Safeland plc

Annual Report and Accounts 2011

Officers and Professional Advisers

1


Raymond Lipman (1)
Chairman
Mr R Lipman (aged 77) 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.

2


Larry Glenn Lipman (2)
Managing Director
Mr L G Lipman (aged 54) 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.

3


Errol Alan Lipman (3)
Executive Director
Mr E A Lipman (aged 52) is an Executive Director whose primary responsibility is dealing with the Group's residential portfolio and the numerous residential agents.

4


Paul Malcolm Davis FCA (4)
Finance Director
Mr P M Davis (aged 58) 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.

5


Edward George Young (5)
Non-Executive Director
Mr E G Young (aged 68) qualified as a solicitor in 1968 after graduating from University College London and has extensive experience in commercial property law and practice.

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1a Kingsley Way
London N2 0FW

Company Number
2012015

Company Secretary
Paul Malcolm Davis FCA

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

Nominated Adviser and Broker
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
25 Farringdon Street
London EC4A 4AB

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

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

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

Directors' Report

The directors present their annual report on the affairs of the Company and the Group together with the financial statements for the year ended 31 March 2011.

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.

Principal risks and uncertainties are discussed on page 5.

Results and dividends
The results for the year are set out in detail on page 14. No interim dividend was paid by the Company (2010: £Nil) and the directors are not proposing a final dividend (2010: £Nil).

Directors
The directors who have served since 1 April 2010 were as follows:

Raymond Lipman
Larry Lipman
Errol Lipman
Paul Davis
Edward Young

Mr R Lipman and Mr E G Young 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 2011 had the following beneficial interests in the ordinary shares of the Company during the year and at the year end.

	At 31 March 2011 Number of 5p ordinary shares	At 31 March 2010 Number of 5p ordinary shares
Raymond Lipman	-	-
Larry Lipman	261,128	261,128
Errol Lipman	692,442	692,442
Paul Davis	97,385	97,385
Edward Young	-	-

Mr L G Lipman and Mr E A 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 (2010: 10,854,386) ordinary shares in the company, representing 64.41% (2010: 64.41%) of the Company's shares in issue as at 31 March 2011.

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 2011, 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 2011 were 15 (2010: 15).

Financial instruments
The group's policy on financial instruments is stated on pages 43 to 46.

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 24.

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 £Nil during the year (2010: £50).

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 2011, the directors have authorised no such conflicts or potential conflicts in accordance with the above procedures.

Statement of disclosure of information to the 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 551 of the Companies Act 2006 as amended (the "2006 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. 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 2012 and 30 September 2012. The Company does not currently have any treasury shares in issue.

Resolution 6 – Disapplication of statutory pre-emption rights

This resolution, if passed, will disapply the statutory pre-emption rights contained in section 561 of the 2006 Act, allowing the Company to allot equity securities for cash up to an aggregate nominal amount of £42,128 (being equal to 5 per cent of the issued ordinary share capital of the Company) or in connection with a rights issue, open offer or otherwise in favour of ordinary shareholders where

Directors’ Report

the equity securities attributable to the interest of all ordinary shareholders are proportionate to the respective numbers of ordinary shares held by them. This authority will, unless renewed, expire at the earlier of the conclusion of the next annual general meeting of the Company held in 2012 and 30 September 2012.

The Company is permitted by the 2006 Act to hold shares purchased by the Company 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 apply to a sale of treasury shares by the Company. However, the directors have no present intention of holding shares in treasury.

Resolution 7 – Purchase of own shares

This resolution, if passed, will give the directors authority under section 701 of the 2006 Act to make market purchases of ordinary shares, subject to certain stipulations, up to a maximum number of 2,527,676 ordinary shares, representing approximately 15.0 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 2012 and 30 September 2012. Renewal of the authority to make market purchases of ordinary shares 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.

This authority is intended to apply equally to any shares held by the Company as treasury shares in accordance with the 2006 Act. However, as mentioned above, the directors have no present intention of holding shares in treasury pursuant to the 2006 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 City Code on Takeovers and Mergers, 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 and Safeland Holdings (2008) Corporation (together “**the Lipman Concert Party**”) are treated as acting in concert for the purposes of the Code.

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.

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 interest in ordinary shares of 5p as at 31 March 2011 Number	Percentage of issued share capital as at 31 March 2011 %	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.

Resolution 8 – Authority to grant options under and disapplication of the Rules of the Safeland Plc Executive Share Option Scheme 2007

In September 2009, the executive directors of the Company were informed by the board that they would be required to forgo a proportion of their annual salary in light of market conditions. In the event that the group did return to a sustainable profit position, the deferred element of the salaries of the executive directors would be paid and their former salaries reinstated. Unfortunately, conditions have not since improved and therefore the deferred amounts in question have been forfeited. Furthermore, there will be no further salary reviews for executive directors of the Company until market conditions improve sufficiently to merit such a review. However, the board clearly recognises the need for the executive directors to be incentivised to ensure that the group does return to profit as soon as possible.

It is therefore proposed that further options be granted to the executive directors of the Company pursuant to the Safeland Plc Executive Share Option Scheme 2007 (the "**Option Scheme**") in order to allow executive members of the board to be incentivised by the receipt of such options in the Company. Your approval is being sought to authorise the grant of these options to the executive directors of the Company pursuant to the Option Scheme and to disapply certain of the Rules of the Option Scheme, as detailed below, for a period of 15 months following the date of this AGM or until the next AGM (whichever is the earlier) in order to permit the grant of such options in excess of the limits currently set out in the Option Scheme.

The board of the Company proposes to issue the following amount of options to the executive directors (the "**Executive Issue**"), subject to shareholder approval:

Executive Director	Maximum number of ordinary shares in the Company over which options are granted (1)	Total price payable on exercise of options (£)
Raymond Lipman	6,229,500	498,360
Larry Lipman	9,358,750	748,700
Errol Lipman	7,381,063	590,485
Paul Davis	1,131,875	90,550
Total	**24,101,188**	**1,928,095**

Note:

(1) The minimum exercise price of each option will be eight pence. The maximum number in this column has been calculated on the assumption that the exercise price will be eight pence. If the exercise price is greater than eight pence, then the number of ordinary shares over which the options will be granted will be fewer than as set out in this column.

It is proposed that the exercise price of each option will be the average closing middle market price of an ordinary share in the Company during the five business days commencing with 23 September 2011. It is also proposed that the options will only be exercisable once the closing middle market price of an ordinary share in the Company is at least 2 pence higher than the exercise price.

Furthermore, it is proposed that it will be a term of the options that none of the executive directors will be entitled to exercise his options to the extent that following such exercise he will hold in excess of 29.99% of the issued share capital of the Company.

Directors' Report

The Option Scheme currently contains the following restrictions on the amount of options that can be issued pursuant to it (the "Option Scheme Limits"), including:

1) the maximum number of ordinary shares in the Company over which options may be granted under the Option Scheme is limited to 10% of the Company's issued ordinary share capital (the "**Share Capital Option Limit**"); and

2) no person may be granted options over ordinary shares in any one calendar year worth more than 100% of his or her gross annual salary (the "**Remuneration Option Limit**" and together with the Share Capital Option Limit, the "**Option Scheme Limits**").

Currently, options over 721,800 of the ordinary shares in the Company, representing 4.28% of the Company's issued share capital, have been granted pursuant to the Option Scheme. In relation to the Executive Issue, it is proposed that, in aggregate, options over a maximum amount of 24,101,188 ordinary shares be granted to the four executive members of the board by way of incentivisation, representing 143% of the Company's issued share capital. The amount of options proposed to be issued pursuant to the Executive Issue will also exceed the Remuneration Option Limit.

Therefore, in order to authorise the grant of such options to the executive directors pursuant to the Option Scheme in excess of the Option Scheme Limits, your approval is being sought to authorise the Company to grant options over a maximum of 24,101,188 ordinary shares to the executive directors as set out in the table above and to disapply the Option Scheme Limits in respect of the Executive Issue in order to permit the issue to occur for a period of 15 months following the date of this AGM or until the next AGM (whichever is the earlier). The amount of options issued pursuant to the Executive Issue will not be counted in calculating the number of shares over which options are issued under the Option Scheme for the purposes of the Share Capital Limit.

