Safeland plc

Report & Financial Statements 2015

Contents

Managing Director's Statement

Significant progress

Key achievements

The year to 31 March 2015 saw a number of key achievements, although post-year end brought considerable sadness as our Chairman Ray Lipman passed away on 9 June. I would like to pay tribute to Ray – my father – who co-founded the group and led it with distinction for many years.

As announced by Ray in his Chairman's Statement last year, we were able to make our first distribution to shareholders for more than a decade (a dividend in specie equivalent to 10.73p per share) in the year to 31 March 2015, from the proceeds of the demerger of Safestay plc in May 2014 following a capital restructuring. Subsequent strong trading in the year to 31 March 2015 has enabled the directors to recommend a final dividend of 1.75p per share, subject to shareholders' approval at the Company's AGM on 17 September 2015, payable on 25 September 2015 to holders registered at close of business on 28 August 2015.

On 6 November 2014 we announced that we had exchanged contracts on the sale of 31 residential units in Wimbledon for a total of £10.23 million. Construction of these flats started earlier this year. In July 2015, the first block of 17 flats was completed and sold; the remaining flats are anticipated to complete and be sold later this month.

In addition, in November 2014, we announced completion of the sale of the Chandos Tennis Club to a prominent housebuilder who plans to develop the site. We have already received initial consideration of £4.0 million in cash and we will receive four detached houses in the development, which the directors expect to be completed and transferred to the Company by summer 2017. The directors have estimated the value of these four houses in aggregate to be £9.2 million when they are completed.

The £4.0 million initial consideration received from the sale of the Chandos Tennis Club was used to repay bank borrowings which had been secured on the site. There may be additional overage consideration payable to Safeland plc from the onward sale of residential units on the site if certain sales value per square foot thresholds are achieved.

Managing Director's Statement

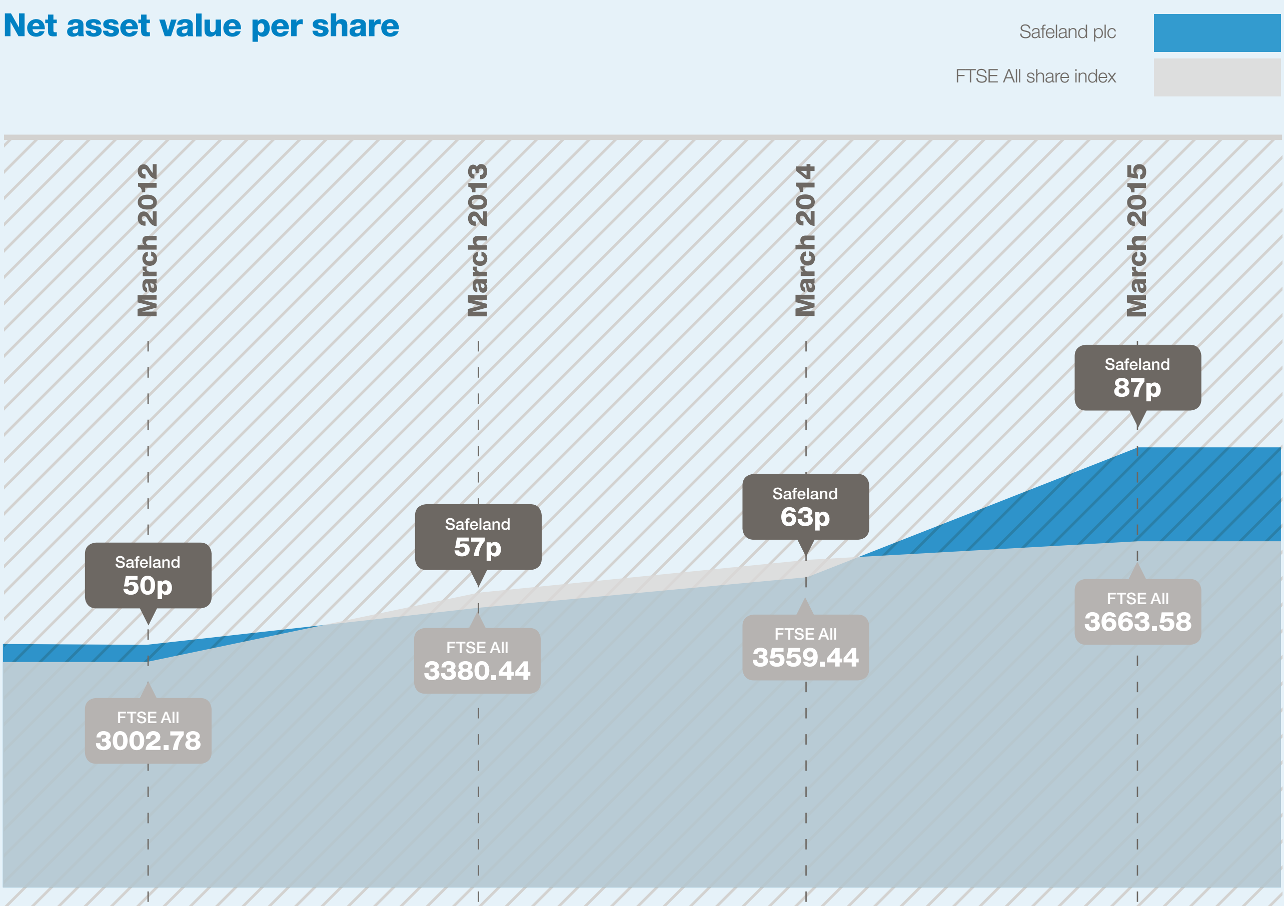
Financial review

Group revenue for the year to 31 March 2015 of £10.3 million comprises sales of development properties, rental income, management fees, and hotel revenue from the north London hotel purchased in the preceding year, and was broadly in line with the £10.4 million in the year to 31 March 2014. However, we increased our gross profit from £2.1 million to £2.8 million and, most notably with the profit from the disposal of the Chandos Tennis Club, our operating profit climbed considerably, from £1.3 million in the year to 31 March 2014 to £6.9 million in the year to 31 March 2015.

We increased our gross profit from £2.1m to £2.8m and our operating profit climbed considerably, from £1.3m to £6.9m

The value of our trading stock has increased during the year by more than £2.0 million, from £12.5 million at 31 March 2014 to £14.8 million at 31 March 2015. However, mainly as a result of the tennis club disposal and a consequent reduction in bank borrowings, the statement of financial position shows gearing at 31 March 2015 of 54%, reduced from 69% at 31 March 2014.

Net asset value per share



Source: http://www.google.co.uk/finance

Net assets – our total balance sheet value or NAV – rose from £10.6 million at 31 March 2014 (equivalent to 63p per share) to £14.8 million equivalent to 87p per share at 31 March 2015 – a 38% year-on-year increase.

Total shareholder returns increased considerably, to 150.2% in the year ended 31 March 2015, from 86.7% in the year ended 31 March 2014.

Outlook

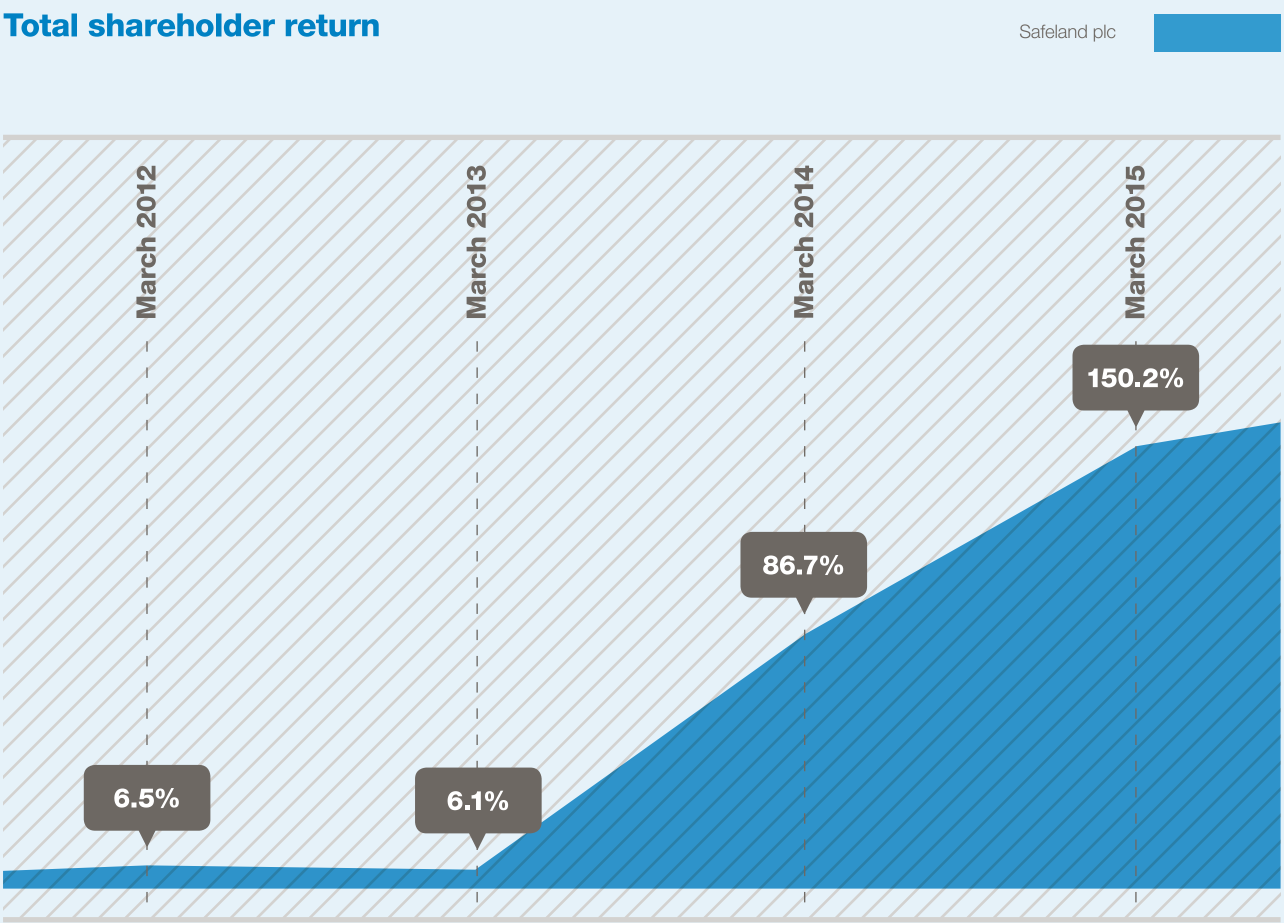
We remain confident that our recent and planned property developments combine to make the outlook positive for shareholders. The property market in and around London remains buoyant. Therefore, while we are mindful of potential increases in interest rates and the possible impact on London real estate of stock exchange uncertainty and the financial crisis in Greece, we view the year ahead with confidence.

