NEWMARK
TECHNOLOGY GROUP PLC

Annual Report
For the year ended 30 April 2000

INDEX

DIRECTORS, SECRETARY AND ADVISERS

Company registration number:	3339998
Registered Office:	21/23 Ormside Way Redhill Surrey RH1 2NT
Directors:	M Dwek (Chairman) S Rajwan (Chief Executive) B Beecraft FCA (Finance Director) A Reid FCA (Non-executive Director)
Secretary:	B Beecraft FCA
Bankers:	Bank of Scotland PLC
Solicitors:	Olswang 90 Long Acre London WC2E 9TT
Auditors:	Hacker Young St. Alphage House 2 Fore Street London EC2Y 5DH
Nominated Adviser:	Williams de Broë 1 Waterloo Street Birmingham B2 5PG
Nominated Brokers:	Williams de Broë 1 Waterloo Street Birmingham B2 5PG Ellis & Partners Limited Talisman House 16 The Courtyard East Park Crawley Sussex RH10 6AS
P R Consultants:	Shandwick International Aldermary House 15 Queen Street London EC4N 1TX

CHAIRMAN'S STATEMENT

Overview

I stated in my report last year that the Group would build upon the solid foundations that had been established in the previous two years, and that we would continue to grow both organically and by acquisition. I was delighted to announce in our interim report that we had completed the acquisition of Safetell International Limited. The Safetell Group specialises in the provision and maintenance of physical security equipment for the protection of staff at transaction counters primarily in banking, retail and public authorities. The main customers for this product are building societies in the UK. At the end of April, we also established Vema Belgium which, like our existing subsidiary company Vema in Holland, operates in the area of electronic and electromechanical locking. The company also has a distribution agreement within Belgium for EffEff, the branded electronic lock.

The year to 30 April 2000 has also been one of consolidation and reorganisation. In order to provide a clearer focus, the Group's activities have been restructured during the year into three operational divisions: Asset Protection, Secure Locking and Electronic, which incorporate our subsidiary companies as follows:

Asset Protection	Secure Locking	Electronic
Ateliers Drion (Belgium) Safetell International (UK)	Vema (Holland) Vema (Belgium) Newmark Security Products (UK)	Newmark Technology UK Newmark Technology (USA)

These divisions offer a comprehensive range of products and services which are aimed at ensuring safety of personnel and security of assets. I am delighted to inform you of our distribution arrangement for ParSec, our proprietary asset tracking system, with ADT, a subsidiary of Tyco Inc. ADT is the leading electronic security services company in the USA with more than 220 sales and service offices. Newmark is collaborating with ADT both in the UK and the USA to market ParSec through ADT's extensive branch networks and we are very positive about the effect of this arrangement on expected sales of ParSec systems.

Financial results and developments

Profit before taxation was £160,000 before amortisation of goodwill compared to £218,000 in the preceding year on a restated basis. Turnover for the year was £9.9 million (1999: £8.0 million). The results include a two month contribution from Safetell, plus a full year's profits from Drion compared to two weeks in the preceding year. During the year, your Board decided to change the accounting policy in respect of development costs. Previously expenditure had been capitalised when incurred to be amortised later against relevant income streams from those products. The Board has now decided to adopt what it feels is a more prudent policy of writing off development costs as incurred. The prior years figures in the accounts have been restated on the same basis. The amount of such expenditure written off in the year under review was £142,000.

The results have also been affected by the strength of sterling on the translation of the results of our operations in Holland and Belgium. The profit before tax for the year would have been £85,000 greater if the exchange rates for 1998/99 had continued to apply.

Asset Protection Division

This division specialises in physical security equipment for the protection of staff at transaction counters, including pay boxes, glass security screens and doors, and safes.

As I commented in the interim report, Drion's main customers historically have been blue chip companies in the Belgian banking sector. However, due to the consolidation within the banking sector, activity has been lower than anticipated at the time of acquisition. There are signs of increased activity in the current year.

I also reported at the interim that a further major contract was expected to be completed in Algeria during the second half of the year. However, due to changes in the customer's requirements, a substantial proportion of the contract was not completed and shipped by the year end. As the work involved represents short term contracts, profit is not taken until the work is completed and installed. These contracts will be completed and installed, and the profits thereon included in the results for the current year. We are actively seeking other export opportunities.

Safetell has traded satisfactorily in the two months since acquisition. The company has major blue chip customers in the financial sector in the UK, and is also benefiting from the increased range of products in its portfolio. The addition of Safetell, based in the UK, is already starting to produce opportunities to sell Drion's secure cash handling systems into UK banking clients. In particular, we are now able to provide the alternative solutions of rising screen or fixed glass security to our customers in the UK. We will also explore further the possibility of selling rising screens to mainland Europe.