A copy of the existing Rules of the Option Scheme in relation to this resolution is available for inspection as set out in the Notice of Annual General Meeting.

The Notice of the Annual General Meeting is at pages 55 to 59.

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

P M Davis
Company Secretary

15 August 2011

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 2011.

Remuneration committee
The duties of the Remuneration Committee are 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.

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.

In September 2009 the Board informed each executive director that they had to forgo a proportion of their salary to take into consideration the market conditions and in the event that the Group returned to a sustained profitable position, the forgone salary would be paid and the former salary reinstated. Unfortunately conditions have not improved and therefore the Board informed the executive directors that the amounts in question will not be made good under any circumstances and therefore an accrual for these monies in the sum of £1,877,000, comprising directors' emoluments of £1,664,000 and social security costs of £213,000, was credited to profit or loss in March 2011. There will be no further salary reviews until market conditions will allow.

There is, however, a recognition that the executive directors need to be incentivised to ensure that the Group does return to profit as soon as possible and therefore it is proposed that share options will be granted to the executive directors. Further details will be included in the notice of the Annual General Meeting.

The Company does not operate any long-term incentive schemes for its directors although the Company is proposing to grant options to each of the executive directors under the Safeland Plc Executive Share Option Scheme 2007. Further details are set out in the notes to Resolution 8 contained in the Directors' Report on page 7.

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.

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.

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 18p and 9.5p respectively (2010: 22.5p and 13p) and the market price of the shares at 31 March 2011 was 11.5p (2010: 17p).

Directors' Remuneration Report

Directors' emoluments

The emoluments of the directors of the Company for the year ended 31 March 2011 were as follows:

Name	Salary and fees £'000	Benefits in kind £'000	Annual bonus £'000	Forgone £'000	2011 Total £'000	Salary and fees £'000	Benefits in kind £'000	Annual bonus £'000	2010 Total £'000
Chairman									
R Lipman	302	63	-	(426)	(61)	302	130	17	449
Other executive directors									
L G Lipman	443	76	-	(648)	(129)	443	129	17	589
E A Lipman	355	66	-	(509)	(88)	355	56	17	428
P M Davis	254	34	-	(81)	207	254	33	-	287
Non-executive directors									
E G Young	15	-	-	-	15	15	-	-	15
	1,369	239	-	(1,664)	(56)	1,369	348	51	1,768

Further details are explained on page 9. Directors' salaries and fees paid during the year ended 31 March 2011 totalled £379,000 (2010: £787,000).

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

PM Davis
Company Secretary

15 August 2011

Corporate Governance

Introduction

The Board of Safeland plc appreciate the value of good corporate governance and comply with the requirements of the "Combined Code" on corporate governance as far as applicable to the group given its current size and nature.

Directors

During the year ended 31 March 2011 the group was controlled by its Board of Directors which consisted of four executive and one non-executive directors. Mr R Lipman is chairman of the Board and Mr L G Lipman is managing director.

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.

Due to the small size of the Board, it is considered inappropriate to establish a Nomination Committee, Audit Committee or Remuneration Committee. Consequently, these duties are performed by the Board as a whole.

Independent non-executive director

Mr E G Young acts as the Company's 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.

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.

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 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 to 31 August 2012, 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 the 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.

Directors' Responsibilities Statement

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

Company law requires the directors to prepare group and company financial statements for each financial year. The directors are required by the AIM Rules of the London Stock Exchange to prepare group financial statements in accordance with International Financial Reporting Standards ("**IFRS**") as adopted by the European Union

("**EU**") and have elected under company law 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 2006 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.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group for that period.

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 accounting 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; and

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 adequate accounting records that are sufficient to show and explain the group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the group and the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and the Company 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 Safeland plc 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

15 August 2011

Independent Auditor's Report to the Members of Safeland plc

We have audited the group and parent company financial statements ("the financial statements") on pages 14 to 54. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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

As more fully explained in the Directors' Responsibilities Statement set out on pages 11 to 12, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on the financial statements

In our opinion

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2011 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Richard Coates (Senior Statutory Auditor)
For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor
Chartered Accountants
25 Farringdon Street
London EC4A 4AB

15 August 2011

Consolidated Income Statement

Year ended 31 March 2011

	Note	2011 £000	2010 £'000
Revenue	2	10,370	11,940
Cost of sales	3	(9,866)	(9,052)
Gross profit		504	2,888
Sales and distribution costs		(255)	(322)
Administrative expenses	4	(2,929)	(3,777)
Directors' emoluments forgone	4	1,877	-
Other operating income	5	476	645
Loss on disposal of property plant and equipment		-	(102)
(Loss) / gain on revaluation of investment properties	13	(24)	666
Gain / (loss) on disposal of investment properties		5	(9)
Operating loss		(346)	(11)
Share of results of associate	15	27	-
Impairment of available-for-sale investments	16	(100)	(250)
Loss on disposal of available-for-sale investments	16	(50)	-
Loss before interest		(469)	(261)
Finance income	6	27	4
Finance costs	7	(523)	(768)
Loss before tax		(965)	(1,025)
Tax	9	-	(188)
Loss for the financial year attributable to owners of the parent company	8	(965)	(1,213)
Basic loss per share	10	(5.73)p	(7.20)p
Diluted loss per share	10	(5.73)p	(7.20)p

The revenue and operating result for the year is derived from continuing operations in the United Kingdom.

Consolidated Statement of Comprehensive Income

Year ended 31 March 2011

	Note	2011 £'000	2010 £'000
Loss for the year		(965)	(1,213)
Other comprehensive income			
Fair value gains on available-for-sale investments	16	12	2
Tax on items taken directly to equity	22	(3)	-
Other comprehensive income for the year		9	2
Total comprehensive income for the year attributable to owners of the parent company		(956)	(1,211)

Consolidated Statement of Financial Position

Year ended 31 March 2011

	Note	2011 £'000	2010 £'000
Non-current assets			
Property, plant and equipment	12	214	287
Investment properties	13	3,438	3,462
Investments in associates	15	117	-
Available-for-sale investments	16	122	275
Total non-current assets		3,891	4,024
Current assets			
Trading properties	17	19,256	20,732
Trade and other receivables	18	763	412
Cash and cash equivalents	19	386	434
Total current assets		20,405	21,578
Total assets	2	24,296	25,602
Current liabilities			
Bank loans and overdrafts	20	427	276
Trade and other payables	21	427	1,270
Total current liabilities		854	1,546
Non-current liabilities			
Bank loans	20	14,172	13,757
Derivative financial instruments	29	109	185
Deferred income tax liabilities	22	679	676
Total non-current liabilities		14,960	14,618
Total liabilities	2	15,814	16,164
Net assets		8,482	9,438
Equity			
Share capital	23	843	843
Share premium account		5,351	5,351
Capital redemption reserve		847	847
Share based payment reserve		100	210
Investment revaluation reserve		14	5
Retained earnings		1,327	2,182
Total equity attributable to owners of the parent company		8,482	9,438

These financial statements were approved by the Board of Directors and authorised for issue on 15 August 2011

Signed on behalf of the Board of Directors

L G Lipman
Director

P M Davis
Director

Consolidated Statement of Changes in Equity

Year ended 31 March 2011

	Attributable to owners of the parent						
	Share Capital £'000	Share premium account £'000	Capital redemption reserve £'000	Share based payment reserve £'000	Investment revaluation reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 April 2009	843	5,351	847	210	3	3,395	10,649
Comprehensive income							
Loss for the year	-	-	-	-	-	(1,213)	(1,213)
Other comprehensive income							
Fair value losses on available-for-sale investments	-	-	-	-	2	-	2
Total other comprehensive income	-	-	-	-	2	-	2
Total comprehensive income	-	-	-	-	2	(1,213)	(1,211)
Transactions with owners							
Share based payment charge for the year	-	-	-	-	-	-	-
Balance at 31 March 2010	843	5,351	847	210	5	2,182	9,438

