale are held for strategic rather than trading purposes and the Group does not actively trade these investments.

The Group does have an investment in a property fund, the Safeland Active Management Unit Trust. The fair value of this investment at 31 March 2009 is £100,000. A £900,000 impairment charge has been reflected in the year to 31 March 2009 (2008: £Nil).

The Group's sensitivity to equity prices has not changed significantly from the prior year.

Credit risk management
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

The Group seeks to limit the credit risk on cash at bank by only depositing monies with UK banks that have high credit ratings. Other credit risk arises from trade receivables which predominately comprise rental receivables. These are unsecured but the Group's exposure to tenant default is limited as no tenant accounts for more than 5% of total rental income. The Group therefore does not have any significant credit risk exposure to any single counterparty.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

Liquidity risk management
Ultimate responsibility for liquidity risk management rests with the board of directors. The board manages liquidity risk by regularly reviewing the Group's gearing levels, cash flow projections and associated headroom and ensuring that excess banking facilities are available for future use. All of the Group's long term borrowings are secured on the Group's property portfolio.

As at 31 March 2009 the Group had breached its banking covenants on loans totalling £15,295,000 due to breaches in respect of the loan to property value and other covenants. Subsequent to the year end, the Group has obtained waiver letters for each breached loan.

Included in note 20 is a description of the undrawn facilities that the Group has at its disposal to further reduce liquidity risk.

Liquidity and interest risk tables
The following tables detail the Group's remaining contractual maturity for its borrowings. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

Notes to the consolidated accounts

Year ended 31 March 2009

34. FINANCIAL INSTRUMENTS (continued)

2009	In less than 1 year £'000	1-2 years £'000	2-5 years £'000	In more than 5 years £'000	Total £'000
Variable interest rate instruments	18,179	-	-	-	18,179

All of the above loans and the overdraft are at a set interest rate above either LIBOR or the Bank of England Base rate. The weighted average effective interest rate for the year is 3.67%.

2008	In less than 1 year £'000	1-2 years £'000	2-5 years £'000	In more than 5 years £'000	Total £'000
Variable interest rate instruments	19,679	2,301	-	-	21,980

All of the above loans and the overdraft are at a set interest rate above either LIBOR, Euribor or the Bank of England Base rate. The weighted average effective interest rate for the year is 5.4%.

In both the year to 31 March 2009 and to 31 March 2008, all of the Group's financial assets are non interest bearing, except cash of £1.8m (2008: £Nil). All non derivative financial assets are due within one year.

Guilford Street Joint Venture

The Group has an agreement with Irish Nationwide Building Society in which the society will receive 25% net profits on earnings after interest and taxation in its Guilford Street joint venture operation.

35. POST BALANCE SHEET EVENTS

On 19 May 2009, the Group increased its stake in Safeland Active Management Unit Trust to approximately 40% for additional cash consideration of £250,000.

Company balance sheet

31 March 2009

	Note	2009 £'000	2008 £'000
Fixed assets			
Tangible assets	4	1,985	2,078
Investments	5	272	1,129
		2,257	3,207
Current assets			
Stocks	6	3,856	3,752
Debtors	7	19,575	33,006
Cash at bank and in hand		1,736	634
		25,167	37,392
Creditors: amounts falling due within one year	8	(20,344)	(23,415)
Net current assets		4,823	13,977
Total assets less current liabilities		7,080	17,184
Creditors: amounts falling due after more than one year	9	-	(2,301)
Net assets		7,080	14,883
Capital and reserves			
Called up equity share capital	10	843	843
Share premium account		5,351	5,351
Capital redemption reserve	11	847	847
Share based payment reserve	12	210	86
Profit and loss account	13	(171)	7,756
Equity shareholders' funds	14	7,080	14,883

These financial statements were approved by the Board of Directors and authorised for issue on 10 August 2009

Signed on behalf of the Board of Directors

L G Lipman Director

P M Davis Director

Notes to the Company Accounts

Year ended 31 March 2009

1. ACCOUNTING POLICIES

The principal accounting policies are described below. They have all been applied consistently throughout the year and preceding year.

