Leo Insurance Services plc

ANNUAL REPORT

for the year ended

31 January 2010

Company Registration No. 05332938

Leo Insurance Services plc
TABLE OF CONTENTS

Leo Insurance Services plc
OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Larry Glenn Lipman	Executive Chairman
Errol Alan Lipman	Executive Director
Paul Malcolm Davis	Finance Director
Edward George Young	Non Executive Director

SECRETARY

Paul Malcolm Davis

REGISTERED OFFICE

1A Kingsley Way
London, N2 0FW

AUDITOR

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

NOMINATED BROKER AND ADVISER

Arbuthnot Securities Limited
Arbuthnot House
20 Ropemaker Street
London
EC2Y 9AR

Leo Insurance Services plc
CHAIRMAN’S STATEMENT

In the year ended 31 January 2010, the Group made a consolidated loss of £50,840 (2009: £33,046).

In my previous Statements I advised shareholders that the Board continued to assess opportunities for acquisition. Unfortunately none has been completed and Leo has continued to make losses. Safeland plc, which is a related party since all directors of Leo are also directors of Safeland, has continued to provide financial support to Leo during the year.

Your Board has decided that, without the prospect of an improvement in the financial position or trading performance of Leo in the short term, alternative options should be sought.

The Company received an approach from a third party looking to acquire a 29.9% stake in Leo which is to be satisfied by the sale of 2,157,570 shares currently held by Leo Holdings (2008) Corporation, a company controlled by myself and fellow Board Member Errol Lipman. This is conditional on Leo selling its 50% stake in Grafton Insurance Services Limited. Leo has, therefore, entered into a conditional agreement to sell Grafton, which has been independently valued, to Safeland for £90,000. The consideration will be partially satisfied through set off against the amounts owed to Safeland with the balance of approximately £15,000 payable by Safeland in cash on completion.

The Company has received a conditional commitment from the third party to subscribe for £60,000 in convertible loan stock and the same party has made a conditional commitment to purchase 100% of the issued Preference Shares in Leo from Safeland.

The approval of the disposal of Grafton by the Company’s shareholders at the EGM, which will immediately follow the 2010 AGM, would satisfy the conditions in relation to all of the agreements noted above and as a result the current directors of the Company will resign and new directors will be appointed in their place.

Full details of this transaction are contained within the circular that will be sent to the shareholders with the annual report.

LG Lipman

Chairman

6 July 2010

The directors present their report and the audited consolidated financial statements of Leo Insurance Services plc for the year ended 31 January 2010.

PRINCIPAL ACTIVITIES

The principal activity of the Group during the year was the provision of insurance services through its ownership of 50% of the ordinary shares of Grafton Insurance Services Limited. Leo Insurance Services plc is listed on the AIM market of the London Stock Exchange.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

Details of the Group's progress during the year and its future prospects are provided in the Chairman's Statement on page 2.

POST BALANCE SHEET EVENTS

On 6 July 2010, the company entered into a conditional agreement to sell its entire 50% interest in Grafton Insurance Services Limited to Safeland plc, a related party (see note 20 to the consolidated financial statements), for total consideration of £90,000. This agreement is conditional on approval by the company's shareholders at an Extraordinary General Meeting

KEY PERFORMANCE INDICATORS

The Group has no key performance indicators, as a result of its size and the fact that Grafton Insurance Services Limited only has one material customer, Safeland plc, a company in which there are common directorships.

PRINCIPAL RISKS AND UNCERTAINTIES

Set out below are certain risk factors which could have an impact on the Group's long term performance. The factors discussed below should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties facing the Group.

Liquidity risk

The directors consider that the key financial risk is liquidity risk. This is the risk of the company not being able to continue to operate as a going concern. The Directors' consideration of the Going Concern Basis is contained on page 19 of the Annual Report.

Lapsing of contracts

Grafton Insurance Services only has one material contract, with Safeland plc, a company in which there are common directorships. At 31 January 2010, this contract has three years to run, hence greatly minimising any risk.

The withdrawal of support by Insurance companies

Grafton Insurance Services insure properties using several insurers, thus minimising the risk to the group of any insurance company deciding that it no longer wished to insure one or more properties.

The effect on profit of any major claims

A major claim would only affect profit share which is not a major source of income for Grafton Insurance Services Limited. It may also affect Individual premiums, however this may in fact increase profit as the relevant commission will increase.

RESULTS AND DIVIDENDS

The results for the year are set out on page 15.

The directors do not recommend the payment of a final dividend for the year.

DIRECTORS

The following directors have held office since 1 February 2009:-

Larry Glenn Lipman
Errol Alan Lipman
Paul Malcolm Davis
Edward George Young

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 January 2010, the directors have authorised no such conflicts or potential conflicts.

DIRECTORS' INTERESTS IN SHARES

Directors' interests in the shares of the company, including family interests, were as follows:-

	Ordinary shares of 1p each	
	31.01.10	01.02.09
Larry Glenn Lipman	65,283	65,283
Errol Alan Lipman	173,110	173,110
Paul Malcolm Davis	24,346	24,346
Edward George Young	-	-

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

Mr LG Lipman, Mr EA Lipman and Mr PM Davis each have share options over 911,458 ordinary shares. Each option is exercisable at the par value of 1p per share, at any time after 18 months and before 10 years following the date of grant on 3 February 2005. No directors were either granted or exercised share options during the year.

Mr LG Lipman and Mr EA Lipman each have beneficial interests in one third of the share capital of each of Leo Holdings (2008) Corporation ("Leo Holdings") and Safeland Holdings (2008) Corporation ("Safeland Holdings"), both companies being incorporated in Panama. As at 31 January 2010, Leo Holdings owned 2,633,925 ordinary shares in the company, representing 36.5% of the shares in issue. As at 31 January 2010, Safeland Holdings owned 10,544,643 ordinary shares in Safeland plc, representing 57% of that company's shares in issue. Safeland plc owned 511,919 ordinary shares in the company, representing 7.09% of the shares in issue as at 31 January 2010.

OTHER SUBSTANTIAL SHAREHOLDINGS

As at 11 June 2010, the company had been notified of the following shareholdings which constitute 3% or more of the total issued shares of the company.