	Attributable to owners of the parent						
	Share Capital £'000	Share premium account £'000	Capital redemption reserve £'000	Share based payment reserve £'000	Investment revaluation reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 April 2010	843	5,351	847	210	5	2,182	9,438
Comprehensive income							
Loss for the year	-	-	-	-	-	(965)	(965)
Other comprehensive income							
Fair value gains on available-for-sale investments	-	-	-	-	12	-	12
Tax on items taken directly to equity	-	-	-	-	(3)	-	(3)
Total other comprehensive income	-	-	-	-	9	-	9
Total comprehensive income	-	-	-	-	9	(965)	(956)
Transactions with owners							
Share based payment charge for the year	-	-	-	(110)	-	110	-
Balance at 31 March 2011	843	5,351	847	100	14	1,327	8,482

Consolidated Statement of Cash Flows

Year ended 31 March 2011

	Note	2011 £'000	2010 £'000
Operating activities			
Cash generated from operations	25	46	1,800
Interest paid		(600)	(583)
Income tax received		-	7
Net cash (outflow)/ generated from operating activities		(554)	1,224
Investing activities			
Interest received		24	4
Dividends received		3	-
Purchase of property, plant and equipment		(40)	(155)
Purchase of available for sale investments		(90)	(250)
Proceeds from sale of property, plant and equipment		22	1,705
Proceeds from sale of investment properties		6	241
Proceeds from sale of available for sale investments		15	-
Net cash (outflow)/ generated from investing activities		(60)	1,545
Financing activities			
New loans		8,155	5,300
Loan repayments		(7,740)	(9,667)
Net cash generated/ (outflow) from financing activities		415	(4,367)
Net decrease in cash and cash equivalents		(199)	(1,598)
Cash and cash equivalents at beginning of year	19	158	1,756
Cash and cash equivalents at end of year	19	(41)	158

Notes to the Consolidated Accounts

Year ended 31 March 2011

1. ACCOUNTING POLICIES

Basis of accounting

Safeland plc is listed on the AIM market of the London Stock Exchange and was incorporated and is domiciled in the UK.

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 2006.

Going concern

The directors report that based on the group's budgets and financial projections to 31 August 2012, 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 the 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
IAS 24	Related Party Transactions — Revised IAS 24 related party disclosures	1 January 2011*
IFRS 7	Financial Instruments — Amendments to disclosures required for transfer of financial assets	1 July 2011
IFRS 1	First time adoption of IFRS — Hyperinflation and removal of fixed dates for first time adopters	1 July 2011
IAS 12	Income Taxes — Amendment to deferred tax ; recovery of underlying assets	1 January 2012
IFRS 9	Financial Instruments — Classification and measurement of financial assets.	1 January 2013
IFRS 10	Consolidated Financial Statements — Additional guidance to assist in determining control	1 January 2013
IFRS 11	Joint Arrangements — Additional guidance to assist with the identification of joint operations and joint ventures	1 January 2013
IFRS 12	Other entities — Disclosure for all forms of interest in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles	1 January 2013
IFRS 13	Fair value measurement — Definition of fair value and a single source of fair value measurement	1 January 2013
IAS 27	Separate financial statements — provisions on separate financial statements	1 January 2013
IAS 28	Interests in Joint Venture — Requirements for joint ventures to be equity accounted	1 January 2013

Notes to the Consolidated Accounts

Year ended 31 March 2011

1. ACCOUNTING POLICIES (continued)

Amendments resulting from May 2011 Annual Improvements to IFRS		Effective date – annual periods beginning on or after
IFRS 1	First-time Adoption of International Financial Reporting Standards	1 January 2011*
IFRS 3	Business Combinations	1 July 2010*
IFRS 7	Financial Instruments: Disclosures	1 January 2011*
IAS 1	Presentation of Financial Statements	1 January 2011*
IAS 27	Consolidated and Separate Financial Statements	1 July 2010*
IAS 34	Interim Financial Reporting	1 January 2011*
IFRIC 13	Customer Loyalty Program	1 January 2011*

International Financial Reporting Interpretations Committee (IFRIC)		Effective date – annual periods beginning on or after
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2010*
IFRIC 14	Amendment – Prepayments of a minimum funding requirement	1 January 2011*

* 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.

Basis of preparation
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 drawn up to 31 January 2011.

The acquisition or disposal of subsidiaries where property constitutes the only or main asset, are accounted for as property transactions.

Operating segments
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board.

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. Negative goodwill is immediately recognised in profit or loss.

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

Motor vehicles	25% (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 profit or loss.

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.

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 consolidated statement of financial position 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.

1. ACCOUNTING POLICIES (continued)

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 other comprehensive income. The gains and losses taken to other comprehensive income 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 in other comprehensive income 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 the income statement.

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

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. Purchases of properties are recognised on completion of contracts.

Operating loss
Operating loss is stated before share of results of associate, impairment of available-for-sale investments, loss on disposal 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.

Retirement benefit costs
Contributions to defined contribution or personal pension schemes are recognised in profit or loss in the year in which they become payable.

Equity
The total equity attributable to the equity holders of the parent comprise the following:

Share Capital
Share capital represents the nominal value of shares issued.

Share premium account
Share premium represents amounts subscribed for share capital in excess of nominal value less the related costs of share issues.

Capital redemption reserve
The capital redemption reserve arises as a result of the buy back of the company's own shares by the company.

Investment revaluation reserve
The investment revaluation reserve arises as fair value gains and losses arise on the Group's available for sale investment portfolio.

Share based payment
The share based payment reserve arises as the expense of issuing share-based payments is recognised over time. The reserve will fall as share options vest and are exercised but the reserve may equally rise or might see any reduction offset, as new potentially dilutive share options are issued. Balances relating to share options that lapse after they vest is transferred to retained earnings.

Retained earnings
Retained earnings represent undistributed cumulative earnings.

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.

1. ACCOUNTING POLICIES (continued)

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, derivative financial instruments 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 and liquidity 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 debtors. 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 interest rate risk arises from long-term borrowings. Borrowings at variable rate expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. Borrowings issued at fixed rates expose the group to fair value interest rate risk.

The Group enters into interest rate swaps to manage its cash flow interest rate risk by using floating-to-fixed and capped interest rate swaps. The group raises borrowings at floating rates and swaps them into fixed or capped rates that are lower than those available if the group borrowed at fixed rates directly. Under the swaps, the group agrees with other parties to exchange the difference between fixed contracts and floating-rate interest amounts calculated by reference to an agreed notional amount.

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.

Derivative financial instruments

None of the Group's derivative financial instruments are designated as a hedging instrument. The derivative financial instruments are initially recognised at fair value and subsequently re-measured at fair value at the end of each reporting period. Changes in fair value of the derivatives are taken to the income statement.

Revenue

Revenue comprises the sales proceeds from properties previously held as trading stock, rental income from investment properties, 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 in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

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 statement of financial position date. Profits and losses arising on retranslation are included in profit or loss.

Other operating income

Other operating income includes rental income from trading properties.

Critical accounting judgements and key sources of estimation and uncertainty

Investment properties

At 31 March 2011, the carrying value of the Group's investment properties was £3,438,000 (2010: £3,462,000). As at 31 March 2011, 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 13 to these financial statements. The decrease in fair value of the Group's investment properties during the year is £24,000 (2010: increase of £666,000).

Trading properties

At 31 March 2011, the carrying value of the Group's trading properties was £19,256,000 (2010: £20,732,000). As at 31 March 2011, 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 £576,000 (2010: write back of £195,000) on the value of the properties was recognised in profit or loss.

Available-for-sale investments

At 31 March 2011, the carrying value of the Group's available for sale investments was £122,000 (2010: £275,000). 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 £88,000 (2010: £248,000).