Accounting convention
The financial statements have been prepared in accordance with the historical cost convention and in accordance with applicable United Kingdom law and accounting standards.

Tangible fixed assets
Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is calculated to write down the cost of assets to their estimated residual values over the period of their estimated useful economic lives at the following rates:

Freehold land and buildings	2 per cent per annum (straight line)
Motor vehicles	25 per cent per annum (reducing balance)
Fixtures, fittings and equipment	20 per cent per annum (reducing balance)

Stocks
Properties held for development and resale are stated at the lower of cost and net realisable value. Cost comprises purchase price, acquisition and development costs but excludes interest, which is written off to the profit and loss account as incurred. Purchases of properties are recognised on completion of contracts.

Investments
Investments held as fixed assets are stated at cost less provision for impairment.

Joint arrangements that are not an entity ("JANES")
The Company accounts for its own share of assets and liabilities of "JANES" measured according to the terms of the agreement governing the arrangement.

Taxation
Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

Taxation arising on disposal of a revalued asset is split between the profit and loss account and the statement of total recognised gains and losses on the basis of the tax attributable to the gain or loss recognised in each statement.

Foreign currency
Transactions in foreign currencies are recorded at the rates of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

Share based payment

The Company has applied the requirements of FRS 20 Share based payment to share options. The fair value of the share options are determined at the grant date and are expensed on a straight line basis over the vesting period, based on the Company's estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions.

Fair value is measured by use of the Black-Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects on non-transferability, exercise restrictions and behavioural considerations.

The share based payment charge in respect of share options issued to employees of the Company's subsidiaries is charged as an expense in the accounts of the subsidiary and added to the cost of the investment in subsidiaries in these accounts.

2. LOSS FOR THE FINANCIAL YEAR

The Company has taken advantage of section 230 of the Companies Act 1985 and consequently a profit and loss account for the Company alone has not been presented.

The Company's loss for the financial year was £7,927,000 (2008: profit of £3,831,000).

The Company's loss for the financial year has been arrived at after charging auditor's remuneration payable to Baker Tilly UK Audit LLP for audit services to the Company of £35,000 (2008: £35,000).

3. STAFF COSTS

	2009 Number	2008 Number
The Company's average monthly number of employees (including executive directors) during the year was:		
Sales	4	4
Administration	6	6
	10	10

	2009 £'000	2008 £'000
The costs incurred in respect of these expenses (including executive directors) during the year were:		
Wages and salaries	1,585	1,718
Social security costs	248	237
	1,833	1,955

Details of the directors' emoluments are included within the directors' remuneration report.

Notes to the Company Accounts

Year ended 31 March 2009

4. TANGIBLE FIXED ASSETS

	Freehold land and buildings £'000	Motor vehicles £'000	Fixtures, fittings and equipment £'000	Total £'000
Cost				
At 1 April 2008	1,887	543	105	2,535
Additions	-	139	-	139
Disposals	-	(131)	-	(131)
At 31 March 2009	1,887	551	105	2,543
Depreciation				
At 1 April 2008	225	157	75	457
Charge for the year	38	111	6	155
Disposals	-	(54)	-	(54)
At 31 March 2009	263	214	81	558
Net book value				
At 31 March 2009	1,624	337	24	1,985
At 31 March 2008	1,662	386	30	2,078

5. FIXED ASSET INVESTMENTS

	Shares in subsidiary undertakings £'000	Shares in associated undertakings £'000	Other investments £'000	Total £'000
Cost				
At 1 April 2008	95	10	1,120	1,225
Additions	124	-	100	224
Disposals	-	-	(50)	(50)
At 31 March 2009	219	10	1,170	1,399
Provision for impairment				
At 1 April 2008	86	10	-	96
Charge for the year	131	-	900	1,031
At 31 March 2009	217	10	900	1,127
Net book value				
At 31 March 2009	2	-	270	272
At 31 March 2008	9	-	1,120	1,129

Additions in the year in respect of shares in subsidiary undertakings arise from the share options issued by the Company in respect of employees of a subsidiary Company (note 12).