	Ordinary shares No.	Shareholding %
Leo Holdings (2008) Corporation	2,633,925	36.50
Safeland plc	511,919	7.09
TD Waterhouse Nominees (Europe) Limited	354,205	4.91
Peter O' Reilly Esq	264,712	3.67
L R Nominees Limited	220,811	3.06

FINANCIAL INSTRUMENTS

The Group's principal financial instruments comprise cash at bank, redeemable preference shares and various items within current assets and current liabilities that arise directly from its operations. The directors consider that the key financial risk is liquidity risk. This risk is explained in the section headed Principal Risks and Uncertainties on page 3.

POLICY ON PAYMENT OF CREDITORS

Although the group does not follow a formal code, the policy is to abide by the payment terms agreed with suppliers whenever it is satisfied that the supplier has provided the goods and services in accordance with the agreed terms and conditions. There were no trade creditors at 31 January 2010 (2009: None).

AUDITOR

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR

The directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

BUSINESS AT THE ANNUAL GENERAL MEETING

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

Resolution 5 - Directors' authority to allot shares in the Company

This resolution, if passed, will give the directors authority under section 551 of the Companies Act 2006 as amended (the "2006 Act") to allot up to 2,405,318 ordinary shares of 1 pence each, representing approximately one third of the issued share capital of the Company. Other than in relation to the Company's share option scheme, the directors have no present intention of exercising this authority. This authority will, unless renewed, expire at the earlier of the conclusion of the next annual general meeting of the Company held in 2011 and 31 July 2011. The Company does not currently have any treasury shares in issue.

Resolution 6 – Disapplication of statutory pre-emption rights

This resolution, if passed, will disapply the statutory pre-emption rights contained in section 561 of the 2006 Act, allowing the Company to allot equity securities for cash up to an aggregate nominal amount of £3,607.98 (being equal to 5 per cent of the issued ordinary share capital of the Company) or in connection with a rights issue, open offer or otherwise in favour of ordinary shareholders where the equity securities attributable to the interest of all ordinary shareholders are proportionate to the respective numbers of ordinary shares held by them. This authority will, unless renewed, expire at the earlier of the conclusion of the next annual general meeting of the Company held in 2011 and 31 July 2011.

The Company is permitted by the 2006 Act to hold shares purchased by the Company as treasury shares, which may then be cancelled, sold for cash or used to meet the Company's obligations under its share option schemes. The requirements to allot equity securities for cash to existing shareholders in proportion to their holdings will also apply to the sale by the Company of any shares it holds as treasury shares. These requirements may be similarly disapplied by shareholders. The authority sought, and limits set, by resolution 6 will apply to a sale of treasury shares by the Company. However, the directors have no present intention of holding shares in treasury.

Resolution 7 – Purchase of own shares

This resolution, if passed, will give the directors authority under section 701 of the 2006 Act to make market purchases of ordinary shares, subject to certain stipulations, up to a maximum number of 1,082,393 ordinary shares, representing approximately 15 per cent of the Company's issued share capital. This authority will, unless renewed, expire at the earlier of the conclusion of the next annual general meeting of the Company to be held in 2011 and 31 July 2011. Renewal of the authority to make market purchases of ordinary shares has been sought at recent annual general meetings of the Company and it continues to be envisaged that such renewal will be sought at subsequent annual general meetings. The minimum price (exclusive of expenses) payable on any exercise of such authority will be 1p per ordinary share, being the nominal value of ordinary shares, and the maximum price (exclusive of expenses) will not be more than the higher of (a) 5 per cent. above the average of the market value for an ordinary share as derived from the Daily Official List of the London Stock Exchange plc for the five business days immediately preceding the date on which the ordinary share is contracted to be purchased; and (b) the higher of the price of the last independent trade and the highest current independent bid for an ordinary share on the Daily Official List of the London Stock Exchange plc at the time the purchase is carried out.

This authority is intended to apply equally to any shares held by the Company as treasury shares in accordance with the 2006 Act. However, as mentioned above, the directors have no present intention of holding shares in treasury pursuant to the 2006 Act.

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

Resolution 8 – Adopt new articles of association

It is proposed to adopt new articles of association (the "New Articles") with immediate effect to update the Company's current articles of association (the "Current Articles") primarily to take account of the coming into force of the Shareholders' Rights Regulations, the implementation of the last parts of the 2006 Act and amendments to the Uncertificated Securities Regulations.

The principal changes introduced in the New Articles are set out below. Other changes, which are of a minor, technical or clarifying nature and also some more minor changes which merely reflect changes made by the 2006 Act, the Shareholders' Rights Regulations or the Uncertificated Securities Regulations 2001, or conform the language of the New Articles with that used in the model articles for public companies produced by the Department for Business, Innovation and Skills, have not been noted.

A copy of the New Articles and a copy of the Current Articles marked to show changes being proposed by this resolution are available for inspection as set out in the notice of the annual general meeting.

1. The Company's objects

The provisions regulating the operations of the Company are currently set out in the Company's memorandum and articles of association. The Company's memorandum contains, among other things, the objects clause which sets out the scope of the activities the Company is authorised to undertake. This is drafted to give a wide scope.

The 2006 Act significantly reduces the constitutional significance of a company's memorandum. The 2006 Act provides that a memorandum will record only the names of subscribers and the number of shares each subscriber has agreed to take in the company. Under the 2006 Act the objects clause and all other provisions which are contained in a company's memorandum, for existing companies at 1 October 2009, are deemed to be contained in the company's articles of association but the company can remove these provisions by special resolution.

Further, the 2006 Act states that unless a company's articles provide otherwise, a company's objects are unrestricted. This abolishes the need for companies to have objects clauses. For this reason the Company is proposing to remove its objects clause together with all other provisions of its memorandum which, by virtue of the 2006 Act, are treated as forming part of the Company's articles of association as of 1 October 2009. Resolution 8.1 confirms the removal of these provisions for the Company. As the effect of this resolution will be to remove the statement currently in the Company's memorandum of association regarding limited liability, the New Articles also contain an express statement regarding the limited liability of shareholders.

2. Change of name

Under the Companies Act 1985, a company could only change its name by special resolution. Under the 2006 Act, a company will be able to change its name by other means provided for by its articles. To take advantage of this provision, the New Articles enable the directors to pass a resolution to change the Company's name.

3. Authorised share capital and unissued shares

The 2006 Act abolishes the requirement for a company to have an authorised share capital and the New Articles reflect this. Directors will still be limited as to the number of shares they can at any time allot because allotment authority continues to be required under the 2006 Act, save in respect of employee share schemes.