Notes to the Consolidated Accounts

Year ended 31 March 2011

2. OPERATING SEGMENTS

The group's operations are wholly based in the United Kingdom. Information regarding the Group's two operating segments is provided below:

Year ended 31 March 2011	Property trading, refurbishment and investment £'000	Fund management £'000	Total £'000
Revenue	9,913	457	10,370
Segment result	(551)	(318)	(869)
Share of results of associate			27
Impairment of available-for- sale investments			(100)
Loss on disposal of investments			(50)
Finance income			27
Loss before tax			(965)
Tax			-
Loss for the financial year			(965)

Year ended 31 March 2010	Property trading, refurbishment and investment £'000	Fund management £'000	Total £'000
Revenue	11,444	496	11,940
Segment result	(401)	(378)	(779)
Impairment of available- for- sale investments			(250)
Finance income			4
Loss before tax			(1,025)
Tax			(188)
Loss for the financial year			(1,213)

Segment assets	2011 £'000	2010 £'000
Property trading, refurbishment and investment	23,997	25,141
Fund management	177	186
Total segment	24,174	25,327
Unallocated	122	275
Consolidated assets	24,296	25,602

Segment liabilities	2011 £'000	2010 £'000
Property trading, refurbishment and investment	15,786	16,140
Fund management	28	24
Total segment	15,814	16,164
Unallocated	-	-
Consolidated liabilities	15,814	16,164

	Depreciation		Additions to non current assets	
Other segmental information	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Property trading, refurbishment and investment	68	82	40	154
Fund management	23	31	-	1
Total segment	91	113	40	155

3. COST OF SALES

	2011 £'000	2010 £'000
Cost of trading properties sold	9,290	9,247
Impairment/(reversal) of trading properties	576	(195)
	9,866	9,052

Notes to the Consolidated Accounts

Year ended 31 March 2011

4. ADMINISTRATIVE EXPENSES

	2011 £'000	2010 £'000
Staff costs (see note 11)	2,087	2,315
Legal and professional fees	253	390
Property costs	129	48
Depreciation	91	113
Other expenses	369	911
	2,929	3,777

In September 2009 the Board informed each executive director that they had to forgo a proportion of their salary to take into consideration the market conditions and in the event that the Group returned to a sustained profitable position, the forgone salary would be paid and the former salary reinstated. Unfortunately conditions have not improved and therefore the Board informed the executive directors that the amounts in question will not be made good under any circumstances and therefore an accrual for these monies in the sum of £1,877,000, comprising directors' emoluments of £1,664,000 and social security costs of £213,000, was credited to profit or loss in March 2011.

5. OTHER OPERATING INCOME

	2011 £'000	2010 £'000
Rental income from trading properties	476	645
	476	645

6. FINANCE INCOME

	2011 £'000	2010 £'000
Interest revenue:		
Bank deposit interest	1	6
Interest on late completion of contracts	-	2
Interest from joint venture	-	11
Preference dividend income	23	(15)
Total interest revenue	24	4
Dividends from equity investment	3	-
	27	4

Preference dividend income on the redeemable preference shares held in Palace Capital plc (formerly Leo Insurance Services plc) (see note 16), written off in 2010, was received in the period on disposal of those shares.

7. FINANCE COSTS

	2011 £'000	2010 £'000
Interest on bank overdrafts and loans	532	583
Fair value of interest rate swaps	(77)	185
Interest rate swap breakage fee	68	-
Total borrowing costs	523	768

8. LOSS FOR THE FINANCIAL YEAR

	2011 £'000	2010 £'000
Loss for the financial year is arrived at after charging:		
Depreciation on owned assets	91	113
Auditor's remuneration for audit services	57	62

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:

	2011 £'000	2010 £'000
Fees payable to the auditor for the audit of the company's annual accounts	28	30
Fees payable to the auditor and its related entities for other services:		
The audit of the company's subsidiaries	29	32
Taxation services	42	42
Corporate finance services	7	13
Other services	-	5
	78	122

The audit fees disclosed in 2011 represent the directors' estimate of the fees payable for the audit for the year ended 31 March 2011 and the non-audit fees are those incurred in the year.

9. TAX

	2011 £'000	2010 £'000
Current tax		
Corporation tax	-	-
Adjustment in respect of prior years	-	(22)
Total current tax	-	(22)
Deferred tax	-	210
Total tax charge	-	188

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

	2011 £'000	2010 £'000
Loss before tax	(965)	(1,025)
Tax at the UK corporation tax rate of 28% (2010: 28%)	(270)	(287)
Factors affecting charge for the year		
Disallowable expenditure	59	100
Tax losses carried forward	211	397
Adjustment in respect of prior years	-	(22)
Group tax charge	-	188

Details of deferred tax liabilities are included in note 22.

The group has tax losses of approximately £9.5m (2010: £8.8m) which are available for offset against future trading profits. A deferred tax asset of £2.6m (2010: £2.3m) has not been recognised in the financial statements due to the uncertainty as to the timing of future taxable profits.

10. LOSS PER SHARE

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

	2011 £'000	2010 £'000
Loss for the year attributable to equity holders of the company	(965)	(1,213)

	2011 '000	2010 '000
Weighted average number of ordinary shares for the purposes of basic loss per share	16,851	16,851
Effect of dilutive potential ordinary shares	-	-
Weighted average number of ordinary shares for the purposes of diluted loss per share	16,851	16,851

There is no dilutive effect of potential ordinary shares in either 2011 or 2010 as in both instances there is a loss for the year.

11. STAFF COSTS

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

	2011 Number	2010 Number
Sales	3	3
Administration	10	11
	13	14

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

	2011 £'000	2010 £'000
Wages and salaries	1,801	1,981
Social security costs	265	304
Pension costs	21	30
	2,087	2,315
Directors' emoluments foregone (including social security costs of £213,000) - (see note 4)	(1,877)	-
	210	2,315

Notes to the Consolidated Accounts

Year ended 31 March 2011

12. PROPERTY, PLANT AND EQUIPMENT

	Freehold land and buildings £'000	Motor vehicles £'000	Fixtures, fittings and equipment £'000	Total £'000
Cost				
At 1 April 2009	1,887	644	147	2,678
Additions	1	153	1	155
Disposals	(1,888)	(191)	-	(2,079)
At 1 April 2010	-	606	148	754
Additions	-	40	-	40
Disposals	-	(74)	-	(74)
At 31 March 2011	-	572	148	720
Depreciation				
At 1 April 2009	263	263	100	626
Charge for the year	-	100	13	113
Disposals	(263)	(9)	-	(272)
At 1 April 2010	-	354	113	467
Charge for the year	-	78	13	91
Disposals	-	(52)	-	(52)
At 31 March 2011	-	380	126	506
Net book value:				
At 31 March 2011	-	192	22	214
At 31 March 2010	-	252	35	287
At 31 March 2009	1,624	381	47	2,052

13. INVESTMENT PROPERTIES

	2011 £'000	2010 £'000
Fair value		
At 1 April 2010	3,462	3,046
Disposals	-	(250)
(Decrease)/ increase in fair value during the year	(24)	666
At 31 March 2011	3,438	3,462

The fair value of the investment properties at 31 March 2011 comprises freehold properties of £2,890,000 (2010: £2,881,000) and long leasehold properties of £548,000 (2010: £581,000).

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 statement of financial position at 31 March 2010 or 2011.

The group has pledged investment properties with a carrying value of £3,418,000 (2010: £3,442,000) to secure banking facilities granted to the group.

The fair value of the group's investment properties at 31 March 2011 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:

	2011 £'000	2010 £'000
External independent valuations		
- Cushman & Wakefield	659	-
- Drivers Jonas	-	3,333
Directors' valuations	2,779	129
	3,438	3,462

Property rental income earned by the group from its investment properties amounted to £26,000 (2010: £27,000). Direct operating expenses arose on these properties during the year of £2,000 (2010: £2,000).

The historical cost of investment properties included in the financial statements at 31 March 2011 is £1,169,000 (2010: £1,169,000) of which £464,000 (2010: £464,000) are freehold and £705,000 (2010: £705,000) are long leasehold properties.

Notes to the Consolidated Accounts

Year ended 31 March 2011

14. INTEREST IN JOINT VENTURES

Safeland Property Fund Management Joint Venture:

Safeland Property Fund Management Limited ("SPFM") is a joint venture between Safeland plc and Electra Investors Limited. Safeland plc holds 60% of the issued share capital, but has no overall control. Safeland Property Fund Management Limited is employed as portfolio advisor to the trustees of Safeland Active Management Unit Trust. Safeland plc owns 39.52% of the units in Safeland Active Management Unit Trust (see note 16).