Shares in subsidiary undertakings
The principal subsidiaries at 31 March 2009 and their principal activities are as follows:

Safeland Active Management Limited	Property Fund Management
Safeland Investments Limited	Property investment

All subsidiaries are incorporated in Great Britain and registered in England and Wales. The share capital of all subsidiaries is wholly-owned by Safeland plc and all subsidiaries operate in the United Kingdom.

Joint ventures

AMI Joint Venture:
The AMI joint venture was a contractual agreement between Cranmer Finance Limited, a wholly-owned subsidiary of Safeland plc, and Alliance and Mutual Investment Company Limited (“AMI”). Cranmer Finance Limited holds a 51 per cent investment in the joint venture. The principal activity of the joint venture is residential property trading.

Guilford Street Joint Venture:
The Guilford Street Joint Venture is a contractual agreement between Safeland plc and Amek Investments Limited. The Company holds a 50% interest in the joint venture whose principal activity is property trading and development.

Shares in associated undertakings
The Company’s associates at 31 March 2009 comprise two companies that were demerged from the Company through a dividend in specie during the year ended 31 March 2005. The Company holds less than 20% of the share capital of each of these companies but exercises significant influence due to the fact that Mr L G Lipman, Mr E A Lipman and Mr P M Davis are the only executive directors of these entities.

Other investments
The Company owns 511,919 ordinary equity shares (representing 7.09% of the issued equity) in Leo Insurance Services Plc. The market value of these shares at 31 March 2009 was £8,000 (2008: £24,000). In addition, the Company owns 65,000 £1 redeemable preference shares.

The Company also owns 500,000 income units and 500,000 capital units in the Safeland Active Management Unit Trust. The directors estimate the market value of these units at 31 March 2009 was £100,000 (2008: £1,000,000).

The Company also owns 1,111,111 ordinary equity shares (representing 2.95% of the issued equity) in Trust Property Management Plc. The directors estimate the fair value of these shares at 31 March 2009 was £100,000 (2008: £Nil).

Other investments include £Nil (2008: £50,000) of loans in respect of the Group’s AMI joint venture.

6. STOCKS

	2009 £’000	2008 £’000
Properties for resale	3,856	3,752

The Company has pledged properties for resale with a carrying value of £3,856,000 (2008: £3,752,000) to secure banking facilities granted to the Company and the Group.

Notes to the Company Accounts

Year ended 31 March 2009

7. DEBTORS

	2009 £'000	2008 £'000
Due within one year:		
Amounts due from subsidiary undertakings	19,216	30,219
Corporation tax recoverable	-	376
Other debtors	116	2,033
Prepayments	243	274
	19,575	32,902
Due after more than one year		
Deferred tax asset	-	104
	19,575	33,006

Deferred tax asset

	2009 £'000	2008 £'000
1 April	104	51
(Charged) / credited to profit and loss account	(104)	53
31 March	-	104

The deferred tax asset at 31 March 2009 comprises £nil (2008: £22,000) in relation to depreciation in excess of capital allowances and £nil (2008: £82,000) in relation to tax trading losses.

The Company has tax losses of approximately £4.4m which are available for offset against future trading profits. A deferred tax asset of approximately £1.3m has not been recognised in the financial statements due to the uncertainty as to the timing of future taxable profits.

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2009 £'000	2008 £'000
Bank loans and overdrafts (note 9)	18,179	19,679
Trade creditors	35	206
Amounts due to subsidiary undertakings	1,603	2,641
Amounts due to joint venture	-	32
Corporation tax	15	-
Other taxation and social security	80	92
Other creditors	-	92
Accruals and deferred income	432	673
	20,344	23,415

The bank loans and overdrafts are secured on properties owned by the Group and its joint venture.

9. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2009 £'000	2008 £'000
Bank loans	-	2,301

The bank loans are secured on properties owned by the Group and its joint venture.

Bank loans and overdrafts are repayable as follows:

	2009 £'000	2008 £'000
Between one and two years	-	2,301
	-	2,301
On demand or within one year (note 8)	18,179	19,679
	18,179	21,980

10. CALLED UP EQUITY SHARE CAPITAL

	2009 £'000	2008 £'000
Authorised:		
45,750,000 ordinary shares of 5 p each	2,288	2,288
Allotted, called up and fully paid:		
16,851,180 ordinary shares of 5 p each	843	843

On 7 January 2008, the Company bought back 1,649,350 of its own ordinary shares of 5p each for total consideration of £1,160,000. These shares have been cancelled.