Larry Lipman

Managing Director

13 August 2015

Total shareholder return



Strategic Report

The directors present their strategic report on the affairs of the Company and the Group together with the financial statements for the year ended 31 March 2015

Principal activities

The principal activities of the Group comprise property trading, property refurbishment (including redevelopment), property investment and property fund management. In the previous year, the group acquired a hotel which continues to operate while planning for alternative use is sought.

Review of business and future prospects

The Group's key achievements and financial review are detailed in the Managing Director's statement. The results for the year are set out in detail on page 15.

A dividend equivalent to 10.73p per share was paid by the Company during the year to 31 March 2015, representing payment in full of the funds generated by our 20% share in Safestay plc (2014: £Nil). The directors recommend the payment of a final dividend, of 1.75p per share subject to shareholders' approval at the Company's AGM on 17 September 2015, payable on 25 September 2015 to holders of shares registered at close of business 28 August 2015.

Key performance indicators

The Group's key performance indicators are net asset value per share and total shareholder return and are detailed in the financial review section of the Managing Director's Statement.

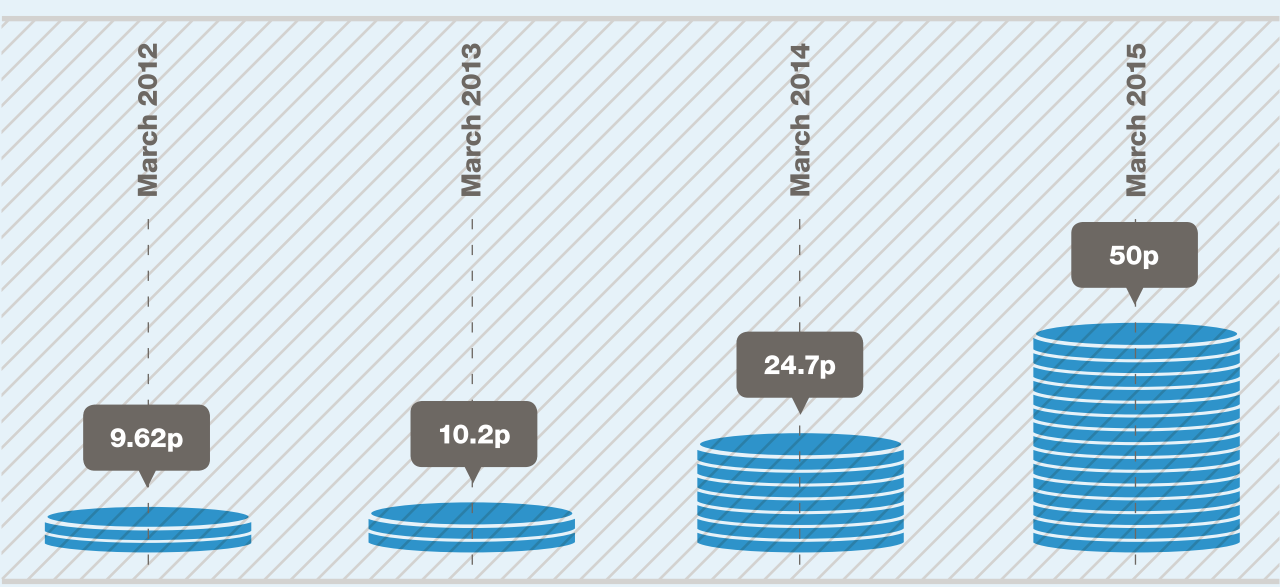
The directors were pleased to see the increase in the share price from 24.27p to 50.00p during the year to 31 March 2015 which, together with a dividend which comprised a distribution in specie from our holding in Safestay plc, gave a shareholder return of 150.2%, up from 86.7% in the year to 31 March 2014.

Net asset value per share is calculated by dividing net assets per the consolidated statement of financial position 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 dividends.

Principal risks and uncertainties

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

Share price



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 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. The Group mitigates the risk of downturns in property values by ensuring diversity within its property portfolio.

An assessment of the eventual value of four houses in a development to be constructed has been made by the directors using their knowledge of the current property market in the relevant geographic area and their assessment of that market over the period to completion of the development. That value has been discounted to a present-day value using a discount rate which comprises the weighted average cost of capital.

It is conceivable that governments may wish to harmonise the rate of stamp duty throughout Europe, which may 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.

Over the years, Safeland has added value by obtaining change of permitted use of properties. Adverse changes to the planning requirements could affect this methodology.

Financial risk

In order to finance the purchase of properties that Safeland trades in, it uses bank loans with variable interest rates that track LIBOR. Increases in the LIBOR rate will adversely affect the profit that Safeland is able to make. This has been partially mitigated by the use of interest rate swaps and caps.

The determining factor as to how much Safeland is able to buy at any one time is limited by cash and there may be 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.

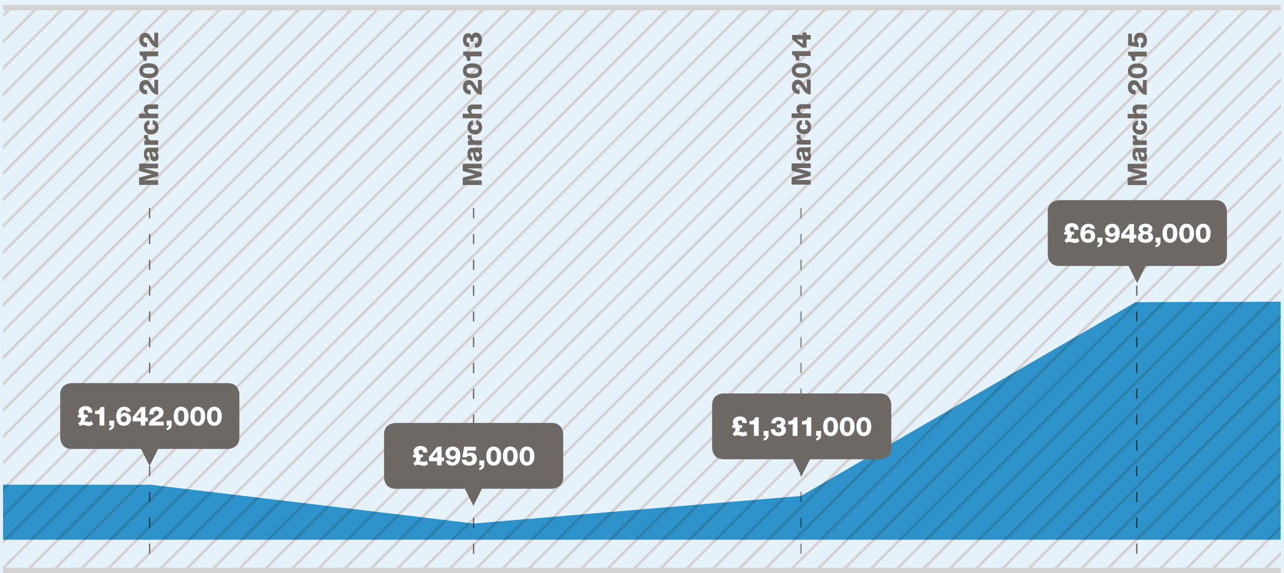
Financial risk management policies are described in note 29 to these financial statements.

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

Larry Lipman
Managing Director

13 August 2015

Operating profit



Directors' Report

Board of Directors

Raymond Lipman
Chairman

Mr R Lipman (aged 81) was the Chairman of Safeland plc and was with Safeland from its inception. He had many years of experience of the property business and passed away on 9 June 2015.

Larry Glenn Lipman
Managing Director

Mr L G Lipman (aged 58) 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.

Professional Advisers

Nominated Adviser and Broker
Westhouse Securities Limited
110 Bishopsgate
London EC2N 4AY

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

Auditor
Grant Thornton UK LLP
Grant Thornton House
Melton Street
Euston Square
London NW1 2EP

Errol Alan Lipman
Executive Director

Mr E A Lipman (aged 56) is an Executive Director whose primary responsibility is dealing with the Group's residential portfolio and the numerous residential agents.

Colin Michael Stone FCCA
Finance Director

Mr C M Stone (aged 48) qualified as a Certified Accountant in 2002. As Finance Director he is responsible for the financial and systems-related aspects of the Group's business.

Edward George Young
Non-Executive Director

Mr E G Young (aged 72) qualified as a solicitor in 1968 after graduating from University College London and has extensive experience in commercial property law and practice.

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

Registrars
Capita Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

Company Secretary
Colin Michael Stone FCCA

Registered Office
1a Kingsley Way
London N2 0FW

Company Number
2012015

Directors' Report

The directors present their report and financial statements of the Company and the Group for the year ended 31 March 2015

Directors

The directors who have served since 1 April 2014 were as follows:

Raymond Lipman (passed away 9 June 2015)

Larry Lipman

Errol Lipman

Colin Stone

Edward Young (non-executive)

Larry Lipman and Colin Stone retire by rotation and being eligible offer themselves for re-election at the Annual General Meeting.