Guilford Street Joint Venture:

The Guilford Street Joint Venture was a contractual arrangement between Safeland plc and Amek Investments Limited. The group held a 50% interest in the joint venture whose principal activity was property trading and development. This joint venture has now ceased trading.

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

	SPFM		Guilford Street	
	2011	**2010**	**2011**	**2010**
Group share of results	**£'000**	**£'000**	**£'000**	**£'000**
Revenue	345	358	-	4,425
Direct costs	(345)	(358)	(19)	(2,957)
Operating (loss) / profit	-	-	(19)	1,468
Finance income	-	-	-	11
Finance costs	-	-	-	(14)
(Loss) / profit before tax	-	-	(19)	1,465
Tax	-	-	-	(410)
(Loss) / profit after tax	-	-	(19)	1,055

	2011	**2010**	**2011**	**2010**
Group share of net assets	**£'000**	**£'000**	**£'000**	**£'000**
Current assets	443	130	-	34
Current liabilities	(443)	(130)	-	(12)
Share of net assets	-	-	-	22

15. INVESTMENTS IN ASSOCIATES

On 30 July 2010 the Group acquired 50 per cent of the issued share capital of Grafton Insurance Services Limited ("Grafton"), a company incorporated in the United Kingdom, for cash consideration of £90,000. The shares in Grafton were acquired from Leo Insurance Services plc ("Leo"), which has subsequently been renamed Palace Capital plc. At the date of the transaction, Leo was a related party of the Group as all directors of Leo were also directors of Safeland plc. The principal activity of Grafton is insurance brokerage. Grafton is accounted for an associate as Safeland plc exercises significant influence over Grafton. The statutory accounts for Grafton are drawn up to 31 January each year. The accounts to 31 January 2011 have been used to account for Grafton in the Group's accounts and for the disclosures below as, in the opinion of the directors, there is no material difference compared to using accounts to 31 March 2011.

The group's share of net assets using the equity method of accounting:

	2011 £'000	**2010** £'000
Acquisition in year	90	-
Share of post acquisition profits	27	-
31 March 2011	117	-

The group's share of aggregated amounts relating to associates owned at 31 March 2011 extracted from the 31 January 2011 statutory accounts for Grafton are set out below:

	2011 £'000	**2010** £'000
Total assets	198	-
Total liabilities	(124)	-
Revenue	76	-
Profit	27	-

The group was billed expenses of £95,742 in the year to 31 March 2011 by Grafton (2010: £66,070).

16. AVAILABLE-FOR-SALE INVESTMENTS

Fair value	2011 £'000	2010 £'000
1 April 2010	275	273
Additions	-	250
Disposals	(65)	-
Impairment charge	(100)	(250)
Fair value profit	12	2
31 March 2011	122	275

The group held the following available-for-sale investments at 31 March 2011.

- 4,535,005 income units and 4,535,005 capital units representing 39.52% 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 2011 was £Nil (2010: £100,000) and as a result the investment was impaired by £100,000 in the year (2010: £250,000). Safeland Active Management Unit Trust is managed and controlled by Safeland Trustee (Jersey) Limited. As explained in note 14, the Trust employs Safeland Property Fund Management Limited as portfolio advisors.
- 511,919 ordinary equity shares (representing 7.09% of the issued equity) in Palace Capital Plc (formerly Leo Insurance Services Plc), an AIM listed company. The directors estimate of the fair value of these shares at 31 March 2011 was £22,000 (2010: £10,000). During the year, the group sold its 65,000 £1 redeemable preference shares in Palace Capital Plc for cash consideration of £15,000 resulting in a loss on disposal of £50,000.
- 1,111,111 ordinary equity shares (representing 2.95% of the issued equity) in Trust Property Management Plc. The directors estimate of the fair value of these shares at 31 March 2011 was £100,000 (2010: £100,000).

17. TRADING PROPERTIES

	2011 £'000	2010 £'000
Properties for resale	19,256	20,732

During the year, the group sold trading properties that cost £9,290,000 (2010: £9,247,000) for total consideration of £9,889,000 (2010: £11,420,000). 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 £17,951,000 (2010: £20,730,000) to secure banking facilities granted to the group.

Properties for resale were reviewed for impairment as at 31 March 2011 and as a result there was an impairment of £576,000 (2010: write back of £195,000) and this impairment expense / reversal is included within cost of sales in the income statement.

The net realisable value of the group's trading properties at 31 March 2011 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. Each property is stated at the lower of cost and net realisable value. The valuations were performed by:

	2011 £'000	2010 £'000
External independent valuations		
- Cushman & Wakefield	7,050	-
- DTZ	3,545	-
- Drivers Jonas	-	6,739
- GVA Grimley	-	2,292
- Knight Frank	-	2,005
Directors' valuations	8,661	9,696
	19,256	20,732

18. TRADE AND OTHER RECEIVABLES

	2011 £'000	2010 £'000
Trade receivables	48	109
Other receivables	607	287
Prepayments and accrued income	108	16
	763	412

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 (2010: 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 (2010: £Nil) which are past due at the reporting date for which the Group has not provided. During the year, the Group wrote off £Nil (2010: £21,000) 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 1 (2010: 1) property totalling £35,000 (2010: £130,000). The balance of the purchase price totalling £630,000 (2010: £1,170,000) will be settled on completion.

Notes to the Consolidated Accounts

Year ended 31 March 2011

19. CASH AND CASH EQUIVALENTS

	2011 £'000	2010 £'000
Cash and cash equivalents per balance sheet	386	434
Bank overdrafts (note 20)	(427)	(276)
Cash and cash equivalents per cash flow statement	(41)	158

All of the group's cash and cash equivalents at 31 March 2011 are at floating interest rates except for cash held in non-interest bearing accounts of £5,000 (2010: £5,000).

All of the group's cash and cash equivalents at 31 March 2011 and 2010 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	2011 £'000	2010 £'000
Bank overdrafts	427	276
Bank loans	14,172	13,757
	14,599	14,033

	2011 £'000	2010 £'000
The borrowings are repayable as follows:		
In the second to fifth year	14,172	13,757
On demand or within one year	427	276
	14,599	14,033

There were no breaches in bank loan covenants as at 31 March 2010 and 31 March 2011.

All of the group's bank loans and overdrafts disclosed above comprise borrowings in sterling. Further details of the group's bank borrowings are disclosed in note 28.

The bank loans are secured on properties owned by the group.

The group had undrawn committed borrowing facilities as at 31 March 2011 of £962,000 (2010: £3,351,000).

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

21. TRADE AND OTHER PAYABLES

	2011 £'000	2010 £'000
Trade payables	52	85
Social security and other taxes	59	82
Accruals and deferred income	316	1,103
	427	1,270

Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 15 days (2010: 15 days).

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

22. DEFERRED INCOME TAX LIABILITIES

	Revaluation of investment properties £'000	Fair value of available-for-sale investments £'000	Total £'000
1 April 2009	466	-	466
Charge to income statement	210	-	210
31 March 2010	676	-	676
Charge to other comprehensive income	-	3	3
31 March 2011	676	3	679

23. SHARE CAPITAL

	2011 £'000	2010 £'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 2010 or 2011.

24. SHARE BASED PAYMENTS

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

Grant date	Exercise price per share (pence)	Period within which options are exercisable	Number of share options outstanding 31.03.2011	31.03.2010
09/01/2007	90.5	09/01/2010 to 08/01/2014	187,845	475,137
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	119,686	306,736
			442,013	916,355

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 granted or exercised during either 2011 or 2010.

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

	2011		2010	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
Outstanding at beginning of year	916,355	80.8p	1,181,431	81.3p
Forfeited during year	(474,342)	(82.2p)	(265,076)	(82.7p)
Outstanding at end of year	442,013	79.3p	916,355	80.8p
Exercisable at end of year	442,013	79.3p	475,137	90.5p

A share based payment charge was calculated using the Black-Scholes model to calculate the fair value of the share options.

There is no share based payment charge for the year as a result of a number of share options lapsing prior to the vesting date.