11. CAPITAL REDEMPTION RESERVE

	2009 £'000	2008 £'000
1 April	847	765
Purchase of own shares (note 10)	-	82
31 March	847	847

Notes to the Company Accounts

Year ended 31 March 2009

12. SHARE BASED PAYMENT RESERVE

	2009 £'000	2008 £'000
1 April	86	-
Share based payment charge for the year (note 5)	124	86
31 March	210	86

13. PROFIT AND LOSS ACCOUNT

	2009 £'000	2008 £'000
1 April	7,756	5,085
(Loss) / profit for the year	(7,927)	3,831
Purchase of own shares	-	(1,160)
31 March	(171)	7,756

14. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	2009 £'000	2008 £'000
(Loss) / profit for the year	(7,927)	3,831
Purchase of own shares	-	(1,160)
Share based payment charge	124	86
(Decrease) / increase in equity shareholders' funds	(7,803)	2,757
Opening equity shareholders' funds	14,883	12,126
Closing equity shareholders' funds	7,080	14,883

15. FINANCIAL INSTRUMENTS

Please refer to note 34, Financial Instruments, in the notes to the Group accounts for all other financial instrument information relating to the Company. There are no material differences between the information as presented for the Group and for that relating to the Company.

16. POST BALANCE SHEET EVENTS

On 19 May 2009, the Company increased its stake in Safeland Active Management Unit Trust to approximately 40% for additional cash consideration of £250,000.

Notice of Annual General Meeting

Year ended 31 March 2009

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at 94-96 Great North Road, London N2 0NL on Thursday 24 September 2009 at 10.00am to consider, and if thought fit, to pass the following resolutions of which resolutions numbered 1 to 5 will be proposed as ordinary resolutions and of which resolutions numbered 6 and 7 will be proposed as special resolutions:

Ordinary Business

1 That the report of the directors and financial statements for the financial year ended 31 March 2009 be received and adopted.

2 That Raymond Lipman be re-elected as a director of the Company.

3 That Errol Lipman be re-elected as a director of the Company.

4 That Baker Tilly UK Audit LLP be re-elected as auditors of the Company and the directors be authorised to fix their remuneration.

Special Business

5 That:

5.1 the directors of the Company be generally and unconditionally authorised for the purposes of section 80 of the Companies Act 1985 (as amended) (the “Act”) to allot any relevant securities (as defined in section 80(2) of the Act) of the Company up to a maximum aggregate nominal value of £280,853 provided that this authority shall (unless previously revoked, varied or renewed by the Company in general meeting) expire on the earlier of the conclusion of the next annual general meeting of the Company to be held in 2010 and 30 September 2010 save that the Company may, before such expiry, make an offer or agreement which would or might require relevant securities to be allotted after the expiry of such authority and the directors may allot any relevant securities pursuant to such offer or agreement as if the authority conferred hereby had not expired; and

5.2 all prior authorities to allot relevant securities be revoked but without prejudice to the allotment of any relevant securities already made pursuant to such authorities.

6 That:

6.1 the directors of the Company be granted power to allot equity securities (within the meaning of section 94 of the Companies Act 1985 (as amended) (the “Act”)) wholly for cash pursuant to the authority conferred on them by resolution 5 as if section 89(1) of the Act did not apply to any such allotment provided that this power shall be limited to:

6.1.1 the allotment of equity securities in connection with a rights issue, open offer or otherwise in favour of ordinary shareholders where the equity securities respectively attributable to the interest of all ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of ordinary shares held by them and for the purposes of this resolution “rights issue” means an offer of equity securities open for acceptance for a period fixed by the directors of the Company to:

(a) holders on the register on a fixed record date of ordinary shares in proportions to their respective holdings; and