4. Redeemable shares

Under the Companies Act 1985, if a company wished to issue redeemable shares, it had to include in its articles the terms and manner of redemption. The 2006 Act enables directors to determine such matters instead provided they are so authorised by the articles. The New Articles contain such an authorisation. The Company has no plans to issue redeemable shares but if it did so the directors would need shareholders' authority to issue new shares in the usual way.

5. Authority to purchase own shares, consolidate and sub-divide shares, and reduce share capital

Under the Companies Act 1985, a company required specific enabling provisions in its articles to purchase its own shares, to consolidate or sub-divide its shares and to reduce its share capital or other undistributable reserves as well as shareholder authority to undertake the relevant action. The Current Articles include these enabling provisions. Under the 2006 Act, a company will only require shareholder authority to do any of these things and it will no longer be necessary for articles to contain enabling provisions. Accordingly, the relevant enabling provisions have been removed in the New Articles.

6. Suspension of registration of share transfers

The Current Articles permit the directors to suspend the registration of transfers. Under the 2006 Act share transfers must be registered as soon as practicable. The power in the Current Articles to suspend the registration of transfers is inconsistent with this requirement. Accordingly, this power has been removed in the New Articles.

7. Voting by proxies on a show of hands

The Shareholders' Rights Regulations have amended the 2006 Act so that it now provides that each proxy appointed by a member has one vote on a show of hands unless the proxy is appointed by more than one member in which case the proxy has one vote for and one vote against if the proxy has been instructed by one or more members to vote for the resolution and by one or more members to vote against the resolution. The Current Articles have been amended to reflect these changes.

8. Voting by corporate representatives

The Shareholders' Rights Regulations have amended the 2006 Act in order to enable multiple representatives appointed by the same corporate member to vote in different ways on a show of hands and a poll. The New Articles rely on the provisions dealing with voting by corporate representatives which are contained in the 2006 Act.

The notice of the Annual General Meeting is on pages 39 to 41.

Approved by the board of directors and signed on behalf of the board.

PM Davis
Company Secretary
6 July 2010

The Board of Leo Insurance Services plc appreciate the value of good corporate governance and intend to comply with the requirements of the "Combined Code" on corporate governance, as far as applicable to the group given its current size and stage of development.

Board Structure

The board consists of four directors of which three are executive and one non-executive. The non executive director is considered to be independent of management and free of any relationship that could interfere with the exercise of his independent judgement.

All directors of Leo Insurance Services plc are also directors of Safeland plc. Safeland plc is considered to be a related party as explained in note 20 to the consolidated financial statements.

The board will meet as and when required and is satisfied that it is provided with information in an appropriate form and quality to enable it to discharge its duties. All directors are required to retire by rotation with one half of the board seeking re-election each year.

Due to the current size of the group, the duties that would normally be attributed to an Audit, Remuneration or Nomination Committee, have been undertaken by the board as a whole.

The board has undertaken a formal assessment of the auditor's independence and will continue to do so at least annually. This assessment includes:

- a review of non-audit services provided to the company and the related fees;
- a review of the auditor's own procedures for ensuring the independence of the audit firm and parties and staff involved in the audit, including regular rotation of the audit partner; and;
- obtaining confirmation from the auditor that, in their professional judgement, they are independent.

Internal Controls

The board is responsible for the Group's system of internal controls and for reviewing their effectiveness. The internal controls are designed to ensure the reliability of financial information for both internal and external purposes. The directors are satisfied that the current controls are effective with regard to the size of the group. Any internal control system can only provide reasonable, but not absolute assurance against material mis-statement or loss.

Given the size of the group, there is currently no need for an internal control function.

Going Concern

The financial statements have been prepared on the going concern basis.

At 31 January 2010, the group had net current liabilities of £116,205 (2009: £64,304) and was dependent on the financial support of Safeland plc, a related party (see note 20 to the consolidated financial statements). Safeland plc has confirmed that it will continue to provide financial support to the group whilst the directors of Safeland plc remain as the sole directors of the company.

As explained in note 23 to the consolidated financial statements, the company has entered into a conditional agreement to sell its entire 50% interest in Grafton Insurance Services Limited to Safeland plc for total consideration of £90,000. Assuming the disposal is approved by the company's shareholders, the current directors of the company will resign and new directors will be appointed. The Company has received a commitment to subscribe for £65,000 in convertible loan stock subject to the passing of the resolutions at the EGM which immediately follows the AGM.

The directors have, after careful consideration of the factors set out above, concluded that it is appropriate to adopt the going concern basis for the preparation of the financial statements and the financial statements do not include any adjustments that would result if the going concern basis was not appropriate.

Directors' Responsibilities Statement

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

Company law requires the directors to prepare group and company financial statements for each financial year. The directors are required by the AIM Rules of the London Stock Exchange to prepare group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and have elected under company law to prepare the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

The group financial statements are required by law and IFRS adopted by the EU to present fairly the financial position and performance of the group; the Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

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

In preparing each of the group and company financial statements, the directors are required to:

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

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

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Leo Insurance Services plc website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the board

P M Davis
Company Secretary
06 July 2010

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LEO INSURANCE SERVICES PLC

We have audited the group and parent company financial statements ("the financial statements") on pages 15 to 38. 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 more fully explained in the Directors' Responsibilities Statement on pages 11 and 12 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on the financial statements

In our opinion

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 January 2010 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LEO INSURANCE SERVICES PLC

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.

Baker Tilly UK Audit LLP

RICHARD COATES (Senior Statutory Auditor)
For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor
Chartered Accountants
2 Bloomsbury Street
London WC1B 3ST

06 July 2010

Leo Insurance Services plc
CONSOLIDATED INCOME STATEMENT
For the year ended 31 January 2010

	Notes	2010 £	2009 £
Revenue		-	-
Cost of sales		-	-
GROSS PROFIT		-	-
Administrative Expenses	5	(79,051)	(85,837)
OPERATING LOSS		(79,051)	(85,837)
Share of results of joint venture – post tax	21	34,061	58,135
LOSS BEFORE INTEREST		(44,990)	(27,702)
Finance income	2	-	506
Finance costs	3	(5,850)	(5,850)
LOSS BEFORE TAX		(50,840)	(33,046)
Income Tax	8	-	-
LOSS FOR THE YEAR ATTRIBUTABLE TO THE OWNERS OF THE PARENT	17	(50,840)	(33,046)
LOSS PER ORDINARY SHARE: Basic and diluted	9	(0.70p)	(0.46p)

All results in the current and preceding financial year derive from continuing operations.