Directors' biographies

Mr R Lipman (aged 81) was the Chairman of Safeland plc and was with Safeland from its inception. He had many years of experience of the property business and passed away on 9 June 2015.

Mr L G Lipman (aged 58) 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.

Mr E A Lipman (aged 56) is an Executive Director whose primary responsibility is dealing with the Group's residential portfolio and the numerous residential agents.

Mr C M Stone (aged 48) qualified as a Certified Accountant in 2002. As Finance Director he is responsible for the financial and systems-related aspects of the Group's business.

Mr E G Young (aged 72) qualified as a solicitor in 1968 after graduating from University College London and has extensive experience in commercial property law and practice.

Directors' interests in shares

The directors who were in office at 31 March 2015 had the following beneficial interests in the ordinary shares of the Company during the year and at the year-end:

	At 31 March 2015 Number of 5p ordinary shares	At 31 March 2014 Number of 5p ordinary shares
Larry Lipman	261,128	261,128
Errol Lipman	692,442	692,442

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 (2014: 10,854,386) ordinary shares in the company, representing 64.41% (2014: 64.41%) of the Company's shares in issue as at 31 March 2015.

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

The Directors are considered to be the key management personnel of the Group. No Director has yet benefited from any increase in the value of share capital since issuance of options, as no options have yet been exercised.

Following the death of Raymond Lipman on 9 June 2015, under the terms of the share option scheme his executors have until 9 June 2016 to decide whether to exercise the share options granted to him.

Directors' interests in options over the equity share capital of the company at 31 March 2015 were as follows:

	At 31st March 2014	Granted	Lapsed	At 31st March 2015	Exercise price	Exercisable from	Exercisable to
Raymond Lipman	5,387,675	-	-	5,387,675	9.25p	28/09/2014	27/09/2021
Larry Lipman	8,094,054	-	-	8,094,054	9.25p	28/09/2014	27/09/2021
Errol Lipman	6,383,621	-	-	6,383,621	9.25p	28/09/2014	27/09/2021

Other substantial shareholdings

Apart from the shareholdings of the directors, as at 31 March 2015, the Company had been notified of the following shareholding which constitutes 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	10,854,386	64.41

Financial instruments

The Group's policy on financial instruments is stated in note 29 to these financial statements.

Directors' Responsibilities Statement

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

Company law requires the directors to prepare financial statements for each financial year. The directors are required to prepare consolidated accounts under International Financial Reporting Standards (IFRSs) as adopted by the European Union and have elected to prepare the parent company accounts under UK GAAP. 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 and profit or loss of the company and Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' Report

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 2015, 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

In accordance with section 489(4) of the Companies Act 2006 a resolution to approve the reappointment of Grant Thornton UK LLP will be proposed at the forthcoming Annual General Meeting.

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

Colin Stone FCCA
Company Secretary

13 August 2015

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 2015.

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 three 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. During the current year under review and prior years the directors did not receive a bonus.
3. Share options

The remuneration package for executive directors also includes benefits in kind such as cars, fuel and health insurance.

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

Mr L G Lipman and Mr E A Lipman both hold rolling service contracts that expired in August 2013 but continue thereafter unless 12 months' written notice is given. Colin Stone holds a rolling service contract that continues unless six months' notice is given. 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 57.50p and 32.00p respectively (2014: 26.20p and 9.01p) and the market price of the shares at 31 March 2015 was 50.00p (2014: 24.27p).

Directors' Remuneration Report

Directors' emoluments

The emoluments of the directors of the Company for the year ended 31 March 2015 were as follows:

Name	Salary and fees £'000	Benefits in kind £'000	2015 Total £'000	Salary and fees £'000	Benefits in kind £'000	2014 Total £'000
Chairman						
R Lipman	100	48	148	83	42	125
Other Executive directors						
L G Lipman	117	53	170	83	55	138
E A Lipman	117	46	163	83	45	128
C M Stone	120	4	124	95	3	98
Non-executive directors						
E G Young	15	-	15	15	-	15
	469	151	620	359	145	504

In the year ended 31 March 2015, the Company paid employers' national insurance of £58,000 on the salaries and fees of the directors (2014: £44,000) and Class 1A national insurance of £21,000 (2014: £20,000).

A charge of £138,000 for the year ended 31 March 2015 (2014: £137.000) was included in overheads, representing the share-based payment charge on share options held by directors. This comprises Raymond Lipman £37,400 (2014: £37,100), Larry Lipman £56,200 (2014: £55,800) and Errol Lipman £44,400 (2014: £44,100).

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

Colin Stone FCCA
Company Secretary

13 August 2015

Corporate Governance

Directors

During the year ended 31 March 2015 the Group was controlled by its Board of Directors which consisted of four executive (of whom the chairman passed away in June 2015) and one non-executive director. The company has not yet appointed a replacement chairman. 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. 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 through attendance at Board meetings and regular dialogue with the executive directors. He also ensures that robust internal controls exist and monitors 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.

Going concern

The Directors report that, based on the Group's budgets and financial projections to 31 August 2016, 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.

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

By order of the Board

Colin Stone FCCA
Company Secretary

13 August 2015

Independent Auditor's Report to the Members of Safeland plc

Report of the Independent Auditor to the Members of Safeland plc

We have audited the financial statements of Safeland plc for the year ended 31 March 2015 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated statement of cash flows and the related notes, the company balance sheet and the notes to the company financial statements. 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 auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 9, 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 Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate

Opinion on 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 2015 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRS 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 matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report and Strategic 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.

Philip Westerman

Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
13 August 2015

Consolidated Income Statement

Year ended 31 March 2015

	Note	2015 £'000	2014 £'000
Revenue	3	10,256	10,408
Cost of sales	4	(7,495)	(8,269)
Gross profit		2,761	2,139
Administrative expenses	5	(1,570)	(1,458)
Gain on revaluation of investment properties	14	225	325
Profit on disposal of investment property	14	5,272	–
Profit on disposal of investment in jointly-controlled entity		209	–
Share of profit of jointly-controlled entity	15	11	252
Dividend from investment		11	–
Share of results of associate	16	29	53
Operating profit		6,948	1,311
Finance income	6	167	1
Finance costs	7	(403)	(409)
Profit before tax		6,712	903
Tax	9	(979)	(93)
Profit for the financial year attributable to owners of the parent company	8	5,733	810
Basic earnings per share	10	34.02p	4.81p
Diluted earnings per share	10	15.62p	3.17p

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 2015

	2015 £'000	2014 £'000
Profit for the year	5,733	810
Other comprehensive income		
Fair value gains on available-for-sale financial assets	82	–
Other comprehensive income for the year, net of tax	82	–
Total comprehensive income for the year attributable to owners of the parent company	5,815	810

Consolidated Statement of Financial Position

31 March 2015

Company registration no. 2012015

	Note	2015 £'000	2014 £'000
Non-current assets			
Property, plant and equipment	13	1,981	151
Investment properties	14	723	5,343
Investment in jointly-controlled entity	15	–	698
Investment in associate	16	123	126
Available-for-sale investments	17	307	50
Trade and other receivables	19	7,985	–
Total non-current assets		11,119	6,368
Current assets			
Trading properties	18	14,718	12,483
Trade and other receivables	19	364	1,509
Cash and cash equivalents	20	454	1,003
Total current assets		15,536	14,995
Total assets		26,655	21,363
Current liabilities			
Bank loans and overdrafts	21	1,258	–
Trade and other payables	22	1,762	1,501
Derivative financial instruments	30	–	3
Corporation tax payable	9	1,696	132
Total current liabilities		4,716	1,636
Non-current liabilities			
Bank loans	21	7,185	8,400
Deferred income tax liabilities	23	–	717
Total non-current liabilities		7,185	9,117
Total liabilities		11,901	10,753
Net assets		14,754	10,610
Equity			
Share capital	24	843	843
Share-based payment reserve		486	348
Investment revaluation reserve		87	5
Retained earnings		13,338	9,414
Total equity attributable to owners of the parent company		14,754	10,610

These financial statements were approved by the Board of Directors and authorised for issue on 13 August 2015.

Signed on behalf of the Board of Directors

Larry Lipman
Director

Colin Stone FCCA
Director

Consolidated Statement of Changes in Equity

Year ended 31 March 2015

	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 2014	843	–	–	348	5	9,414	10,610
Comprehensive income							
Profit for the year	–	–	–	–	–	5,733	5,733
Revaluation of available-for-sale investments	–	–	–	–	82	–	82
Total comprehensive income	–	–	–	–	82	5,733	5,815
Share-based payment charge for the year	–	–	–	138	–	–	138
Dividends	–	–	–	–	–	(1,809)	(1,809)
Total transactions with owners recognised directly in equity	–	–	–	138	–	(1,809)	(1,671)
Balance at 31 March 2015	843	–	–	486	87	13,338	14,754

	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 2013	843	5,351	847	211	5	2,406	9,663
Comprehensive income							
Profit for the year	–	–	–	–	–	810	810
Total comprehensive income	–	–	–	–	–	810	810
Capital reduction	–	(5,351)	(847)	–	–	6,198	–
Share-based payment charge for the year	–	–	–	137	–	–	137
Total transactions with owners recognised directly in equity	–	(5,351)	(847)	137	–	6,198	137
Balance at 31 March 2014	843	–	–	348	5	9,414	10,610

Consolidated Statement of Cash Flows

Year ended 31 March 2015

	Note	2015 £'000	2014 £'000
Operating activities			
Cash outflow from operations	26	(2,376)	(787)
Interest paid		(403)	(416)
Corporation tax paid		(132)	–
Net cash (outflow) from operating activities		(2,911)	(1,203)
Investing activities			
Interest received		1	1
Purchase of property, plant and equipment		(2,003)	(115)
Purchase of available-for-sale investment		(175)	–
Distributions from associate		32	30
Proceeds from sale of investment properties		4,230	–
Proceeds from sale of property, plant and equipment		119	56
Net cash generated/(outflow) from investing activities		2,204	(28)
Financing activities			
New loans		9,258	8,206
Loan repayments		(9,100)	(6,684)
Net cash generated from financing activities		158	1,522
Net (decrease)/increase in cash and cash equivalents		(549)	291
Cash and cash equivalents at beginning of year	20	1,003	712
Cash and cash equivalents at end of year	20	454	1,003

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 2016, they have satisfied themselves that the business is a going concern.