(b) holders on the register of a fixed record date of other equity securities to the extent expressly required or (if considered appropriate by the directors of the Company) permitted by the rights attached thereto;

but subject to such exceptions, exclusions or other arrangements as the directors of the Company may deem necessary or expedient to deal with fractional entitlements or legal or practical problems under the laws of, or the requirements of, any regulatory body or recognised stock exchange or otherwise in any territory; and

6.1.2 the allotment (otherwise than pursuant to paragraph 6.1.1 above) of equity securities up to an aggregate nominal value of £42,128

and shall (unless previously revoked, varied or renewed by the Company in general meeting) expire on the earlier of the conclusion of the next annual general meeting of the Company to be held in 2010 and 30 September 2010 save that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors of the Company may allot equity securities pursuant to any such offer or agreement as if the power hereby conferred had not expired; and

6.2 all prior powers granted under section 95 of the Act be revoked provided that such revocation shall not prejudice the allotment of any equity securities already made pursuant to such powers.

7 That the Company be authorised pursuant to section 166 of the Companies Act 1985 (as amended) (the “Act”), in substitution for any existing authority, to make market purchases (as defined in section 163 of the Act) of any ordinary shares in the Company (“Ordinary Shares”) in such manner and on such terms as the directors of the Company may from time to time determine provide that:

7.1 the maximum number of Ordinary Shares authorised to be purchased is 2,527,676 being such number of ordinary shares as represents 14.99 per cent. of the current issued ordinary share capital of the Company;

7.2 the minimum price (exclusive of any expenses) which may be paid for any ordinary share shall be not less than 5 pence, being the nominal value of each ordinary share;

7.3 the maximum price (exclusive of any expenses) which may be paid for any ordinary share shall be not more than the higher of:

7.3.1 5 per cent. above the average of the market value for an ordinary share as derive from the Daily Official List of the London Stock Exchange plc for the five business days immediately preceding the date on which the ordinary share is contracted to be purchased; and

7.3.2 the higher of the price of the last independent trade and the highest current independent bid for an ordinary share on the Daily Official List of the London Stock Exchange plc at the time the purchase is carried out;

7.4 unless previously renewed, varied or revoked, this authority shall expire on the earlier of the conclusion of the annual general meeting of the Company to be held in 2010 and 30 September 2010; and

7.5 the Company may make a contract to purchase ordinary shares under this authority before its expiry which will or may be executed wholly or partly thereafter and may make a purchase of ordinary shares in pursuance of any such contract as if such authority had not expired.

By order of the Board

Paul Malcolm Davis
Company Secretary
10 August 2009

Registered Office
94-96 Great North Road
London N2 0NL

NOTES

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

1. If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser authorised under the Financial Services and Markets Act 2000 immediately.

2. If you have sold or transferred all your ordinary shares in the Company, please send this document and the enclosed form of proxy to the stockbroker, or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

3. A shareholder entitled to attend and vote at the Annual General Meeting may appoint a proxy to attend, speak and vote instead of that shareholder. A proxy need not be a shareholder of the Company. A shareholder may appoint more than one proxy in relation to the meeting provided that each proxy is appointed to exercise the rights attached to a different share held by the appointing shareholder.

4. To be effective, the relevant proxy form must be completed and lodged with the Company's registrar, Capita Registrars Limited, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, no later than 48 hours before the meeting together with the original of any power of attorney or other authority under which the form of proxy is signed. In the case of a corporation, the form of proxy must be executed under its common seal or under the hand of any officer or attorney duly authorised. You can only appoint a proxy using the procedures set out in these notes and the notes to the form of proxy. Completion and return of the relevant proxy form enclosed herewith will not prevent a shareholder from attending and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.

5. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his/her discretion. Your proxy will vote (or abstain from voting) as he/she thinks fit in relation to any other matter which is put before the meeting.

6. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Annual General Meeting and any adjournment(s) of the meeting by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

   In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's agent (ID RA10) no later than 48 hours before the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service provider(s) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

7. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

8. The Company, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those members registered in the Register of Members of the Company at 6.00 p.m. on 22 September 2009 (or if the Annual General Meeting is adjourned, members entered on the Register of Members of the Company not later than 48 hours before the time fixed for the adjourned Annual General Meeting) shall be entitled to attend, speak and vote at the Annual General Meeting in respect of the number of ordinary shares registered in their name at that time. Changes to entries on the Register of Members of the Company after 6.00 p.m. on 22 September 2009 shall be disregarded in determining the rights of any person to attend, speak or vote at the Meeting.