No other comprehensive income has been recorded in the period therefore no statement has been provided.

The notes on pages 24 to 31 are an integral part of these consolidated financial statements.

Leo Insurance Services plc
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
For the year ended 31 January 2010

	Notes	2010 £	2009 £
NON CURRENT ASSETS			
Interests in joint ventures	21	20,237	19,176
CURRENT ASSETS			
Other receivables	10	14,960	3,391
Cash and cash equivalents	11	3,480	55,428
TOTAL CURRENT ASSETS		18,440	58,819
TOTAL ASSETS		38,677	77,995
CURRENT LIABILITIES			
Redeemable preference shares	12	(65,000)	(65,000)
Trade and other payables	13	(69,645)	(58,123)
TOTAL CURRENT LIABILITIES		(134,645)	(123,123)
NET CURRENT LIABILITIES		(116,205)	(64,304)
NET LIABILITIES		(95,968)	(45,128)
EQUITY			
Share capital	14	72,160	72,160
Share premium account	16	5,761	5,761
Retained losses	17	(173,889)	(123,049)
TOTAL EQUITY	18	(95,968)	(45,128)

These financial statements were approved by the board of directors and authorised for issue on 06 July 2010 and are signed on its behalf by:

PM Davis

Director

	Attributable to owners of the parent			
	Share capital	Share premium	Retained losses	Total equity
	£	£	£	£
At 31 January 2008	72,160	5,761	(90,003)	(12,082)
Loss for the year	-	-	(33,046)	(33,046)
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	(33,046)	(33,046)
Transactions with owners	-	-	-	-
At 31 January 2009	72,160	5,761	(123,049)	(45,128)
Loss for the year	-	-	(50,840)	(50,840)
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	(50,840)	(50,840)
Transactions with owners	-	-	-	-
At 31 January 2010	72,160	5,761	(173,889)	(95,968)

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 January 2010

	Notes	2010 £	2009 £
OPERATING ACTIVITIES			
Net cash outflow from operations	19	(84,948)	(69,621)
Net cash outflow from operating activities		(84,948)	(69,621)
INVESTING ACTIVITIES			
Interest received		-	506
Dividends received from joint venture undertaking	21	33,000	55,000
Net cash inflow from investing activities		33,000	55,506
NET DECREASE IN CASH AND CASH EQUIVALENTS		(51,948)	(14,115)
Cash and cash equivalents at beginning of year		55,428	69,543
CASH AND CASH EQUIVALENTS AT END OF YEAR		3,480	55,428

BASIS OF ACCOUNTING

Leo Insurance Services 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.

The financial statements have been prepared under the historical cost basis. The principal accounting policies adopted are set out below.

GOING CONCERN

The financial statements have been prepared on the going concern basis.

At 31 January 2010, the group had net current liabilities of £116,205 (2009: £64,304) and was dependent on the financial support of Safeland plc, a related party (see note 20 to the consolidated financial statements). Safeland plc has confirmed that it will continue to provide financial support to the group whilst the directors of Safeland plc remain as the sole directors of the company.

As explained in note 23 to the consolidated financial statements, the company has entered into a conditional agreement to sell its entire 50% interest in Grafton Insurance Services Limited to Safeland plc for a total consideration of £90,000 Assuming the disposal is approved by the company's shareholders, the current directors of the company will resign and new directors will be appointed. The Company has received a commitment to subscribe for £65,000 in convertible loan stock subject to the passing of the resolutions at the EGM which immediately follows the AGM.

The directors have, after careful consideration of the factors set out above, concluded that it is appropriate to adopt the going concern basis for the preparation of the financial statements and the financial statements do not include any adjustments that would result if the going concern basis was not appropriate.

STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

International Accounting Standards (IAS/IFRS)		Effective date – annual periods beginning on or after
IFRS 1	First-time Adoption of International Financial Reporting Standards — Revised and restructured	1 July 2009*
IFRS 1	First-time Adoption of International Financial Reporting Standards — Amendments relating to oil and gas assets and determining whether an arrangement contains a lease	1 January 2010
IFRS 2	Share-based Payment — Amendments resulting from April 2009 Annual Improvements to IFRSs	1 July 2009*
IFRS 2	Share-based Payment — Amendments relating to group cash-settled share-based payment transactions	1 January 2010*
IFRS 3	Business Combinations — Comprehensive revision on applying the acquisition method	1 July 2009 *
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations — Amendments resulting from May 2008 Annual Improvements to IFRSs	1 July 2009 *

IFRS 5	Non-current Assets Held for Sale and Discontinued Operations — Amendments resulting from April 2009 Annual Improvements to IFRSs	1 January 2010*
IFRS 8	Operating Segments — Amendments resulting from April 2009 Annual Improvements to IFRSs	1 January 2010*
IFRS 9	Financial Instruments — Classification and Measurement	1 January 2013
IAS 1	Presentation of Financial Statements — Amendments resulting from April 2009 Annual Improvements to IFRSs	1 January 2010*
IAS 7	Statement of Cash Flows — Amendments resulting from April 2009 Annual Improvements to IFRSs	1 January 2010*
IAS 17	Leases — Amendments resulting from April 2009 Annual Improvements to IFRSs	1 January 2010*
IAS 24	Related Party Disclosures — Revised definition of related parties	1 January 2011
IAS 27	Consolidated and Separate Financial Statements — Consequential amendments arising from amendments to IFRS 3	1 July 2009*
IAS 28	Investments in Associates — Consequential amendments arising from amendments to IFRS 3	1 July 2009*
IAS 31	Interests in Joint Ventures — Consequential amendments arising from amendments to IFRS 3	1 July 2009*
IAS 32	Financial Instruments: Presentation — Amendments relating to classification of rights issues	1 February 2010*
IAS 36	Impairment of Assets — Amendments resulting from April 2009 Annual Improvements to IFRSs	1 January 2010*
IAS 38	Intangible Assets — Amendments resulting from April 2009 Annual Improvements to IFRSs	1 July 2009*
IAS 39	Financial Instruments: Recognition and Measurement — Amendments for eligible hedged items	1 July 2009*
IAS 39	Financial Instruments: Recognition and Measurement — Amendments resulting from April 2009 Annual Improvements to IFRSs	1 January 2010*
IFRS 1	First-time Adoption of International Financial Reporting Standards — Amendments resulting from May 2010 Annual Improvements to IFRSs	1 January 2011
IFRS 3	Business Combinations — Amendments resulting from May 2010 Annual Improvements to IFRSs	1 July 2010
IFRS 7	Financial Instruments: Disclosures — Amendments resulting from May 2010 Annual Improvements to IFRSs	1 January 2011