On 9 December 2014, the Group renewed its loan facility of £12.5m with Lloyds Bank. The ratio of the loan to property valuations is a covenant of the loan facility. If values of the investment and trading properties fall significantly, the Group would breach this covenant. The directors do not expect the value of the Group's property portfolio to fall and as a result do not anticipate breaching this covenant.

Therefore 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 prepared the accounts on the going concern basis.

Changes to accounting policies since the last period

The following standards, interpretations and amendments, issued by the IASB or the International Financial Reporting Interpretations Committee (IFRIC), are both relevant and effective for the first time in the current financial year and have been adopted by the Group with no significant impact on its consolidated results or financial position for the current reporting period:

- Annual Improvements to IFRSs (2010-2012 Cycle) – Minor amendments to various accounting standards, effective for periods beginning on or after 1 January 2014 onwards.
- Annual Improvements to IFRSs (2011-2013 Cycle) – Minor amendments to various accounting standards, effective for periods beginning on or after 1 January 2014 onwards.
- IFRS 10 'Consolidated Financial Statements'.
- IFRS 12 'Disclosure of Interests in Other Entities'.
- Amendments to IFRS 10, IFRS 11 and IFRS 12 'Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance'.

Management are assessing the following standards, which are not a full list of those coming into effect, for the impact on the Group:

- IFRS 9 'Financial Instruments' (effective date for accounting periods from 1 January 2018). This standard has not yet been endorsed for use in the EU.
- IFRS 15 'Revenue from contracts with Customers' (effective date for accounting periods from 1 January 2017). This standard has not yet been endorsed for use in the EU.
- Amendments to IAS 1: Disclosure Initiative (effective date for accounting periods from 1 January 2016). This amendment has not yet been endorsed for use in the EU.
- Annual improvements to IFRSs 2012-2014 Cycle (effective date for accounting periods from 1 January 2016). This amendment has not yet been endorsed for use in the EU.
- Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation (effective date for accounting periods from 1 January 2016). This amendment has not yet been endorsed for use in the EU.
- Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations (effective date for accounting periods from 1 January 2016). This amendment has not yet been endorsed for use in the EU.
- Annual Improvements to IFRSs (2010-2012 Cycle) Minor amendments to various accounting standards, effective for periods beginning on or after 1 July 2014 onwards. These amendments have not yet been endorsed for use in the EU.
- Annual Improvements to IFRSs (2011-2013 Cycle) Minor amendments to various accounting standards, effective for periods beginning on or after 1 July 2014 onwards. These amendments have not yet been endorsed for use in the EU.

The other standards not yet in effect will have no material impact on the Group or Company.

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.

The parent company financial statements present information about the Company as a separate entity and not about its Group. The Company has elected to prepare its parent company financial statements in accordance with UK Generally Accepted Accounting Practice (UK GAAP).

Basis of consolidation

Subsidiaries are entities over which the Group has the power to control the financial and operating policies so as to obtain benefits from its activities. The Group obtains and exercises control through voting rights. Management has reviewed the control assessments in accordance with IFRS 10 and has concluded that there is no effect on the classification as subsidiaries or joint ventures of any of the Group's investees held during the year or the comparative year covered by these financial statements.

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 March 2015. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Generally there is a presumption that a majority of voting rights results in control. To support the presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date when the Group gains control until the date the Group ceases to control the subsidiary.

All intra-group assets and liabilities, equity, income, expenses and cashflows relating to transactions between members of the Group are eliminated in full on consolidation.

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

A joint arrangement is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control that is when the strategic, financial and operating policy decisions relating to the activities of the joint venture require the unanimous consent of the parties sharing control.

The Group reports its interests in joint-ventures using the equity method of accounting, except when the investment is classified as held for resale.

Under the equity method, investments in joint-ventures are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the joint-venture, less any impairment in the value of individual investments. Losses of a joint-venture in excess of the Group's interest in that joint-venture are not recognised, unless the Group has incurred legal or constructive obligations or made payments on behalf of the joint-venture.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the joint-venture recognised at the date of acquisition is recognised as goodwill.

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 makers, who are responsible for allocating resources and assessing performance of the operating segments, have been identified as the executive directors. The operating segments of the business are property trading, property management, hotel operations and property investment.

Revenue

Revenue is stated net of VAT and comprises rental income, proceeds from sales of trading properties, fees, commissions and other income.

Sales of trading properties are recognised on completion of a contract. This reflects the point of transfer of risk and rewards when trading property is sold.

Rental income from investment and trading properties leased out under operating leases is recognised in the Income Statement on a straight-line basis over the term of the lease. Contingent rents which comprise turnover rents are recognised as income in the periods in which they are

1. ACCOUNTING POLICIES (continued)

earned. Rent reviews are recognised when such reviews have been agreed with tenants. Lease incentives are recognised as an integral part of the net consideration for the use of the property and amortised on a straight-line basis over the term of lease, or the period to the first tenant break, if shorter.

Revenue arising from deferred consideration in the form of four completed houses in a residential development to be undertaken on the site of the Chandos Tennis Club in the next two to three years is based on a valuation by the directors, discounted to a present-day value using the weighted average cost of capital.

Other fees in relation to property management are recognised on a straight-line basis over the term of management contracts.

Hotel revenue comprises revenues from overnight hotel accommodation, banqueting facility hire and sales of food and beverages. All revenues are recognised when the service is provided.

Freehold property

Freehold property is stated at cost less accumulated depreciation and is depreciated at 2% per annum on a straight-line basis, pro-rated in the year of acquisition.

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 measured and stated at fair value in the statement of financial position. 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.

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 equity method of accounting. Investments in jointly controlled entities are carried in the consolidated statement of financial position at cost, adjusted by post-acquisition changes to the Group's share of the net assets of the jointly controlled entity, less any impairment in the value of individual investments of the jointly controlled entity.

The Board has assessed that we do not control the joint-ventures and therefore have treated them in accordance with IFRS 11. This assessment is based on the lack of power over the investee and due to the exposure to variable returns from involvement with the investments.

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.

Available-for-sale investments

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

The investments are recognised initially at fair value plus transaction costs and thereafter carried 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.

Operating profit

Operating profit is stated before exceptional items, finance income, finance cost and tax.

Exceptional items

The Group presents as exceptional items on the face of the income statement those significant items of income and expense which, because of their size, nature and infrequency of the events giving rise to them, meant separate presentation to allow shareholders to understand better the elements of financial performance in the year, so as to facilitate comparison with prior periods to assess trends in financial performance more readily.

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 plus transaction costs 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 statement of financial position 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:

(a) significant financial difficulty of the issuer or obligor;

(b) a breach of contract, such as a default or delinquency in interest or principal payments;

(c) the lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;

(d) it becoming probable that the borrower will enter bankruptcy or other financial reorganisation;

(e) the disappearance of an active market for that financial asset because of financial difficulties; or

1. **ACCOUNTING POLICIES (continued)**

(f) observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including:

(i) adverse changes in the payment status of borrowers in the group (e.g. an increased number of delayed payments or an increased number of credit card borrowers who have reached their credit limit and are paying the minimum monthly amount); or

(ii) national or local economic conditions that correlate with defaults on the assets in the group (e.g. an increase in the unemployment rate in the geographical area of the borrowers, a decrease in property prices for mortgages in the relevant area, a decrease in oil prices for loan assets to oil producers, or adverse changes in industry conditions that affect the borrowers in the group).

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 uncollectable, 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.

If there is objective evidence that an impairment loss on loans and receivables or held-to-maturity investments carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through use of an allowance account. The amount of the loss shall be recognised in profit or loss.

With the exception of available-for-sale 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.

Equity

The total equity attributable to the equity holders of the parent comprises the following:

Share capital

Share capital represents the nominal value of shares issued.

Investment revaluation reserve

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

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 payments

The equity-settled 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 are transferred to retained fair value of employee services determined by reference to transfer of instruments granted.

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 Monte Carlo model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects on non-transferability, exercise restrictions and behavioural considerations.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Operating leases are recognised in the income statement on a straight-line basis over the life of the lease.

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.

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 statement of financial position 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 statement of financial position 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 are reviewed at each statement of financial position 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 statement of financial position 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.

Critical accounting judgements and key sources of estimation and uncertainty

The fair value of the Group's investment and trading properties is the main area within the financial statements where the Board has exercised significant estimates. The fair value of the Group's property portfolio is based upon external and directors valuations and is inherently subjective. Where the market has transaction volumes lower than average the subjectivity around the valuations is more acute.

Investment properties

At 31 March 2015, the carrying value of the Group's investment properties was £723,000 (2014: £5,343,000). As at 31 March 2015 and 31 March 2014, the investment properties were subject to a valuation exercise. The valuations are performed by the directors of Safeland plc. The increase in fair value of the Group's investment properties during the year is £225,000 (2014: increase of £325,000). Investment property values are subjective. Where there is uncertainty as to the outcome of future planning decisions, future sales values and timings, the directors assess the risk of these outcomes when valuing each property.

Trading properties

At 31 March 2015, the carrying value of the Group's trading properties was £14,718,000 (2014: £12,483,000). Trading properties are properties acquired or developed and held for sale and are shown at the lower of cost or net realisable value. The cost of trading properties are those costs directly associated with the acquisition and development of a specific site. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs to completion and the estimated costs necessary to make the sale.

Determination of fair value of deferred consideration

The fair value of the deferred consideration received for the sale of the Chandos Tennis Club in the year has been based on the value of the original deferred consideration which was due to be received, being £9.2 million. The Directors consider this to be the most appropriate valuation considering the lack of comparable property developments in the area meaning there is no suitable benchmark to use in estimating the value of the four properties which comprise the £9.2 million.