Secure Locking Division

This division supplies sophisticated electronic and electromechanical locking systems to a wide variety of high security applications including prisons, hospitals, museums and government offices. In addition to our distribution centres in the UK and the Netherlands, during the year we opened a third centre in Brussels to provide improved access to the Belgian market.

Vema Holland has maintained its ability to generate substantial profits and cash, and with the expansion into the Belgian market, we expect further growth this year.

Vema Belgium will adopt the successful model for operations used in Holland. The Board believes that this will be a successful new venture, building upon the existing formula of Vema Holland.

Electronic Division

This division provides integrated security management systems designed to control access of personnel and track asset movements.

An updated version of our Omni 4 software access control has been released on the market with substantial improvements over the previous release. We are also developing new packages of the product targeted at different markets, and we believe that this will generate additional revenue.

Our proprietary ParSec systems are designed for innovative asset tracking solutions for the commercial, government and industrial market places. Growth in turnover has been held back until now due to technical and supply problems which have now been overcome. Federal Communications Commission approval has now been obtained in the USA, and with the distribution arrangements in place with ADT, we are expecting sales of ParSec to increase steadily in both the UK and USA. Initial orders have been received and the potential market for this product is very substantial.

Balance sheet and cash flow

Intangible assets, comprising purchased goodwill, have increased by £1.3 million in the year following the acquisition of Safetell. Purchased goodwill has been capitalised in accordance with Financial Reporting Standard 10, and your Board has decided that this should be amortised over 20 years.

Trade debtors have fallen significantly over the year despite the acquisition of Safetell. This primarily reflects the realisation of the exceptionally high level of sales in the last few months of the previous year, as well as the success of our efforts in improving working capital controls and the impact of exchange rates. The increase in borrowings represents the loan for the financing of the acquisition of Safetell.

The cash flow statement reflects these movements with net cash inflow from operating activities increasing from £0.2 million in 1999 to £0.8 million for the year just ended.

The Board has decided that it would not be prudent to declare a dividend for the year ended 30 April 2000, but will review this policy during the current year.

Employees

I am pleased to welcome the staff of Safetell to the Group, together with other new employees of our subsidiaries. On behalf of the Board, I wish to congratulate all staff for the progress made in their own companies during the year and to thank them for their hard work.

The Future

Each division is now focused on organic expansion of its operations. Asset Protection and Secure Locking are sound, cash generative businesses. The companies have a strong reputation in their markets and a quality client base, providing a solid foundation from which to achieve good organic growth in both existing and new geographical markets.

The Electronic division has required much effort and investment to date, however I feel that in ParSec we have now achieved the successful development of a unique and proprietary system for asset tracking. We are very excited about the potential for ParSec and with the distribution strength of ADT behind this product we believe that it will become an increasingly important part of Newmark's operations.

Overall, I am optimistic about the current year. The significant investment we have made to date both internally in product development and externally in strategic acquisitions is starting to reap rewards and the difficulties which have inhibited our progress in previous years are now overcome. The refocusing and strengthening of our Asset Protection, Secure Locking and Electronic divisions have positioned the Group well for the coming year. We look forward to the future with confidence and anticipate strong growth and value creation.

MAURICE DWEK

Chairman

REPORT OF THE DIRECTORS

The Directors submit their third annual report and audited financial statements for the year ended 30 April 2000.

Principal activities

The Group is principally engaged in the design, manufacture and supply of products and services for the security of assets and personnel. The principal activity of the Company is that of investment holding company.

Financial results and dividends

There was a pre-tax profit in the year of £160,000 before amortisation of goodwill (1999 £218,000 on a restated basis). After amortisation of goodwill of £70,000 (1999: £Nil) profits before tax were £90,000. The directors do not believe that it is opportune this year to recommend the payment of a dividend. A review of the business and future prospects is given in the Chairman's Statement on page 3.

Future developments

The Board continues to seek to improve the profitability and cash flow of the Group from existing activities and to acquire suitable businesses within the security business sector which satisfy the requirements set by the Board.

Acquisitions of businesses

On 28 February 2000, the Company acquired the entire issued share capital of Safetell International Limited (''Safetell''). Safetell has two wholly owned subsidiaries, Safetell Security Screens Limited and Safetell Limited. The total consideration of £1.5 million, which was payable in cash on completion, was financed by a bank loan repayable over 7 years.

Directors

The Directors who served during the year were as follows:

M Dwek
S Rajwan
B Beecraft
M Veldhoen (resigned 30 September 1999)
M David
A Reid

The Board learned with regret of the death of Myrddin David during August this year. Myrddin had made a significant contribution to the company during his period of directorship, and his knowledge and experience of the security industry will be greatly missed. Our thoughts are with his family at this time.

Details of the Directors' service contracts and their options to acquire ordinary shares of the Company at 30 April 2000 are shown in the Remuneration Committee Report on pages 10 and 11.