IAS 1	Presentation of Financial Statements — Amendments resulting from May 2010 Annual Improvements to IFRSs	1 January 2011
IAS 27	Consolidated and Separate Financial Statements — Amendments resulting from May 2010 Annual Improvements to IFRSs	1 July 2010
IAS 34	Interim Financial Reporting — Amendments resulting from May 2010 Annual Improvements to IFRSs	1 January 2011

International Financial Reporting Interpretations Committee (IFRIC)

IFRIC 13	Customer Loyalty Programmes — Amendments resulting from May 2010 Annual Improvements to IFRSs	1 January 2011
IFRIC 17	Distributions of non cash assets to owners	1 July 2009*
IFRIC 18	Transfers of Assets from Customers	1 July 2009*
IFRIC 14	Amendment: Prepayments of a Minimum Funding Requirement	1 January 2011
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2010

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

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

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of Leo Insurance Services plc, its subsidiary undertaking, Equalgold Limited, and the Group's share of profits and losses and net assets of its joint venture, Grafton Insurance Services Limited, made up to 31 January each year.

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. Investments in joint ventures are carried in the balance sheet at the Group's share of the net assets of the joint venture and the Group's share of profits for each financial year are recognised in the consolidated income statement.

OPERATING LOSS

Operating loss is stated before share of results of joint ventures, interest and tax.

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group has become a party to the contractual priorities of the instrument.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash balances and deposits held at call with banks.

FINANCIAL LIABILITIES AND EQUITY

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

EQUITY INSTRUMENTS

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

TRADE PAYABLES

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

DEFERRED TAXATION

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

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

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

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited directly to other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

SHARE BASED PAYMENT

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

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

SEGMENTAL REPORTING

The Group has adopted IFRS 8 ‘Operating Segments’ during the year. The standard supersedes IAS 14 ‘Segment Reporting’. IFRS 8 requires segmental information for the Group to be disclosed on the basis of information reported internally to the chief operating decision-maker for decision-making purposes. The Group considers that the role of chief operating decision maker is performed by Leo Insurance Services plc’s board of directors. IAS 14 required segmental information to be reported for business segments and geographical segments based on assets and operations that provided products or services subject to different risks and returns. The adoption of IFRS 8 has no material impact on the disclosures in the financial statements.

CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION AND UNCERTAINTY

In the process of applying the Group’s accounting policies, there are no critical accounting judgements or key sources of estimation or uncertainty that may have a significant effect on the amounts recognised in the financial statements.

1 SEGMENTAL REPORTING

The Group currently operates solely in the United Kingdom and only has one operating segment, the provision of Insurance Services, through its joint venture undertaking, Grafton Insurance Services Limited. Further details are disclosed in note 21.

2 FINANCE INCOME	2010 £	2009 £
Bank interest receivable	-	506

3 FINANCE COSTS	2010 £	2009 £
Preference share dividend payable	5,850	5,850

4 LOSS FOR THE YEAR	2010 £	2009 £
Loss for the year is arrived at after charging:		
Auditor's remuneration for audit services	8,000	8,000

5 ADMINISTRATIVE EXPENSES	2010 £	2009 £
Professional fees	55,225	62,012
Director's fees	5,000	5,000
Publicity and printing costs	10,901	10,879
Subscriptions	6,059	5,996
Other expenses	1,866	1,950
	79,051	85,837

6 AUDITOR'S REMUNERATION

Amounts payable to Baker Tilly UK Audit LLP and its related entities in respect of the year ended 31 January 2010 for both audit and non-audit services are disclosed in the table below.

	2010 £	2009 £
Fees payable to the auditor for the audit of the company's annual accounts	8,000	8,000
Fees payable to the auditor for the audit of the annual accounts of Grafton Insurance Services Limited	8,000	8,000
Fees payable to the auditor and its related entities for other services:		
Taxation services	2,750	2,750
	18,750	18,750

7 EMPLOYEES AND DIRECTORS' REMUNERATION

There were no employees during the year other than the directors. Details of directors' remuneration are disclosed in note 20.

8 TAXATION

There was no tax charge for either the current or preceeding year due to current and prior year tax losses.

	2010 £	2009 £
Factors affecting tax charge for the period		
The tax assessed for the period is higher than the standard rate of corporation tax of 28% (2009: 28%) as explained below:		
Loss on ordinary activities before tax	(50,840)	(33,046)
Loss on ordinary activities multiplied by the standard rate of corporation tax 28% (2009: 28%)	(14,235)	(9,253)
Effects of:		
Expenses not deductible for tax purposes	1,638	1,638
Losses not utilised	22,134	23,893
Impact of joint venture profit disclosed net of tax	(9,537)	(16,278)
Tax charge for the period	-	-

Factors that may affect future tax charges:

At 31 January 2010, the group had tax losses of £385,247 (2009: £306,197) available to carry forward to future periods. A deferred tax asset of £107,869 (2009: £85,735) has not been recognised in the financial statements due to the uncertainty as to the timing of future taxable profits.

9 LOSS PER ORDINARY SHARE

The calculation of loss per ordinary share is based on the following losses and number of shares:

	2010 £	2009 £
Loss for the year	(50,840)	(33,046)
Weighted average number of shares for basic and diluted loss per share	7,215,956	7,215,956

As there is a loss for the year, there is no dilutive effect from share options and therefore no difference between the basic and diluted loss per share.

10 OTHER RECEIVABLES

	2010 £	2009 £
Due within one year:		
Prepayments	14,960	3,391

11 CASH AND CASH EQUIVALENTS

	2010 £	2009 £
Cash and cash equivalents	3,480	55,428

All of the group's cash and cash equivalents at 31 January 2010 and 31 January 2009 are in sterling and held at floating interest rates.