Discount rate used in estimating the present value of deferred consideration

The discount rate applied to the deferred consideration has been based on an estimation of the weighted average cost of capital of the group. This calculation includes estimates for the beta value and for the cost of equity of the business. The beta value used has been based on a benchmark enterprise.

2. OPERATIONAL SEGMENTS

The Group complies with IFRS 8 Operating segments, which requires operating segments to be identified on the basis of internal reports about components of the Group that are reviewed regularly by the chief operating decision maker, identified as the executive directors, to allocate resources to the segments and to assess their performance.

The segments are defined by the types of product and services which each reportable segment derives its revenue.

The measure of segment result is considered to be operating profit before administrative expenses. The Board reviews administrative expenses, finance expenses and tax at Group level and does not allocate these costs to segments.

The information reviewed by the chief operating decision maker, or otherwise regularly provided to the chief operating decision maker does not include information on net assets. The cost to develop this information would be excessive in comparison to the value that would be derived.

All activities are based in the United Kingdom.

The segmental information of the Group's results for the year ended 31 March 2015 was as follows:

	Property trading £'000	Hotel operations £'000	Property management £'000	Property investment £'000	Total £'000
Revenue	9,144	936	30	146	10,256
Cost of sales	(6,767)	(728)	–	–	(7,495)
Gross profit	2,377	208	30	146	2,761
Share of profit of jointly controlled entity	–	–	–	11	11
Dividend from associate	11	–	–	–	11
Profit on disposal of investment properties	5,272	–	–	–	5,272
Profit on disposal of investment in jointly-controlled entity	209	–	–	–	209
Share of profit of associate	–	–	30	–	30
Gain on revaluation of investment properties	–	–	–	225	225
Operating profit before administration expense	7,869	208	60	382	8,519
Administrative expenses					(1,571)
Finance income					167
Finance costs					(403)
Profit before tax					6,712

	Property trading £'000	Hotel operations £'000	Property management £'000	Property investment £'000	Unallocated £'000	Total £'000
Segment assets	14,718	200	–	723	11,014	26,655
Segment liabilities	–	(156)	–	–	(11,745)	(11,901)
Net assets	14,718	44	–	723	(731)	14,754
Capital expenditure	–	–	–	–	2,003	2,003
Depreciation	–	–	–	–	62	62

The segmental information of the Group's results for the year ended 31 March 2014 was as follows:

	Property trading £'000	Hotel operations £'000	Property management £'000	Property investment £'000	Total £'000
Revenue	9,879	445	47	37	10,408
Cost of sales	(7,879)	(390)	–	–	(8,269)
Gross profit	2,000	55	47	37	2,139
Share of profit of jointly controlled entity	–	–	–	252	252
Share of profit of associate	–	–	53	–	53
Gain on revaluation of investment properties	–	–	–	325	325
Operating profit before administration expense	2,000	55	100	614	2,769
Administrative expenses					(1,458)
Finance income					1
Finance costs					(409)
Profit before tax					903

	Property trading £'000	Hotel operations £'000	Property management £'000	Property investment £'000	Unallocated £'000	Total £'000
Segment assets	12,483	236	–	5,343	3,301	21,363
Segment liabilities	–	(282)	–	–	(10,471)	(10,753)
Net assets	12,483	46	–	5,343	(7,170)	10,610
Capital expenditure	–	–	–	–	115	115
Depreciation	–	–	–	–	50	50

3. REVENUE

	2015 £'000	2014 £'000
Trading property sales	9,144	9,879
Hotel operations	936	445
Rental income from property investment	146	37
Property management income	30	47
	10,256	10,408

4. COST OF SALES

	2015 £'000	2014 £'000
Cost of trading properties sold	6,644	7,600
Hotel operation (including staff costs)	728	390
Selling costs	123	279
	7,495	8,269

5. ADMINISTRATIVE EXPENSES

	2015 £'000	2014 £'000
Staff costs (see note 11)	747	623
Legal and professional fees	162	437
Property costs	61	47
Profit on disposal of property, plant and equipment	(9)	(9)
Depreciation	62	50
Rentals under operating leases: land and buildings	–	49
Share option expenses	138	137
Other expenses	409	124
	1,570	1,458

6. FINANCE INCOME

	2015 £'000	2014 £'000
Bank deposit interest	1	1
Unwinding of debtor	166	–
	167	1

The unwinding of a debtor represents the unwinding of the discount on the long-term receivable owing from the sale of the Chandos Tennis Club.

7. FINANCE COSTS

	2015 £'000	2014 £'000
Interest on bank overdrafts and loans	393	416
Amortised loan arrangement fees	10	–
Fair value of interest rate swaps	–	(7)
	403	409

8. PROFIT FOR THE FINANCIAL YEAR

	2015 £'000	2014 £'000
Profit for the financial year is arrived at after charging:		
Depreciation on owned assets	62	50
Auditor's remuneration for audit services	55	50

Amounts payable in respect of both audit and non-audit services are set out below:

	2015 £'000	2014 £'000
Fees payable to the auditor for the audit of the company's annual accounts	30	25
Fees payable to the auditor and its related entities for other services:		
The audit of the company's subsidiaries	25	25
Audit-related assurance services	–	14
Taxation compliance services	47	30
	102	94

The audit fees disclosed in 2015 represent the fees payable for the audit for the year ended 31 March 2015 and the non-audit fees are those incurred in the year.

9. TAX

	2015 £'000	2014 £'000
Current tax		
Corporation tax	1,696	132
Total current tax	1,696	132
Deferred tax	(717)	(39)
Total tax charge	979	93

The charge for the year can be reconciled to the profit per the Consolidated Income Statement as follows:

	2015 £'000	2014 £'000
Profit before tax	6,712	903
Tax at the UK corporation tax rate of 21% (2014: 23%)	1,410	208
Factors affecting charge for the year		
Capital allowance for the period (less than)/ in excess of depreciation	(13)	5
Non-taxable income	(133)	(74)
Non-deductible expenditure	42	–
Loss utilised	(771)	(7)
Revaluation on investment property	(767)	75
Chargeable gain on disposal of investment property	1,210	–
Indexation on investment property	–	(7)
Adjustment in respect of prior years	1	–
Impact of change in tax rates	–	(107)
Group tax charge	979	93

Details of deferred tax liabilities are included in note 23.

The Group has tax losses of approximately £6.9m (2014: £9.9m) which are available for offset against future trading profits. No deferred tax asset has been recognised in the financial statements due to the uncertainty as to the timing of the reversal. If the losses are utilised in future periods, the tax charge will be reduced.

10. EARNINGS PER SHARE

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

	2015 £'000	2014 £'000
Profit for the year attributable to equity holders of the company	5,733	810

	2015 '000	2014 '000
Weighted average number of ordinary shares for the purposes of basic earnings per share	16,851	16,851
Effect of dilutive potential ordinary shares	19,865	8,693
Weighted average number of ordinary shares for the purposes of diluted earnings per share	36,716	25,544

Net asset value at 31 March 2015 was £14,754,000 (2014: £10,610,000), equivalent to 87p per issued ordinary share (2014: 63p). The net asset value is taken from the Consolidated Statement of Financial Position on page 17.

11. STAFF COSTS

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

	2015 Number	2014 Number
Sales	3	3
Administration	4	4
Hotel operations	21	21
	28	28

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

	2015 £'000	2014 £'000
Wages and salaries	842	593
Social security costs	104	79
Other employment costs	100	111
Total staff costs	1,046	783

Staff costs are included within the following headings on the Consolidated Income Statement:

	2015 £'000	2014 £'000
Cost of sales	299	160
Administrative expenses	747	623
	1,046	783

12. DIVIDENDS

On 2 May 2014, Safeland demerged its Safestay joint-venture. Safeland received 3,617,246 shares from Safestay plc, with a market value of £1,809,000, generating a profit on its investment in the joint-venture of £209,000. Combined with the capital restructuring approved by shareholders on 20 February 2014, Safeland made a distribution to shareholders by way of a dividend in specie of the Safestay plc shares it had received. The market value of the Safestay plc shares was the equivalent of a cash dividend of 10.73 pence per share, a total of £1,809,000 (2014: nil).

The Directors recommend payment of a final dividend of 1.75p per ordinary share, a total of £294,900 (2014: nil), subject to shareholders' approval at the Company's AGM, payable on 25 September to holders registered at close of business on 28 August.

13. PROPERTY, PLANT AND EQUIPMENT

	Freehold property £'000	Motor vehicles £'000	Fixtures, fittings and equipment £'000	Total £'000
Cost				
At 1 April 2013	–	205	107	312
Additions	–	115	–	115
Disposals	–	(105)	–	(105)
At 1 April 2014	–	215	107	322
Additions	1,762	234	7	2,003
Disposals	–	(204)	–	(204)
At 31 March 2015	1,762	245	114	2,121
Depreciation				
At 1 April 2013	–	83	96	179
Charge for the year	–	47	3	50
Disposals	–	(58)	–	(58)
At 1 April 2014	–	72	99	171
Charge for the year	9	50	3	62
Disposals	–	(93)	–	(93)
At 31 March 2015	9	29	102	140
Net book value:				
At 31 March 2015	1,753	216	12	1,981
At 31 March 2014	–	143	8	151

14. INVESTMENT PROPERTIES

	2015 £'000	2014 £'000
Fair value		
At 1 April 2014	5,343	5,018
Disposal of properties in the year	(4,845)	–
Increase in fair value during the year	225	325
At 31 March 2015	723	5,343

The fair value of the investment properties at 31 March 2015 comprises freehold properties of £265,000 (2014: £4,765,000) and long leasehold properties of £458,000 (2014: £578,000). The leasehold and freehold investment property have been classified within level 3 of the fair value hierarchy (unobservable inputs).