25. NOTES TO THE CASH FLOW STATEMENT

	2011 £'000	2010 £'000
Loss before tax	(965)	(1,025)
Adjustments for:		
Depreciation of property, plant and equipment	91	113
Loss on sale of property, plant and equipment	-	102
(Profit)/loss on sale of investment properties	(5)	9
Loss/(gains) on revaluation of investment properties	24	(666)
Impairment of available for sale investments	100	250
Loss on sale of available for sale investments	50	-
Finance costs (net)	496	764
Share of results of associate	(27)	-
Changes in working capital:		
Decrease in trading properties	1,476	1,540
(Increase)/decrease in trade and other receivables	(351)	15
(Decrease)/increase in trade and other payables	(843)	698
Cash generated from operations	46	1,800

26. OPERATING LEASE ARRANGEMENTS

At the balance sheet date, the Group had the following outstanding commitments for future minimum lease payments under non-cancellable operating leases.

	2011 £'000	2010 £'000
Not later than one year	49	49
Later than one year and not later than five years	27	76
	76	125

During the year ended 31 March 2011, the group made payments under operating leases of £49,000 (2010: £15,000).

27. 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.

	2011 £'000	2010 £'000
Short term employee benefits		
- Directors' emoluments	1,608	1,768
- Social security costs	206	226
- Directors' emoluments forgone (including social security costs of £213,000) – (see note 4)	(1,877)	-
	(63)	1,994

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 (2010: £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.

The Group manages a portfolio of properties owned by Mr L G Lipman. The Group received commissions of £27,679 (2010: £18,596) from Mr L G Lipman in the year. This amount has been included in revenue.

During the year, a director received a salary advance of £27,500. This was the maximum amount outstanding during the year and it was repaid in full during the year.

The Group provided management and advisory fees of £379,723 (2010: £439,697) to Safeland Property Fund Management Limited in the year. At 31 March 2011, the Group was owed £47,737 (2010: £109,244). Safeland Property Fund Management Limited is a Joint Venture between Safeland Plc and Electra Partners Limited (see note 14).

During the year, Safeland plc paid various expenses on behalf of Palace Capital plc (formerly Leo Insurance Services plc) totalling £17,013 (2010: £34,483). These expenses were repaid to the company on completion of the purchase by Safeland plc of the 50% interest in Grafton Insurance Services Ltd previously held by Leo Insurance Services plc.

28. 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.

	2011 £'000	2010 £'000
Share capital	843	843
Share premium account	5,351	5,351
Capital redemption reserve	847	847
Share based payment reserve	100	210
Investment revaluation reserve	14	5
Retained earnings	1,327	2,182
Current liabilities: Bank loans and overdrafts	427	276
Non-current liabilities: Bank loans and overdrafts	14,172	13,757

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 2011, the Group held the following financial assets:

	2011 £'000	2010 £'000
Trade and other receivables	655	396
Cash and cash equivalents	386	434
Available for sale financial assets	122	275
	1,163	1,105

Of the above financial assets, £122,000 (2010: £275,000) relates to available for sale financial assets and the remainder are loans and receivables.

28. FINANCIAL INSTRUMENTS (continued)

At 31 March 2011, the Group held the following financial liabilities:

	2011 £'000	2010 £'000
Bank loans and overdrafts	14,599	14,033
Trade and other payables	368	1,188
Derivative financial instruments	109	185
	15,076	15,406

Of the above financial liabilities, £109,000 (2010: £185,000) relates to financial liabilities held at fair value through profit or loss and the remainder are financial liabilities measured at amortised cost.

The carrying amounts of the group's bank loans and overdrafts and trade and other payables approximate their fair value.

At 31 March 2011, the Group held the following equity instruments:

	2011 £'000	2010 £'000
Share capital	843	843

Interest rate risk management

The Group is exposed to interest rate risk on some of its borrowings, which are at floating interest rates at 2.65% above LIBOR as shown in the table below. The Group carefully manages its interest rate risk on an ongoing basis. The Group took out two interest rate instruments to manage its interest rate risk. Further details of these swaps can be found in note 29 to these financial statements. The directors currently believe that interest rate risk is at an acceptable level.

The interest rates for the group's borrowings are set out in the table below. All interest rates are at variable rate, unless stated, and the rates disclosed include margins.

2011 Interest rate %	2011 Borrowings £'000	2010 Interest rate %	2010 Borrowings £'000
3.07	10,096	3.29	7,728
5.55(fixed)	4,076	5.55(fixed)	5,740
3.15	427	3.14	289
		3.15	276
	14,599		18,179

As explained in note 29, a notional amount of £4,136,000 (2010: £5,740,000) has been fixed by an interest rate swap.

Also explained in note 29, the LIBOR rate on a notional amount of £6,250,000 (2010: £6,250,000) has been capped at 4%, which caps the rate on the notional amount at 6.65%.

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.

Based on bank borrowings, at 31 March 2011, if interest rates were 0.25% higher or (lower) and all other variables were held constant, the Group's net loss would increase by £26,000 (2010: £21,000). This is attributable to the Group's exposure to interest rates on its variable rate borrowings.

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 has an investment in a property fund, the Safeland Active Management Unit Trust. The fair value of this investment at 31 March 2011 is £Nil (2010: £100,000). A £100,000 impairment charge has been reflected in the year to 31 March 2011 (2010: £250,000).

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 at AA or above. Other credit risk arises from trade receivables which predominately comprise rental debtors. 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.

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.

2011	**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 borrowings	434	10,458	-	-	10,892
Fixed interest rate borrowings	-	4,340	-	-	4,340
	434	14,798	-	-	15,232

All of the above loans and the overdraft are at a set interest rate above either LIBOR or the Bank of England Base rate except for the financial borrowings which are covered by an interest rate swap. The weighted average effective interest rate at 31 March 2011 was 3.77%.

2010	**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 borrowings	280	-	8,588	-	8,868
Fixed interest rate borrowings	-	-	6,431	-	6,431
Variable interest rate instruments	280	-	15,019	-	15,299

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 as at 31 March 2010 was 4.21%.

28. FINANCIAL INSTRUMENTS (continued)

In both the year to 31 March 2011 and to 31 March 2010, all of the Group's financial assets are non interest bearing, except cash of £381,000 (2010: £429,000). All non derivative financial assets are due within one year.

Fair value measurements recognised in the balance sheet

Financial instruments measured in the balance sheet at fair value are disclosed below using fair value measurements by level of the following fair value hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is unobservable inputs) (level 3).

2011	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Available-for-sale investments				
-Listed	22	-	-	22
-Other	-	-	100	100
Derivative financial instruments	-	(109)	-	(109)

2010	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Available-for-sale investments				
-Listed	10	-	-	10
-Other	-	-	265	265
Derivative financial instruments	-	(185)	-	(185)

There were no transfers between levels in either year. There were no movements in the fair value measurements of level 3 financial assets during either year.

29. DERIVATIVE FINANCIAL INSTRUMENTS

At 31 March 2011, the Group had two derivative financial instruments as detailed below.

- The LIBOR rate on a notional loan of £4,136,000 (2010: £5,740,000) was swapped to a fixed rate of 3.05% on £4,136,000 until 31 May 2012. The fair value of this financial instrument at 31 March 2011 was a liability of £109,000 (2010: £185,000).
- The LIBOR rate on a notional loan of £6,250,000 (2010: £6,250,000) was capped at 4% until 24 May 2012. The fair value of this financial instrument at 31 March 2011 was £Nil (2010: £Nil).

Neither of these financial instruments have been designated as hedging and consequently the fair value gain/(loss) for the year has been taken to the income statement and disclosed within finance costs.

30. POST BALANCE SHEET EVENTS

On 18 April 2011 the Group entered into a joint venture arrangement with Moorfield Real Estate Fund II (MREFII) whereby Safeland and MREFII will invest through a Jersey vehicle to establish a chain of tourism driven hostels, initially focused on London. As part of this sales agreement a property was transferred from the group to the joint venture arrangement for £3,800,000.