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

12 REDEEMABLE PREFERENCE SHARES

The 65,000 £1 redeemable preference shares provide for a fixed cumulative dividend at a rate of 9% per annum which accrues on a daily basis. The preference shares can be redeemed by the company at any time on seven days written notice. The preference shares do not confer a right to attend, speak or vote at any general meeting of the company. Included in accruals and deferred income are accrued preference dividends of £19,900 (2009: £14,050).

13 TRADE AND OTHER PAYABLES

	2010 £	2009 £
Amounts owed to related party (note 20)	22,403	11,804
Accruals	47,242	46,319
	69,645	58,123

14 SHARE CAPITAL

	2010	2009
	£	£
Authorised:		
20,000,000 ordinary shares of 1p each	200,000	200,000
65,000 redeemable preference shares of £1 each	65,000	65,000
	265,000	265,000
Allotted, issued and fully paid:		
7,215,956 ordinary shares of 1p each	72,160	72,160
65,000 redeemable preference shares of £1	65,000	65,000

Share issues:

There were no shares issued in the year, (2009: Nil).

Share options:

On 3 February 2005 L Lipman, E Lipman and P Davis were each conditionally granted options over 911,458 ordinary shares. Each option is exercisable at the par value of 1p per share, at any time after 18 months and before 10 years following the date of grant.

The company has granted options to subscribe for ordinary shares in the company equivalent to 1% of the issued share capital on completion of an acquisition which exceeds 75% in any class test within the AIM rules. These options are only exercisable during the period from date of acquisition to the period ending 18 months after that date at a price equivalent to the issue price in connection with the acquisition.

As at 31 January 2010, the Company had 2,734,374 (2009: 2,734,374) outstanding unexpired options that are exercisable at 1p per ordinary share. No share options were granted, exercised or lapsed during the year (2009: Nil).

15 SHARE BASED PAYMENT

All of the share options vested on 3 August 2006 so there is no share based payment charge for the year.

The weighted average remaining contractual life of the options outstanding at 31 January 2010 was 5 years (2009: 6 years).

16 SHARE PREMIUM ACCOUNT

	2010	2009
	£	£
1 February 2009 and 31 January 2010	5,761	5,761

17 RETAINED LOSSES

	2010	2009
	£	£
1 February 2009	(123,049)	(90,003)
Loss for the year	(50,840)	(33,046)
31 January 2010	(173,889)	(123,049)

18 RECONCILIATION OF CHANGES IN EQUITY

	2010	2009
	£	£
Loss for the year	(50,840)	(33,046)
Net reduction in equity shareholders' funds	(50,840)	(33,046)
Opening equity shareholders' funds	(45,128)	(12,082)
Closing equity shareholders' funds	(95,968)	(45,128)

19 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

	2010	2009
	£	£
Loss before tax	(50,840)	(33,046)
Adjustments for:		
Finance income	-	(506)
Finance costs	5,850	5,850
Share of results of joint venture – post tax	(34,061)	(58,135)
Changes in working capital:		
(Increase) / decrease in trade and other receivables	(11,569)	368
Increase in trade and other payables	5,672	15,848
Net cash outflow from operations	(84,948)	(69,621)

20 RELATED PARTY TRANSACTIONS

Details of directors' remuneration, who are the key management personnel of the group, are set out below. There are no retirement benefits accruing to any of the directors.

	2010	2009
	£	£
Directors' Fees	5,000	5,000

The redeemable preference shares of £65,000 disclosed in note 12 are payable to Safeland plc. Safeland plc is considered to be a related party of the company as all directors of Leo Insurance Services plc are also directors of Safeland plc and Safeland plc owns 7.09% of the issued share capital of this company. Further details of interests in the shares of both Safeland plc and the company are disclosed in the Directors' Report on page 3. At 31 January 2010, in addition to the redeemable preference shares and accrued dividends explained in note 12, Leo Insurance Services plc owed Safeland plc £22,403 (2009: £11,804).

As disclosed in note 21, the company received a dividend of £33,000 (2009: £55,000) from Grafton Insurance Services Limited, a joint venture investment.

During the year, Grafton Insurance Services Limited ("Grafton") received net income of £66,466 (2009: £80,815) from commissions on insurance contracts arranged for Safeland plc. At 31 January 2010, Grafton owed Safeland plc £28,868 (2009: £48,388).

21 INTERESTS IN JOINT VENTURE

The group holds a 50 per cent investment in Grafton Insurance Services Limited, a joint venture via the ownership of 100% of the "B" ordinary shares. The principal activity of the joint venture is that of a property insurance broker.

The group's share of the joint venture's results and net assets are set out below.

	2010	2009
	£	£
Revenue	117,438	161,464
Operating profit	43,113	72,554
Finance Income	2	874
Profit before tax	43,115	73,428
Tax	(9,054)	(15,293)
Profit after tax	34,061	58,135
Interest in joint venture at 1 February 2009	19,176	16,041
Share of profit for the year	34,061	58,135
Dividends	(33,000)	(55,000)
Interest in joint venture at 31 January 2010	20,237	19,176

The total share capital and reserves of Grafton Insurance Services Limited at 31 January 2010 was £73,475 (2009: £93,353).

22 FINANCIAL INSTRUMENTS

The group's financial instruments during the year comprised cash, preference share capital and various items that arose directly from its operations. The group's policy for managing these risks is outlined below.

At 31 January the Group held the following financial assets:

	2010 £	2009 £
Cash and cash equivalents	3,480	55,428

At 31 January the Group held the following financial liabilities:

	2010 £	2009 £
Redeemable preference shares	65,000	65,000
Due to related party	22,403	11,804
Accruals	47,242	46,319
	134,645	123,123

Capital risk management

The Group manages its capital to ensure that entities within the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the group consists of debt, being preference shares, cash and cash equivalents and equity, comprising issued capital, reserves and retained earnings.

Significant Accounting Policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed on pages 19 to 22 to these financial statements.

Market risk

The Group has minimal exposure to the differing types of market risk. It has no foreign currency denominated monetary assets or liabilities and does not make sales or purchases from overseas countries.