During the year to 31 March 2015, the sale of the Chandos Tennis Club to a prominent housebuilder was completed. The consideration payable comprises £4,000,000 in cash, which has been received, and the balance will be satisfied by way of the transfer to Safeland of four detached houses (valued by Safeland's directors at £9,200,000 in aggregate, discounted back to £7,800,000 for the purposes of these accounts) in the completed development.

The Chandos Tennis Club sale is an arms-length market-based transaction that includes deferred consideration. The deferred element of the consideration will not be revalued (other than unwinding the discount applied to it) and comprises four detached houses (valued by the Group's directors as level 2 inputs under IFRS 13, at £9,200,000 in aggregate) in the completed development anticipated by summer 2017. The Group is not responsible for the construction work required to complete these houses.

The deferred element of the consideration will not be revalued until formal completion of the construction works in respect of these properties. Unwinding the discount applied to it will be included in finance costs in the Statement of Consolidated Income and also added to the value of the relevant properties.

The initial value of houses under construction has been determined using a directors' estimate based on their detailed knowledge of the relevant property market. This is a Level 2 valuation within the IFRS 13 hierarchy.

The discount rate applied to the deferred consideration was 6.5% comprising:

	%
Borrowing rate applicable to the Group	4.00
Risk premium	2.50
	6.50

The Group's borrowing rate and the rate applied to the risk premium have been determined by the Directors based upon their knowledge of the Group's financial position and their knowledge of the housing market in London.

The proceeds and profit on sale were as follows:

	£'000
Cash (tennis club plus two unrelated properties)	4,230
Properties to be constructed (Chandos Tennis Club only)	9,200
Total proceeds	13,430
Discount applied to the value of properties to be constructed	(1,381)
Proceeds of sale recognised	12,049
Cost of properties and selling costs	(6,777)
Profit on sale of investment properties	5,272

The leasehold and freehold investment property have been classified within level 3 of the IFRS 13 fair value hierarchy (unobservable inputs).

The investment properties consist of residential property located in North London and have been valued by the Directors. The methodology to value these properties is to compare historical comparable market transactions less a percentage reduction to reflect the limitations of restrictive tenancies. Based on valuations at 31 March 2015, if the percentage reduction was 5% higher or lower and all other variables were held constant, the Group's net profit would increase or decrease immaterially (2014: £65,000).

The valuation of the Chandos Tennis Club of £4,500,000 at 31 March 2014
The comparative valuation shown in the table below represents the Chandos Tennis Club, which was sold in the year to 31 March 2015.

31 March 2014 valuation

			£'000	£'000	£'000
£4,500,000			Change in discount rate		
			-0.5%	0%	0.5%
	Change in risk rate	-5%	5,138	5,038	4,939
		0%	4,564	4,500	4,378
		5%	3,990	3,902	3,816

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 2014 or 2015.

The Group has pledged investment properties with a carrying value of £703,000 (2014: £5,323,000) to secure banking facilities granted to the Group.

The fair value of the Group's investment properties at 31 March 2015 had 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 directors.

Property rental income earned by the Group from its investment properties amounted to £146,000 (2014: £37,000). Direct operating expenses arose on these properties during the year of £1,000 (2014: £1,000).

The historical cost of investment properties included in the financial statements at 31 March 2015 is £833,000 (2014: £1,169,000) of which £295,000 (2014: £464,000) are freehold and £538,000 (2014: £705,000) are long leasehold properties.

15. INTEREST IN JOINTLY CONTROLLED ENTITIES

Safestay

On 4 May 2014, Safestay plc acquired 100% of the Safestay joint venture that the Group had owned in a joint venture with Moorfield Real Estate Fund II. Safeland plc received 3,617,247 shares in Safestay plc in return for its 20% share the Safestay joint venture with a market value of £1,808,623. These shares were immediately distributed to the shareholders of Safeland plc by way of a dividend in specie.

Safeland plc subsequently acquired 350,000 shares in Safestay plc at 50p each, which were revalued at the year-end to 71p each and are disclosed as an available-for-sale investment.

The following information is given in respect of the Group's share of the jointly controlled entities:

Group share of results	2015 £'000	2014 £'000
Revenue	43	382
Direct costs	(26)	(292)
Operating loss	17	90
Gain on revaluation of investment properties	–	40
Finance costs	(3)	(38)
Profit before tax	14	92
Tax	(3)	160
Profit after tax	11	252

Group share of net assets	2015 £'000	2014 £'000
Non-current assets	–	2,440
Current assets	–	232
Current liabilities	–	(127)
Non-current liabilities	–	(1,847)
Share of net assets	–	698

The Group share of net assets using the equity method of accounting	2015 £'000	2014 £'000
1 April	698	446
Share of profit	11	252
Disposal	(709)	–
31 March	–	698

The Group profit on disposal was calculated as	2015 £'000
Market value of shares received (see note 12)	1,809
Group share of assets	(709)
Group share of loan	(891)
Profit	209

Calculations of the profit on disposal are made under IFRS 13, Fair Value Measurement. Safestay shares are quoted on an active stock market (known as a Level 1 input), so the shares are valued at that measurable amount at the relevant date.

16. INVESTMENTS IN ASSOCIATES

The Group owns 50% of Grafton Insurance Services Limited ("Grafton") a company incorporated in the United Kingdom. Grafton is accounted for as an associate as Safeland plc exercises significant influence over Grafton but does not have control. The statutory accounts for Grafton are drawn up to 31 January each year. The accounts to 31 January 2015 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 2015.

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

	2015 £'000	2014 £'000
1 April	126	103
Share of profit	29	53
Dividends received	(32)	(30)
31 March	123	126

The Group's share of aggregated amounts relating to associates owned at 31 March 2015 extracted from the 31 January 2015 statutory accounts and significant transactions up to 31 March 2015 for Grafton are set out below:

	2015 £'000	2014 £'000
Total assets	141	99
Total liabilities	(75)	(26)
	66	73
Revenue	201	191
Profit for the year attributable to the owners	58	104
Dividends paid	(64)	(55)
	(6)	49

17. AVAILABLE-FOR-SALE INVESTMENTS

Fair value	2015 £'000	2014 £'000
1 April	50	50
Additions	175	–
Fair value gain	82	–
31 March	307	50

Additions of £175,000 comprise shares in Safestay plc purchased in the open market.

18. TRADING PROPERTIES

	2015 £'000	2014 £'000
Properties for resale	14,718	12,483

The Group has pledged properties for resale with carrying value of £12,747,000 (2014: £11,103,000) to secure banking facilities granted to the Group.

Properties for resale were reviewed for impairment as at 31 March 2015; the Directors are satisfied that no impairment is necessary.

Trading properties are properties acquired or developed and held for sale and are shown at the lower of cost or net realisable value. The cost of trading properties are those costs directly associated with the acquisition and development of a specific site. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs to completion and the estimated costs necessary to make the sale.

19. TRADE AND OTHER RECEIVABLES

	2015 £'000	2014 £'000
Trade receivables	32	31
Other receivables	8,250	1,392
Prepayments and accrued income	67	86
	8,349	1,509

The directors consider that the carrying amount of trade and other receivables approximates to their fair value. Of the other receivables, £7,985,000 is deferred consideration on the sale of the Chandos Tennis Club and is shown as a non-current asset.

20. CASH AND CASH EQUIVALENTS

	2015 £'000	2014 £'000
Cash and cash equivalents	454	1,003

All of the Group's cash and cash equivalents at 31 March 2015 and 2014 are in sterling.

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

21. BANK LOANS

Falling due within One Year	2015 £'000	2014 £'000
Bank loans	1,258	–

Falling due after more than One Year	2015 £'000	2014 £'000
Bank loans	7,300	8,400
Unamortised borrowing costs	(115)	–
	7,185	8,400

	2015 £'000	2014 £'000
The borrowings are repayable as follows:		
In the second to fifth years	7,300	8,400

There were no breaches of bank loan covenants as at 31 March 2015 or 31 March 2014.

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 29.

The bank loans are secured on investment and trading properties owned by the Group totalling £13,470,000 (2014: £16,426,000).

The Group had undrawn committed borrowing facilities as at 31 March 2015 of £5,200,000 (2014: £4,100,000).

22. TRADE AND OTHER PAYABLES

	2015 £'000	2014 £'000
Trade payables	141	341
Social security and other taxes	41	71
Other creditors	1,351	546
Accruals and deferred income	229	543
	1,762	1,501

Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs.

23. DEFERRED INCOME TAX LIABILITIES

	Revaluation of investment properties £'000	Total £'000
1 April 2013	756	756
Credit to income statement	(39)	(39)
31 March 2014	717	717
Credit to income statement	(717)	(717)
31 March 2015	–	–

From 1 April 2015, the corporation tax rate was reduced to 20%. There was no impact on the deferred tax liability.

No deferred tax asset has been recognised in relation to trading losses due to a high degree of uncertainty over the timing of reversal. The Group has losses totalling £6.9m (2014: £9.9m) that may be available for future utilisation.

24. SHARE CAPITAL

	2015 £'000	2014 £'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

25. 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 2015	2014
28/09/2011	9.25	28/09/2014 to 27/09/2021	19,865,350	19,865,350
			19,865,350	19,865,350

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 the share price must be a minimum of 11.25p. The options are forfeited if the employee leaves the Group before the options vest.

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

	2015 Number of share options	2015 Weighted average exercise price	2014 Number of share options	2014 Weighted average exercise price
Outstanding at beginning of year	19,865,350	9.25p	19,865,350	9.25p
Forfeited during year	–	–	–	–
Outstanding at end of year	19,865,350	9.25p	19,865,350	9.25p
Exercisable at end of year	19,865,350	9.25p	nil	nil

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

26. NOTES TO THE CASH FLOW STATEMENT

	2015 £'000	2014 £'000
Profit before tax	6,712	903
Adjustments for:		
Depreciation of property, plant and equipment	62	50
Profit on sale of investment in joint venture	(209)	–
Gain on sale of property, plant and equipment	(9)	(9)
Gain on sale of investment properties	(5,272)	–
Revaluation of investment properties	(225)	(325)
Finance costs	403	409
Finance income	(1)	(1)
Unwinding of discount on deferred revenue	(166)	–
Share-based payment charge	138	137
Share of results of jointly controlled entity	(11)	(252)
Share of results of associate	(30)	(53)
Changes in working capital:		
(Increase) in trading properties	(2,235)	(2,619)
(Increase)/decrease in trade and other receivables	(1,706)	197
Increase in trade and other payables	173	776
Cash (outflow) from operations	(2,376)	(787)

27. OPERATING LEASE ARRANGEMENTS

At the statement of financial position date, the Group had the following outstanding commitments for future minimum lease payments under non-cancellable operating leases.