Company Balance Sheet

31 March 2011

	Note	2011 £'000	2010 £'000
Fixed assets			
Tangible assets	4	206	250
Investments	5	197	272
		403	522
Current assets			
Stocks	6	88	506
Debtors	7	20,338	21,034
Cash at bank and in hand		377	410
		20,803	21,950
Creditors: amounts falling due within one year	8	(1,478)	(2,012)
Net current assets		19,325	19,938
Total assets less current liabilities		19,728	20,460
Creditors: amounts falling due after more than one year	9	(14,172)	(13,757)
Net assets		5,556	6,703
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	100	210
Profit and loss account	13	(1,585)	(548)
Equity shareholders' funds	14	5,556	6,703

These financial statements were approved by the Board of Directors and authorised for issue on 15 August 2011

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 2011

1. ACCOUNTING POLICIES

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

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. 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 408 (3) of the Companies Act 2006 and consequently a profit and loss account for the company alone has not been presented.

The company's loss for the financial year was £1,147,000 (2010: loss of £377,000).

3. STAFF COSTS

	2011 Number	2010 Number
The company's average monthly number of employees (including executive directors) during the year was:		
Sales	3	3
Administration	5	5
	8	8

	2011 £'000	2010 £'000
The costs incurred in respect of these expenses (including executive directors) during the year were:		
Wages and salaries	1,466	1,583
Social security costs	226	258
	1,692	1,841
Directors' emoluments foregone (including social security costs of £213,000) - (see note 4 of consolidated accounts)	(1,877)	-
	(185)	1,841

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

Notes to the Company Accounts

Year ended 31 March 2011

4. TANGIBLE FIXED ASSETS

	Motor vehicles £'000	Fixtures, fittings and equipment £'000	Total £'000
Cost			
At 1 April 2010	513	105	618
Additions	40	-	40
Disposals	(39)	-	(39)
At 31 March 2011	514	105	619
Depreciation			
At 1 April 2010	282	86	368
Charge for the year	63	4	67
Disposals	(22)	-	(22)
At 31 March 2011	323	90	413
Net book value			
At 31 March 2011	191	15	206
At 31 March 2010	231	19	250

5. FIXED ASSET INVESTMENTS

	Shares in subsidiary undertakings £'000	Shares in associated undertakings £'000	Other investments £'000	Total £'000
Cost				
At 1 April 2010	219	-	1,420	1,639
Additions	-	90	-	90
Disposals	-	-	(65)	(65)
At 31 March 2011	219	90	1,355	1,664
Provision for impairment				
At 1 April 2010	217	-	1,150	1,367
Charge for the year	-	-	100	100
At 31 March 2011	217	-	1,250	1,467
Net book value				
At 31 March 2011	2	90	105	197
At 31 March 2010	2	-	270	272

Shares in subsidiary undertakings

The principal subsidiaries at 31 March 2011 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

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.

Safeland Property Fund Management Joint Venture:
Safeland Property Fund Management Limited ("SPFM") is a joint venture between Safeland plc and Electra Investors Limited. Safeland plc holds 60% of the issued share capital, but has no overall control. Safeland Property Fund Management Limited is employed as portfolio advisor to the trustees of Safeland Active Management Unit Trust. Safeland plc owns 39.52% of the units in Safeland Active Management Unit Trust.

Shares in associated undertakings

On 30 July 2010 the Company acquired 50 per cent of the issued share capital of Grafton Insurance Services Limited ("Grafton"), a company incorporated in the United Kingdom, for cash consideration of £90,000. The shares in Grafton were acquired from Leo Insurance Services plc ("Leo"), which has subsequently been renamed to be Palace Capital plc.

Other investments

The company owns 511,919 ordinary equity shares (representing 7.09% of the issued equity) in Palace Capital Plc (formerly Leo Insurance Services Plc). The market value of these shares at 31 March 2011 was £22,000 (2010: £10,000). In addition, in 2010, the company held 65,000 £1 redeemable preference shares in Leo Insurance Services Plc which were disposed of in 2011.

The company also owns 4,535,005 income units and 4,535,005 capital units in the Safeland Active Management Unit Trust. The directors estimate the market value of these units at 31 March 2011 was £Nil (2010: £100,000).

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 2011 was £100,000 (2010: £100,000).

6. STOCKS

	2011 £'000	2010 £'000
Properties for resale	88	506

The company has pledged properties for resale with a carrying value of £84,000 (2010: £504,000) to secure banking facilities granted to the company.

Notes to the Company Accounts

Year ended 31 March 2011

7. DEBTORS

	2011 £'000	2010 £'000
Due within one year:		
Amounts due from subsidiary undertakings	19,735	20,748
Other debtors	603	286
	20,338	21,034

The company has tax losses of approximately £5.7m (2010: £5.1m) which are available for offset against future trading profits. A deferred tax asset of approximately £1.5m (2010: £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

	2011 £'000	2010 £'000
Bank loans and overdrafts	427	276
Trade creditors	45	84
Amounts due to subsidiary undertakings	652	490
Other taxation and social security	37	59
Accruals and deferred income	317	1,103
	1,478	2,012

The bank loans and overdrafts are secured on properties owned by the group.

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

	2011 £'000	2010 £'000
Bank loans	14,172	13,757

The bank loans are secured on properties owned by the group.

Bank loans are repayable as follows:

	2011 £'000	2010 £'000
Between one and two years	14,172	-
Between two and five years	-	13,757
	14,172	13,757

As explained in note 29 to the consolidated accounts, the company has entered into an interest rate swap and an interest rate cap.

10. CALLED UP EQUITY SHARE CAPITAL

	2011 £'000	2010 £'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

11. CAPITAL REDEMPTION RESERVE

	2011 £'000	2010 £'000
1 April 2010 and 31 March 2011	847	847

12. SHARE BASED PAYMENT RESERVE

	2011 £'000	2010 £'000
1 April 2010	210	210
Transfer to profit and loss account	(110)	-
31 March 2011	100	210

13. PROFIT AND LOSS ACCOUNT

	2011 £'000	2010 £'000
1 April 2010	(548)	(171)
Loss for the year	(1,147)	(377)
Transfer from share based transfer reserve	110	-
31 March 2011	(1,585)	(548)

Notes to the Company Accounts

Year ended 31 March 2011

14. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	2011 £'000	2010 £'000
Loss for the year	(1,147)	(377)
Decrease in equity shareholders' funds	(1,147)	(377)
Opening equity shareholders' funds	6,703	7,080
Closing equity shareholders' funds	5,556	6,703

15. FINANCIAL INSTRUMENTS

Please refer to note 28, 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. OPERATING LEASE COMMITMENTS

At the balance sheet date, the company was committed to making the following payment during the next year under non-cancellable operating leases as follows.

	Land and buildings	
	2011 £'000	2010 £'000
Expiring between 2 and 5 years	49	49

17. POST BALANCE SHEET EVENTS

On 18 April 2011 the company entered into a joint venture arrangement with Moorfield Real Estate Fund II (MREFII) whereby Safeland and MREFII will invest through a Jersey vehicle to establish a chain of tourism driven hostels, initially focused on London. As part of this sales agreement a property was transferred from the group to the joint venture arrangement for £3,800,000.

Notice of Annual General Meeting

Year ended 31 March 2011

SAFELAND PLC (the "Company")

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at 1a Kingsley Way, London N2 0FW on 23 September 2011 at 10.00am to consider, and if thought fit, to pass the following resolutions of which resolutions numbered 1 to 5 and 8 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 of the Company (the "**Directors**") and financial statements for the financial year ended 31 March 2011 be received and adopted.

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

3 That Edward Young 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 be and are hereby generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 to exercise all powers of the Company to allot any shares in the Company and to grant rights to subscribe for or convert any security into shares in the Company up to an aggregate maximum nominal amount of £280,853 provided that this authority shall expire (unless renewed, varied or revoked by the Company in general meeting) on the earlier of the conclusion of the next annual general meeting of the Company to be held in 2012 and 30 September 2012 save that the Company shall be entitled to make, prior to the expiry of such authority, any offer or agreement which would or might require shares to be allotted or rights to subscribe for or convert any security into shares to be granted after the expiry of such authority and the Directors may allot shares or grant rights to subscribe for or convert securities into shares in pursuance of such offer or agreement as if the authority conferred hereby had not expired; and

5.2 the authority granted by this resolution shall replace all existing authorities to allot any shares in the Company and to grant rights to subscribe for or convert any security into shares in the Company previously granted to the Directors pursuant to section 551 of the Companies Act 2006 (save to the extent that the same are exercisable pursuant to section 551(7) of the Companies Act 2006 by reason of any offer or agreement made prior to the date of this resolution which would or might require shares to be allotted or rights to be granted on or after that date).