The Group is exposed to changes in interest rates as a result of the cash balances that it holds. Both at 31 January 2010 and throughout the year, the cash balances were minimal, rarely rising much above £30,000 (2009: £50,000). The Group must also pay interest at a fixed rate of 9% (2009: 9%) per annum on its preference shares in issue. As the interest rate is fixed, the group is not exposed to any changes in interest rates. The Group's exposure to changes in interest rates is therefore minimal and would not materially effect the Group's results. No sensitivity analysis on changes in interest rates has therefore been prepared. Due to the minimal exposure that the Group faces, it does not actively manage its interest rate risk.

As at 31 January 2010, the preference shares were redeemable.

There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk.

Credit risk management

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

Leo Insurance Services plc has all its cash held on deposit with one large bank in the United Kingdom. At 31 January 2010 the concentration of credit risk held with that bank was £3,480 (2008: £55,428).

There is no material credit risk arising from the receivables of Leo Insurance Services plc, the company, however a risk does arise when taking into consideration the receivables of the joint venture undertaking, Grafton Insurance Services Limited which are included on the balance sheet under interests in joint ventures. The principal credit risk arises on commissions receivable on insurance policies sold. These are unsecured but the group's exposure to default is limited.

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

This is the risk of the company not being able to continue to operate as a going concern.

At 31 January 2010, the group had net current liabilities of £116,205 (2009: £64,304) and was dependent on the financial support of Safeland plc, a related party (see note 20). Safeland plc has confirmed that it will continue to provide financial support to the group whilst the directors of Safeland plc remain as the sole directors of the company.

As explained in note 23, the company has entered into a conditional agreement to sell its entire 50% interest in Grafton Insurance Services Limited to Safeland plc for total consideration of £90,000. Assuming the disposal is approved by the company's shareholders, the current directors of the company will resign and new directors will be appointed. The Company has received a commitment to subscribe for £65,000 in convertible loan stock subject to the passing of the resolutions at the EGM which immediately follows the AGM.

The directors have, after careful consideration of the factors set out above, concluded that it is appropriate to adopt the going concern basis for the preparation of the financial statements and the financial statements do not include any adjustments that would result if the going concern basis was not appropriate.

23 POST BALANCE SHEET EVENTS

On 6 July 2010, the company entered into a conditional agreement to sell its entire 50% interest in Grafton Insurance Services Limited to Safeland plc, a related party (see note 20), for total consideration of £90,000. This agreement is conditional on approval by the company's shareholders at an Extraordinary General Meeting.

Leo Insurance Services plc

COMPANY BALANCE SHEET

31 January 2010 Company Registration Number: 05332938

	Notes	2010 £	2009 £
FIXED ASSETS			
Investments	3	51	51
CURRENT ASSETS			
Debtors	4	14,959	3,390
Cash at bank and in hand		3,480	55,428
		18,439	58,818
CREDITORS: Amounts falling due within one year	5	(134,645)	(123,123)
NET CURRENT LIABILITIES		(116,206)	(64,305)
TOTAL ASSETS LESS CURRENT LIABILITIES		(116,155)	(64,254)
CAPITAL AND RESERVES			
Called up share capital	6	72,160	72,160
Share premium account	7	5,761	5,761
Profit and loss account	8	(194,076)	(142,175)
EQUITY SHAREHOLDERS' FUNDS	9	(116,155)	(64,254)

The financial statements were approved by the board of directors and authorised for issue on 6 July 2010 and are signed on its behalf by:

PM Davis

Director

BASIS OF ACCOUNTING

The financial statements have been prepared in accordance with the historical cost convention and in accordance with applicable United Kingdom law and accounting standards. The principal accounting policies are described below. They have all been applied consistently throughout the year and preceding year.

GOING CONCERN

At 31 January 2010, the company had net current liabilities of £116,206 (2009: £64,305) and was dependent on the financial support of Safeland plc, a related party (see note 20 to the consolidated financial statements). Safeland plc has confirmed that it will continue to provide financial support to the company whilst the directors of Safeland plc remain as the sole directors of the company.

As explained in note 23 to the consolidated financial statements, the company has entered into a conditional agreement to sell its entire 50% interest in Grafton Insurance Services Limited to Safeland plc for total consideration of £90,000. Assuming the disposal is approved by the company's shareholders, the current directors of the company will resign and new directors will be appointed. The Company has received a commitment to subscribe for £65,000 in convertible loan stock subject to the passing of the resolutions at the EGM which immediately follows the AGM.

The directors have, after careful consideration of the factors set out above, concluded that it is appropriate to adopt the going concern basis for the preparation of the financial statements and the financial statements do not include any adjustments that would result if the going concern basis was not appropriate.

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 balance sheet date.

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

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

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

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

SHARE BASED PAYMENT

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

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

1. LOSS FOR THE FINANCIAL YEAR

The company has taken advantage of section 408 of the Companies Act 2006 and consequently a profit and loss account for the company alone has not been presented.

The company's loss for the financial year was £51,901 (2009: loss £36,181).

The company's loss for the financial year has been arrived at after charging auditor's remuneration payable to Baker Tilly UK Audit LLP for audit services to the company of £8,000 (2009: £8,000).

2. EMPLOYEES AND DIRECTORS' REMUNERATION

There were no employees during the year other than the directors. None of the directors received any remuneration during the year except for Mr EG Young who received fees of £5,000 (2009: £5,000).

3. FIXED ASSET INVESTMENTS

	Subsidiary undertaking £	Joint Venture £	Total £
At 1 February 2009 and 31 January 2010	1	50	51

The company owns more than 20% of the following undertakings, both of which are incorporated in the United Kingdom:

	Class of share held	% shareholding	Principal activity
Subsidiary undertaking:			
Equalgold Limited	Ordinary	100	Dormant
Joint Venture:			
Grafton Insurance Services Limited	Ordinary B shares	50	Provision of Insurance Services

The company holds a 50 per cent investment in Grafton Insurance Services Limited, a joint venture via the ownership of 100% of the "B" ordinary shares. The principal activity of the joint venture is that of a property insurance broker.

The company's share of the joint venture's results and net assets are set out below.

	2010 £	2009 £
Revenue	117,438	161,464
Operating profit	43,113	72,554
Finance Income	2	874
Profit before tax	43,115	73,428
Tax	(9,054)	(15,293)
Profit after tax	34,061	58,135
Interest in joint venture at 1 February 2009	19,176	16,041
Share of profit for the year	34,061	58,135
Dividends	(33,000)	(55,000)
Interest in joint venture at 31 January 2010	20,237	19,176

The total share capital and reserves of Grafton Insurance Services Limited at 31 January 2010 was £73,475 (2009: £93,353).