	2015 £'000	2014 £'000
Not later than one year	–	29
Later than one year and not later than five years	–	–
	–	29

During the year ended 31 March 2015, the Group made payments under operating leases for land and buildings of £nil (2014: £49,000). Commitments at 31 March 2015 are nil because during the year the group acquired the premises in which its offices are based.

28. RELATED-PARTY TRANSACTIONS

The Group has taken advantage of the exemption contained within IAS 24 – 'related-party disclosures' from the requirement to disclose transactions between group companies as these have been eliminated on consolidation.

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

	2015 £'000	2014 £'000
Directors' emoluments including employer's national insurance	527	404
Benefits in kind	151	145
Share-based payments	138	137
	816	686

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 £nil (2014: £nil) to Mr L G Lipman in respect of ground rent on this property. The Group manages a portfolio of properties owned by Mr L G Lipman. The Group received commissions of £30,000 (2014: £35,000) from Mr L G Lipman in the year. This amount has been included in revenue.

The Group had a loan with Safestay Limited, a jointly controlled entity, of £891,000. The loan was repayable on demand and was repaid in full on 2 May 2014 by way of shares received from Safestay plc.

29. FINANCIAL INSTRUMENTS

Capital management

Total capital is calculated as equity, as shown in the consolidated statement of financial position, plus debt.

The Board's policy is to maintain a strong capital base with a view to underpinning investor, creditor and market confidence and sustaining the future development of the business. Capital consists of ordinary shares, other capital reserves and retained earnings. To this end, the Board monitors the Group's performance at both a corporate and individual asset level and sets internal guidelines for interest cover and gearing.

The executive directors monitor the Group's current and projected financial position against these guidelines. 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.

	2015 £'000	2014 £'000
Share capital	843	843
Share-based payment reserve	486	348
Investment revaluation reserve	87	5
Retained earnings	13,338	9,414
Non-current liabilities: Bank loans and overdrafts	7,185	8,400

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 instruments are disclosed in note 1 to these financial statements and in the tables overleaf:

Categories of financial instruments

At 31 March 2015, the Group held the following financial assets:

	2015 £'000	2014 £'000
Trade and other receivables	8,349	1,509
Cash and cash equivalents	454	1,003
Loans and receivables	8,803	2,512
Available-for-sale financial assets	307	50
	9,110	2,562

At 31 March 2015, the Group held the following financial liabilities:

	2015 £'000	2014 £'000
Amortised cost		
Bank loans	8,443	8,400
Trade and other payables	3,458	1,633
Derivative financial instruments	–	3
	11,901	10,036

For 2015, all financial liabilities are measured at amortised cost. In 2014, £3,000 related to financial liabilities held at fair value. The remainder at 2014 are financial liabilities measured at amortised cost.

The carrying amounts of the Group's bank loans and overdrafts and trade and other payables approximate to 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 and cash balances. 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. If the value of the portfolio were to fall significantly, the Group risk breaching borrowing covenants. 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.

29. FINANCIAL INSTRUMENTS (continued)

Interest rate risk management

The Group is exposed to interest rate risk on its borrowings, which are at floating interest rates at 3.1% above the Bank of England base rate as shown in the table below. The Group carefully manages its interest rate risk on an ongoing basis. In May 2015, the Group took out an interest rate instrument to manage its interest rate risk. Further details of these swaps can be found elsewhere in this note 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 rates, unless stated, and the rates disclosed include margins.

	2015 Interest rate %	2015 Borrowings £'000	2014 Interest rate %	2014 Borrowings £'000
	3.66	7,300	4.26	6,400
	4.24	1,258	4.52 (fixed)	2,000
		8,558		8,400

As explained elsewhere in this note, a notional amount of £5,000,000 (2014: £2,000,000) has been fixed by an interest rate swap, and the LIBOR rate on a notional amount of £5,000,000 (2014: £2,000,000) has been capped at 3%.

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 statement of financial position date. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the statement of financial position 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 2015, if interest rates were 0.25% higher or (lower) and all other variables were held constant, the Group's net profit would increase by £15,000 (2014: £14,000). 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 2015 was £nil (2014: £nil).

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

Credit risk management

Credit risk refers to the risk that counterparties 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 21 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 all financial liabilities. 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 including interest.

2015	In less than 1 year £'000	2-5 years £'000	Total £'000
Variable interest rate borrowings	1,298	–	1,298
Fixed interest rate borrowings	–	8,035	8,035
	1,298	8,035	9,333

All of the above loans are at a set interest rate above the Bank of England base rate or LIBOR. The weighted average effective interest rate at 31 March 2015 was 3.74%.

2014	In less than 1 year £'000	2-5 years £'000	Total £'000
Variable interest rate borrowings	–	4,603	4,603
Capped interest rate borrowings	–	2,092	2,092
Fixed interest rate borrowings	–	2,098	2,098
Derivative financial instruments	3	–	3
	3	8,793	8,796

All of the above loans are at a set interest rate above the Bank of England base rate except for the financial borrowings which are covered by an interest rate swap or an interest rate cap. The weighted average effective interest rate at 31 March 2014 was 4.33%.

In both the year to 31 March 2015 and to 31 March 2014, all of the Group's financial assets are non-interest bearing, except cash of £454,000 (2014: £1,003,000). All non-derivative financial assets are due within one year.

At 31 March 2015 the Group had no significant interest rate swaps.

29. FINANCIAL INSTRUMENTS (continued)

Fair value measurements recognised in the statement of financial position

IFRS13 categorises financial assets and liabilities as being valued in three hierarchical levels:

- 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).

2015	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Available-for-sale investments				
Listed	267	–	–	267
Other	–	–	40	40

2014	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Available-for-sale investments				
Listed	10	–	–	10
Other	–	–	40	40
Derivative financial instruments	–	(3)	–	(3)

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.

30. DERIVATIVE FINANCIAL INSTRUMENTS

At 31 March 2015, the Group had no significant derivative financial instruments. At 31 March 2014, the Group had two derivative financial instruments as detailed below.

- The LIBOR rate on a notional loan of £2m was swapped to a fixed rate of 0.77% on £2m until 24 April 2015. The fair value of this financial instrument at 31 March 2014 was a liability of £3,000.
- The LIBOR rate on a notional loan of £2m was capped at 1.5% until 24 April 2015. The fair value of this financial instrument at 31 March 2014 was £nil.

Neither of these financial instruments at 31 March 2014 were designated as hedging and consequently the fair value gain/(loss) for the year was taken to the income statement and disclosed within finance costs.

31. POST-BALANCE SHEET EVENTS

On 27 May 2015 the Group entered into an interest-rate swap transaction with Lloyds Bank to fix its interest rate at a maximum of 3% for a notional value of £5,000,000 of borrowings.

Safeland plc
Company balance sheet

31 March 2015

Company registration no. 2012015

	Note	2015 £'000	2014 £'000
Fixed assets			
Tangible assets	5	1,974	151
Investments	6	399	1,049
		2,373	1,200
Current assets			
Stocks	7	7,198	4,937
Debtors	8	3,837	10,425
Cash at bank and in hand		295	746
		11,330	16,108
Creditors: amounts falling due within one year	9	4,048	3,893
Net current assets		7,282	12,215
Total assets less current liabilities		9,655	13,415
Creditors: amounts falling due after more than one year	10	7,185	8,400
Net assets		2,470	5,015
Capital and reserves			
Share capital	11	843	843
Capital redemption reserve	12	–	–
Share-based payment reserve	13	486	348
Profit and loss account	14	1,141	3,824
Equity shareholders' funds	15	2,470	5,015

These financial statements were approved by the Board of Directors and authorised for issue on 13 August 2015.

Signed on behalf of the Board of Directors

Larry Lipman
Director

Colin Stone FCCA
Director

Notes to the Company Accounts

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.

Revenue

Revenue is stated net of VAT and comprises rental income, proceeds from sales of trading properties, fees, commissions and other income.

Sales of trading properties are recognised on completion of a contract.

Rental income from trading properties leased out under operating leases is recognised in the Income Statement on a straight-line basis over the term of the lease. Contingent rents which comprise turnover rents are recognised as income in the periods in which they are earned. Rent reviews are recognised when such reviews have been agreed with tenants. Lease incentives are recognised as an integral part of the net consideration for the use of the property and amortised on a straight-line basis over term of lease, or the period to the first tenant break, if shorter.

Other fees in relation to property management are recognised on a straight-line basis over the term of management contract.

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)
Freehold property	2 per cent per annum (straight-line basis)

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.

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 statement of financial position 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 statement of financial position 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.

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 Monte Carlo 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. CAPITAL REDUCTION

On 12 March 2014 the Company was granted High Court approval to transfer the balances of the share premium and capital redemption reserve to the profit and loss account.

3. PROFIT 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 post-tax loss for the financial year was £874,000 (2014: profit of £1,935,000). When a dividend of £1,809,000 (2014: £nil) is included, the loss was £2,683,000.