6 That:

6.1 the Directors be and are hereby generally and unconditionally empowered pursuant to section 571(1) of the Companies Act 2006 (a) subject to the passing of Resolution 5, to allot equity securities (as defined in section 560 of the Companies Act 2006) for cash pursuant to the authority conferred by Resolution 5 and (b) to allot equity securities (as defined in section 560(3) of the Companies Act 2006 (sale of treasury shares)) for cash, in either case as if section 561 of the Companies Act 2006 did not apply to 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 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) permitted by the rights attached thereto, but subject to such exceptions, exclusions or other arrangements as the Directors may deem necessary or expedient to deal with fractional entitlements, treasury shares, record dates, shares represented by depositary receipts, 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 maximum 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 2012 and 30 September 2012 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 may allot equity securities pursuant to any such offer or agreement as if the power hereby conferred had not expired; and

6.2 all previous unutilised authorities conferred under section 570 of the Companies Act 2006 shall cease to have effect and shall be and are hereby revoked provided that such revocation shall not have retrospective effect.

7 That the Company be and is hereby authorised for the purpose of section 701 of the Companies Act 2006 to make market purchases (within the meaning of section 693(4) of the Companies Act 2006) of ordinary shares in the capital of the Company ("**Ordinary Shares**"), on such terms and in such manner as the Directors may from time to time determine, provided 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 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

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 2012 and 30 September 2012; 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.

8 That, in relation to the Rules of the Safeland Plc Executive Share Option Scheme 2007 adopted by the Company on 18 September 2007 (the "**Option Scheme**"), as tabled at the meeting (and attached to this notice of Annual General Meeting) and initialled by the Chairman for the purposes of identification:

8.1 the Company be and is hereby authorised to grant in options over, in aggregate, a maximum of 24,101,188 ordinary shares pursuant to the Option Scheme to executive directors of the Company (the "**Executive Issue**");

8.2 rules 2.1 and 3.1 of Part A and rule 2 of Part B (in respect of rules 2.1 and 3.1 of Part A) of the Rules of the Option Scheme shall be disapplied in relation to the Executive Issue;

8.3 the authority for the Executive Issue and disapplication of the rules of the Option Scheme as set out respectively in paragraphs 8.1 and 8.2 above shall expire following a period of 15 months from the date of this AGM or upon the occurrence of the next AGM (whichever is the earlier); and

8.4 the amount of options issued pursuant to the Executive Issue shall not be counted in calculating the number of shares over which options are issued under the Option Scheme for the purposes of rule 2.1 of Part A and rule 2 of Part B (in respect of rule 2.1 of Part A) of the Rules of the Option Scheme.

By order of the Board

PAUL MALCOLM DAVIS
Company Secretary
15 August 2011

Registered Office
1A Kingsley Way
London N2 0FW

Notice of Annual General Meeting

Year ended 31 March 2011

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 21 September 2011 (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 on 21 September 2011 shall be disregarded in determining the rights of any person to attend, speak or vote at the Meeting.

9. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that, if it is appointing more than one corporate representative, it does not do so in relation to the same shares. It is therefore no longer necessary to nominate a designated corporate representative.

10. Copies of the service agreements of the Executive Directors, the letter of appointment of the Non-Executive Director and the Rules of the Executive Share Option Scheme 2007 of the Company, will be available for inspection at the Company's registered office during normal business hours on any week day (but not at weekends or on public holidays) up to and including the date of the Annual General Meeting. Copies of all the above mentioned documents will also be available on the date of the Annual General Meeting at the place of the meeting for 15 minutes prior to the meeting until its conclusion.

11. 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.

Annual General Meeting Proxy Form

Safeland plc (the "Company")

Before completing this form, please read the explanatory notes below.

I/We (name in full in block capitals)

of (full address in block capitals)

I/We being a member of the Company appoint the Chairman of the meeting or (see note 4)

as my/our proxy to attend, speak and vote on my/our behalf at the Annual General Meeting of the Company to be held at 1a Kingsley Way, London N2 0FW on 23 September 2011 at 10.00am and at any adjournment of the meeting.

I/We direct my/our proxy to vote on the following resolutions as I/we have indicated by marking the appropriate box with an 'X'. If no indication is given, my/our proxy will vote or abstain from voting at his or her discretion and I/we authorise my/our proxy to vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.

Resolutions	For	Against	Abstain
1. THAT the report of the directors and financial statements for the financial year ended 31 March 2011 be received and adopted.	[ ]	[ ]	[ ]
2. THAT Raymond Lipman be re-elected as a director of the Company.	[ ]	[ ]	[ ]
3. THAT Edward Young 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.	[ ]	[ ]	[ ]
5. THAT the directors be authorised to allot shares pursuant to section 551 of the Companies Act 2006.	[ ]	[ ]	[ ]
6. THAT section 561 of the Companies Act 2006 be disapplied.	[ ]	[ ]	[ ]
7. THAT the Company be authorised to purchase its own shares pursuant to section 701 of the Companies Act 2006.	[ ]	[ ]	[ ]
8. THAT authority be given to grant options over ordinary shares up to an aggregate amount of 24,101,188 shares to the executive directors of the Company pursuant to the Safeland Plc Executive Share Option Scheme 2007 and to approve the disapplication of certain of the Rules of such Option Scheme.	[ ]	[ ]	[ ]

Signature:

Dated: 2011

Please return the proxy form in the reply paid envelope provided

EXPLANATORY NOTES TO THE PROXY FORM:

1. 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.
2. To be effective, this proxy form and the power of attorney or other authority, if any, under which it is signed must be lodged with the Company's registrars at Capita Registrars, Proxies Department, 34 Beckenham Road, Beckenham, Kent BR3 4TU not later than 48 hours before the meeting. In the case of a corporation, this proxy must be executed under its common seal or under the hand of any officer or attorney duly authorised.
3. In the case of joint holders, the vote of the first name on the register who tenders a vote whether in person or by proxy will be accepted to the exclusion of the votes of the other joint holders.
4. If you wish to appoint as your proxy someone other than the Chairman of the Meeting, delete the words "the Chairman of the Meeting" and insert the name of your chosen proxy in the space provided on the third line. If the proxy is being appointed in relation to part of your holding only, please enter next to the proxy's name the number of shares in relation to which they are authorised to act as your proxy. If no reference is made to the number of shares in relation to which the proxy is authorised to act, they will be authorised in respect of your full voting entitlement. A proxy need not be a member of the Company.
5. To appoint more than one proxy, (an) additional proxy form(s) may be obtained by contacting the Company's registrar, Capita Registrars, on 0871 664 0300 (Calls cost 10p per minute plus network extras. Lines are open from 9am to 5.30pm, Monday to Friday) or you may copy this form. Please indicate in the box next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. Multiple proxy appointments should be returned together in the same envelope.
6. Any alteration should be initialled by the person signing this proxy.
7. Please indicate with an "X" in the appropriate boxes how you wish your votes on the resolutions to be cast. Unless otherwise instructed, your proxy may vote or abstain from voting as he/she thinks fit. The "Abstain" option is to enable you to abstain on any particular resolution. A vote abstained will be treated as a vote withheld and 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.
8. 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.
9. 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 (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.
10. You can only appoint a proxy using the procedures set out in these notes and the notes to the Notice of Annual General Meeting. 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. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.
11. To have the right to attend, speak and vote (and also for the purpose of calculating how many votes a person may cast), a person must have his/her name entered on the Register of Members of the Company by no later than 6 p.m. on 21 September 2011 or, in the event that the meeting is adjourned, 48 hours prior to the date of the adjourned meeting. Changes to entries on the Register of Members after this time shall be disregarded in determining the rights of any person to attend, speak or vote at the meeting.
12. You may not use any electronic address provided in this proxy form to communicate with the Company for any purposes other than those expressly stated.

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