9. Copies of all service agreements under which the directors of the Company are employed are available for inspection at the Company's registered office during normal business hours on any week day (Saturdays, Sundays and public holidays excepted) and copies of these documents and the terms and conditions of appointment of the non-executive directors of the Company will also be available at the place of the Annual General Meeting for 15 minutes prior to and during the meeting.

10. Except as provided above, members who have general queries about the meeting should write to the Company Secretary at the address of our registered office. You may not use any electronic address provided either in this notice of Annual General Meeting or any related documents (including the proxy form) to communicate with the Company for any purposes other than those expressly stated.

Form of Proxy

Safeland plc

I/We

(name in full in block capitals)

of

being a member/members of Safeland plc hereby appoint the chairman of the meeting or (see note 1) ______________________________________ as my/our proxy to vote for me/us on my/our behalf at the annual general meeting of the Company to be held on Thursday 24 September 2009 at 10.00am at 94-96 Great North Road, London N2 0NL and at any adjournment thereof, on the following resolutions as indicated by an 'X' in the appropriate box, and on any other business, as he thinks fit.

Ordinary Resolutions	For	Against
1 To receive the report of the directors and accounts for the financial year ended 31 March 2009.	[ ]	[ ]
2 To re-elect Raymond Lipman as a director of the Company.	[ ]	[ ]
3 To re-elect Errol Lipman as a director of the Company.	[ ]	[ ]
4 To re-appoint Baker Tilly UK Audit LLP as auditors of the Company and to authorise the directors to fix their remuneration.	[ ]	[ ]
5 To authorise the directors to allot shares pursuant to section 80 of the Companies Act 1985	[ ]	[ ]

Special Resolutions	For	Against
6 To disapply section 89(1) of the Companies Act 1985	[ ]	[ ]
7 To authorise the Company to purchase its own shares	[ ]	[ ]

Dated: 2009

Signature:

NOTES:

1 As a member of the Company, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the Annual General Meeting. You can only appoint a proxy using the procedures set out in these notes.

2 If it is desired to appoint another person or persons as proxy or proxies the words "the chairman of the meeting" should be deleted and the name or names of the proxy or proxies (who need not be members of the Company) inserted into the appropriate space. If such words are not deleted and a proxy or proxies is/are named on this form the chairman shall not be authorised to vote as proxy. Any alteration must be initialled. If more than one person is appointed to act as proxy the number of shares in respect of which each such proxy is to vote must be specified. In the absence of any specific direction a proxy shall be deemed to be entitled to vote in respect of all the shares in the relevant holding.

3 Please indicate with an 'X' how you wish to vote. Unless otherwise instructed, the proxy will vote or abstain from voting as he thinks fit.

4 To be valid, this form, together with the power of attorney or other written authority, if any, under which it is signed or a notarially certified copy or a copy certified in accordance with the Powers of Attorney Act 1971 of such power or written authority, must be lodged at the address given in note 7 below not less than 48 hours before the time of the meeting.

5 A corporation must execute this form either under its common seal or under the hand of two directors or one director and the secretary or under the hand of an officer or attorney duly authorised in writing.

6 In the case of joint holders, the signature of any one holder will be sufficient but the names of all the joint holders should be stated and the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose seniority shall be determined by the order in which the names stand in the register of members in respect of the joint holding.

7 A form of proxy is provided. To be effective, a form of proxy must be completed, signed and lodged at Capita Registrars Limited, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU not later than 48 hours before the time of the meeting.

8 Deposit of a completed form of proxy will not preclude a member from attending the annual general meeting and voting in person.

Tape here

Second fold

BUSINESS REPLY SERVICE
Licence No. MB122

Capita Registrars
(Proxies)
P O Box 25
Beckenham
Kent BR3 4BR

Third fold and tuck in

First fold

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