4. STAFF COSTS

	2015 Number	2014 Number
The company's average monthly number of employees (including executive directors) during the year was:		
Sales	3	3
Administration	4	4
	7	7

4. STAFF COSTS (continued)

	2015 £'000	2014 £'000
The costs incurred in respect of these expenses (including executive directors) during the year were:		
Wages and salaries	583	461
Social security costs	90	71
Other employment costs	74	71
	747	603

5. TANGIBLE FIXED ASSETS

	Freehold property £'000	Motor vehicles £'000	Fixtures, fittings and equipment £'000	Total £'000
Cost				
At 1 April 2014	–	215	107	322
Additions	1,760	234	2	1,996
Disposals	–	(204)	–	(204)
At 31 March 2015	1,760	245	109	2,114
Depreciation				
At 1 April 2014	–	72	99	171
Charge for the year	9	50	3	62
Disposals	–	(93)	–	(93)
At 31 March 2015	9	29	102	140
Net book value				
At 31 March 2015	1,751	216	7	1,974
At 31 March 2014	–	143	8	151

6. FIXED ASSET INVESTMENTS

	Shares in subsidiary undertakings £'000	Shares in associated undertakings £'000	Other investments £'000	Total £'000
Cost				
At 1 April 2014	1,126	90	1,363	2,579
Additions	–	–	175	175
Revaluation	–	–	81	81
Disposals	(908)	–	–	(908)
At 31 March 2015	218	90	1,619	1,927
Provision for impairment				
At 1 April 2014	217	–	1,313	1,530
At 31 March 2015	217	–	1,313	1,530
Net book value				
At 31 March 2015	1	90	308	399
At 31 March 2014	909	90	50	1,049

Additions of Other Investments in the year comprise 350,000 shares in Safestay plc acquired in the open market.

Shares in subsidiary undertakings

The principal subsidiaries at 31 March 2015 and their principal activities are as follows:

Safeland Active Management Limited – Property Fund Management

Safeland Investments Limited – Property investment

THFC 58 Limited – Property investment

THFC 59 Limited – Property investment

CFC 35 Limited – Property investment

CFC 29 Limited – Property investment

Dunsford Commercial Limited – Property investment

Daisyglade Limited – Property investment

Cloverdale Estates Limited – Property investment

Triangle Estates Limited – Property investment

Hollychain 2 Limited – Property investment

Raglan Hotel Management Company 2013 Limited – Property management

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.

In addition, the following companies are wholly-owned dormant subsidiaries and are incorporated in Great Britain and registered in England and Wales:

CFC 23 Limited

CFC 33 Limited

CFC 36 Limited

CFC 37 Limited

CFC 40 Limited

CFC 42 Limited

CFC 43 Limited

CFC 45 Limited

CFC 46 Limited

CFC 47 Limited

CFC 48 Limited

CFC 49 Limited

CFC 50 Limited

CFC 51 Limited

CFC 52 Limited

CFC 53 Limited

Cornergate Properties Limited

Deltamile Limited

Evebell Limited

Hollychain 1 Limited

Hollychain 3 Limited

Hollychain 4 Limited

Hollychain 5 Limited

Hollychain 6 Limited

Hollychain 7 Limited

Hollychain 8 Limited

Hollychain 9 Limited

Hollychain 11 Limited

Hollychain 12 Limited

Hollychain 13 Limited

Icebath Limited

Ivygate Developments Limited

Millpark Property Company Limited

Placeadmit Limited

Safeland (Guilford & Bloomsbury) Limited

Safeland Estates Limited

Safeland Property Fund Management Limited

THFC 54 Limited

THFC 55 Limited

THFC 56 Limited

THFC 57 Limited

Pullpower Limited

Frenshar Limited

Avonridge Property Company Limited

Rainbow Estates (Gaynes Park) Limited

Safeland (Ground Rents) Limited

Saffron Developments Limited

Vistascan Properties Limited

6. FIXED ASSET INVESTMENTS (continued)

Shares in associated undertakings

On 30 July 2011 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 a cash consideration of £90,000.

Other investments

The company owns 5,119 ordinary equity shares (representing 0.04% of the issued equity) in Palace Capital plc. The market value of these shares at 31 March 2015 was £18,000 (2014: £10,000).

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 that the market value of these units at 31 March 2015 was £nil (2014: £nil).

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 that the fair value of these shares at 31 March 2015 was £40,000 (2014: £40,000).

7. STOCKS

	2015 £'000	2014 £'000
Properties for resale	7,198	4,937

The company has pledged properties for resale with a carrying value of £7,198,000 (2014: £4,937,000) to secure banking facilities granted to the company.

8. DEBTORS

	2015 £'000	2014 £'000
Due within one year:		
Amounts due from subsidiary undertakings	3,462	9,942
Other debtors	375	483
	3,837	10,425

The Company has tax losses of approximately £6.9m (2014: £7.3m) which are available for offset against future trading profits. No deferred tax asset has been recognised in the financial statements due to the uncertainty as to the timing of the reversal. If the losses are utilised in future periods, the tax charge will be reduced.

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2015 £'000	2014 £'000
Trade creditors	36	137
Amounts due to subsidiary undertakings	3,824	3,230
Other taxation and social security	24	18
Accruals and deferred income	164	508
	4,048	3,893

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

	2015 £'000	2014 £'000
Bank loans	7,300	8,400
Unamortised borrowing costs	(115)	–
Bank loans	7,185	8,400

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

Bank loans are repayable as follows:

	2015 £'000	2014 £'000
Between one and two years	–	8,400
Between two and five years	7,300	–
	7,300	8,400

11. CALLED UP EQUITY SHARE CAPITAL

	2015 £'000	2014 £'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

12. CAPITAL REDEMPTION RESERVE

	2015 £'000	2014 £'000
1 April 2014	–	847
Transfer to profit and loss account	–	(847)
31 March 2015	–	–

13. SHARE-BASED PAYMENT RESERVE

	2015 £'000	2014 £'000
1 April 2014	348	211
Share-based payment charge	138	137
31 March 2015	486	348

14. PROFIT AND LOSS ACCOUNT

	2015 £'000	2014 £'000
1 April 2014	3,824	(4,309)
(Loss)/profit for the year	(874)	1,935
Dividend	(1,809)	–
Transfer from share premium account	–	5,351
Transfer from capital redemption reserve	–	847
31 March 2015	1,141	3,824

15. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	2015 £'000	2014 £'000
(Loss)/profit for the year	(874)	1,935
Dividend	(1,809)	–
Share-based payment charge for the year	138	137
(Decrease)/increase in equity shareholders' funds	(2,545)	2,072
Opening equity shareholders' funds	5,015	2,943
Closing equity shareholders' funds	2,470	5,015

16. OPERATING LEASE COMMITMENTS

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

Land and buildings	2015 £'000	2014 £'000
Expiring within one year	–	29

17. RELATED-PARTY TRANSACTIONS

The Company has taken the exemption permitted in FRS 8 'Related Party Disclosures' to not disclose transactions with its wholly-owned subsidiaries.

18. POST-BALANCE SHEET EVENTS

On 27 May 2015 the Group entered into an interest-rate swap transaction with Lloyds Bank to fix its interest rate at a maximum of 3% for a notional value of £5,000,000 of borrowings.

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at 1a Kingsley Way, London N2 0FW on 17 September 2015 at 10.00am to consider, and if thought fit, to pass the following resolutions of which resolutions numbered 1 to 5 will be proposed as ordinary resolutions and of which resolutions numbered 6 to 8 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 2015 be received and adopted.

2 That the Company declare a final dividend of 1.75p per ordinary share.

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

4 That Colin Stone be re-elected as a director of the Company.

5 That Grant Thornton UK LLP be re-elected as auditors of the Company and the Directors be authorised to fix their remuneration.

Special Business

6 That:

6.1 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 2016 and 30 September 2016 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

6.2 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).

7 That:

7.1 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:

7.1.1 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

7.1.2 the allotment (otherwise than pursuant to paragraph 7.1.1 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 2016 and 30 September 2016 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

7.2 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.

8 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:

8.1 the maximum number of Ordinary Shares authorised to be purchased is 2,527,676 being such number of Ordinary Shares as represents approximately 15.0 per cent. of the current issued Ordinary Share capital of the Company;

8.2 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;

8.3 the maximum price (exclusive of any expenses) which may be paid for any Ordinary Share shall be not more than the higher of:

8.3.1 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

8.3.2 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;

8.4 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 2016 and 30 September 2016; and

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

By order of the Board

Colin Stone FCCA
Company Secretary
13 August 2015

Registered Office
1A Kingsley Way
London N2 0FW

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 Asset Services, 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 15 September 2015 (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 pm on 15 September 2015 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 and the letters of appointment of the Non-Executive Directors 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

Year ended 31 March 2015

Before completing this form, please read the explanatory notes overleaf

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 17 September 2015 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 2015 be received and adopted.	[ ]	[ ]	[ ]
2. THAT the Company declare a final dividend of 1.75p per ordinary share.	[ ]	[ ]	[ ]
3. THAT Larry Lipman be re-elected as a director of the Company.	[ ]	[ ]	[ ]
4. THAT Colin Stone be elected as a director of the Company.	[ ]	[ ]	[ ]
5. THAT Grant Thornton UK LLP be re-elected as auditors of the Company and the directors be authorised to fix their remuneration.	[ ]	[ ]	[ ]
6. THAT the directors be authorised to allot shares pursuant to section 551 of the Companies Act 2006.	[ ]	[ ]	[ ]
7. THAT section 561 of the Companies Act 2006 be disapplied.	[ ]	[ ]	[ ]
8. THAT the Company be authorised to purchase its own shares pursuant to section 701 of the Companies Act 2006.	[ ]	[ ]	[ ]

Signature ______________________________

Date ______________________________

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 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 Asset Services, PXS, 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 in the first box. If the proxy is being appointed in relation to part of your holding only, please enter in the box next to the proxy's name the number of shares in relation to which they are authorised to act as your proxy. If this box is left blank, 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 Asset Services, on 0871 664 0300 (calls cost 10p per minute plus network extras, lines are open from 9.00 am to 5.30 pm 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 6.00 pm on 15 September 2015 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.

Design www.energydesignstudio.com

Safeland plc
1a Kingsley Way
London N2 0FW

T: 020 8815 1600
F: 020 8815 1601
www.safeland.co.uk