4 DEBTORS

	2010 £	2009 £
Due within one year:		
Prepayments	14,959	3,390

5 CREDITORS: Amounts falling due within one year

	2010 £	2009 £
Redeemable preference shares	65,000	65,000
Accruals	69,645	58,123
	134,645	123,123

The 65,000 £1 redeemable preference shares provide for a fixed cumulative dividend at a rate of 9% per annum which accrued on a daily basis. The preference shares can be redeemed by the company at any time on seven days written notice. The preference shares do not confer a right to attend, speak or vote at any general meeting of the company.

6 SHARE CAPITAL

	2010	2009
	£	£
Authorised:		
20,000,000 ordinary shares of 1p each	200,000	200,000
65,000 preference shares of £1 each	65,000	65,000
	265,000	265,000
Allotted, issued and fully paid:		
7,215,956 ordinary shares of 1p each	72,160	72,160
65,000 preference shares of £1 each	65,000	65,000

Share issues:

There were no shares issued in the year (2009: Nil).

Share options:

On 3 February 2005 L Lipman, E Lipman and P Davis were each conditionally granted options over 911,458 ordinary shares. Each option is exercisable at the par value of 1p per share, at any time after 18 months and before 10 years following the date of grant.

The company has granted options to subscribe for ordinary shares in the company equivalent to 1% of the issued share capital on completion of an acquisition which exceeds 75% in any class test within the AIM rules. These options are only exercisable during the period from date of acquisition to the period ending 18 months after that date at a price equivalent to the issue price in connection with the acquisition.

As at 31 January 2010, the Company had 2,734,374 (2009: 2,734,374) outstanding unexpired options that are exercisable at 1p per ordinary share. No share options were granted, exercised or lapsed during the year (2009: Nil).

7 SHARE PREMIUM ACCOUNT

	2010	2009
	£	£
1 February 2009 and 31 January 2010	5,761	5,761

8 PROFIT AND LOSS ACCOUNT

	2010	2009
	£	£
1 February 2009	(142,175)	(105,994)
Loss for the year	(51,901)	(36,181)
31 January 2010	(194,076)	(142,175)

9	RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS	2010 £	2009 £
	Loss for the year	(51,901)	(36,181)
	Net reduction in equity shareholders' funds	(51,901)	(36,181)
	Opening equity shareholders' funds	(64,254)	(28,073)
	Closing equity shareholders' funds	(116,155)	(64,254)

10 POST BALANCE SHEET EVENTS

On 06 July 2010, the company entered into a conditional agreement to sell its entire 50% interest in Grafton Insurance Services Limited to Safeland plc, a related party (see note 20 to the consolidated financial statements), for total consideration of £90,000 This agreement is conditional on approval by the company's shareholders at an Extraordinary General Meeting.

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at Hamlins LLP Roxburghe House 273/287 Regent Street London W18 2AD on 30 July 2010 at 10 am 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 January 2010 be received and adopted.

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

3 That Paul Davis be re-elected as a director of the Company.

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

Special Business

5 That:

5.1 the Directors be and are hereby generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 to exercise all powers of the Company to allot any shares in the Company and to grant rights to subscribe for or convert any security into shares in the Company up to an aggregate maximum nominal amount of £24,053.18 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 2011 and 31 July 2011 save that the Company shall be entitled to make, prior to the expiry of such authority, any offer or agreement which would or might require shares to be allotted or rights to subscribe for or convert any security into shares to be granted after the expiry of such authority and the Directors may allot shares or grant rights to subscribe for or convert securities into shares in pursuance of such offer or agreement as if the authority conferred hereby had not expired; and

5.2 the authority granted by this resolution shall replace all existing authorities to allot any shares in the Company and to grant rights to subscribe for or convert any security into shares in the Company previously granted to the Directors pursuant to section 80 of the Companies Act 1985 (save to the extent that the same are exercisable pursuant to section 551(7) of the companies Act 2006 by reason of any offer or agreement made prior to the date of this resolution which would or might require shares to be allotted or rights to be granted on or after that date).

6 That:

6.1 That the Directors be and are hereby generally and unconditionally empowered pursuant to section 571(1) of the Companies Act 2006 (a) subject to the passing of Resolution 5, to allot equity securities (as defined in section 560 of the Companies Act 2006) for cash pursuant to the authority conferred by Resolution 5; and (b) to allot equity securities (as defined in section 560(3) of the Companies Act 2006 (sale of treasury shares)) for cash, in either case as if section 561 of the Companies Act 2006 did not apply to such allotment, provided that this power shall be limited to:

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

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

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

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

6.1.2 the allotment (otherwise than pursuant to paragraph 6.1.1 above) of equity securities up to an aggregate maximum nominal value of £3,607.98,

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 2011 and 31 July 2011 save that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities pursuant to any such offer or agreement as if the power hereby conferred had not expired; and

6.2 all previous unutilised authorities conferred under section 95 of the Companies Act 1985 shall cease to have effect and shall be and are hereby revoked provided that such revocation shall not have retrospective effect.

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

7.1 the maximum number of Ordinary Shares authorised to be purchased is 1,082,393 being such number of Ordinary Shares as represents 15 per cent. of the current issued Ordinary Share capital of the Company;

7.2 the minimum price (exclusive of any expenses) which may be paid for any Ordinary Share shall be not less than 1 pence, being the nominal value of each Ordinary Share;

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

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

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

7.4 unless previously renewed, varied or revoked, this authority shall expire on the earlier of the conclusion of the annual general meeting of the Company to be held in 2011 and 31 July 2011; and

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

8 That, with immediate effect:

8.1 the Articles of Association of the Company be amended by deleting all the provisions of the Company's Memorandum of Association, which, by virtue of section 28 of the Companies Act 2006, are to be treated as provisions of the Company's Articles of Association; and

8.2 the Articles of Association produced to the meeting and initialled by the chairman for the purposes of identification be adopted as the new Articles of Association of the Company in substitution for, and to the exclusion of, the existing Articles of Association of the Company.

By order of the Board
PAUL MALCOLM DAVIS
Company Secretary
06 July 2010

Registered Office
1A Kingsley Way
London N2 0FW