Research and development

The Group is committed to on-going research and development. The strategy is based upon market demand to meet identified security needs in conjunction with a commercial assessment of the short to medium term profitability of each project.

Directors' interests

The beneficial and other interests of the Directors in the shares of the Company as at 30 April 1999 (or the date of their appointment to the Board, if later) and 30 April 2000 were as follows:

	Percentage holding at 30 April 2000	30 April 2000	30 April 1999 (or date of appointment if later)
M Dwek[(a)]	13.6%	15,000,000	15,000,000
A Reid[(b)]	21.2%	23,608,238	19,199,138

(a) These shares are held in the name of Arbury Inc., 51 per cent of the equity share capital of which is, at the date of this report, beneficially owned by M Dwek.

(b) These shares are held in the name of R.K. Harrison & Co. Limited, a company the issued equity share capital of which is, at the date of this report, owned as to 70.7 per cent by A Reid of which 64.5 per cent is a beneficial holding and 6.2 per cent is a non beneficial holding, and the R.K. Harrison Retirement Benefit Scheme in which A Reid has a beneficial interest.

On 27 April 1999 M. Veldhoen Beheer BV and MV Beheer BV granted to Arbury Inc, and S Rajwan options to purchase respectively 13,447,725 and 4,409,100 ordinary shares of 5 pence each. The options were exercisable by Arbury Inc., and Mr Rajwan in whole or in part for the period to 1 April 2000. The price per share payable under each of the options on exercise was 7.5 pence. By an agreement dated 5 April 2000, the option to Arbury Inc., was extended to 11 May 2001. On the same date A. Reid acquired from S. Rajwan the option to purchase from M. Veldhoen Beheer BV 4,409,100 shares. On the same date, A. Reid exercised that option.

In the period between 30 April 2000 and 23 August 2000 there were no further changes in these shareholdings.

The interests of Directors (and related parties) in Share Option Schemes operated by the Company at 30 April 2000 were as follows:

	Number of Ordinary Shares under the Approved Scheme	Number of Ordinary Shares under the Unapproved Scheme
S Rajwan	420,000	1,680,000
B Beecraft	250,000	250,000

The Directors had no other interests in the shares or share options of the company or its subsidiaries.

Substantial shareholdings

Apart from the Directors' shareholdings detailed above, the Directors have been notified of the following additional shareholding of 3 per cent or more of the issued ordinary share capital of the Company:

	Percentage of class	Number of shares
Albany Life Assurance Company Limited	5.4%	5,900,000
M V. Beheer BV	12.2%	13,447,725
HSBC Global Custody Nominee (UK) Limited	6.0%	6,666,666
PH Nominees Limited	3.2%	3,532,000

Employee involvement

The Group keeps employees informed of matters affecting them, and the employees have regular opportunities to meet and have discussions with their managers.

Disabled persons

The Group gives sympathetic consideration to the employment of disabled people. Whilst no special facilities are provided for training the disabled, all employees are given equal opportunities for training and promotion, having regard to their particular aptitudes and abilities. In the event of employees becoming disabled, every effort is made to retain them in order that their employment with the Company may continue.

Share option schemes

The Company has two employee share option schemes which enable employees and Executive Directors to be granted options to subscribe for Ordinary Shares. The Approved Scheme has been approved by the Inland Revenue in accordance with Section 185 of, and Schedule 9 to, the Income and Corporation Taxes Act 1988 (''Taxes Act''), the Unapproved Scheme not requiring such approval. The Schemes require that exercise of options be subject to the satisfaction of certain performance criteria.

The Remuneration Committee administers and operates each Scheme. The maximum number of Ordinary Shares in respect of which options may be granted under each Scheme is equivalent to 5 per cent in aggregate, of the Company's issued Ordinary share capital.

Charitable and political contributions

There were no political or charitable contributions during the year (1999: Nil).

Payment of suppliers

The Group requires its operational management to settle terms of payment with suppliers when agreeing the terms of the transaction, to ensure that suppliers are aware of these terms and to abide by them. Trade creditors at the period end were 47 days (1999: 56 days) of average supplies for the period.

Corporate governance

The Company has complied throughout the year with the provisions set out in Section 1 of the Principles of Good Governance and Code of Best Practice (''the Combined Code'') which embraces the work of the Cadbury, Greenbury and Hempel Committees, in so far as this is practical and appropriate for a small public limited company, with the exception of certain matters set out below.

The Board comprised during the year an Executive Chairman, two Executive Directors and two Non-Executive Directors. A further Executive Director resigned from the Board on 30 September 1999.

The Board meets regularly to exercise full and effective control over the Group. The Board has a number of matters reserved for its consideration, with the principal responsibilities being to monitor performance and to ensure that there are proper internal controls in place to agree overall strategy and acquisition policy, to approve major capital expenditure and to review budgets. The Board will also consider reports from senior members of the management team. There is a clear division of responsibilities between the Chairman and Chief Executive. The Chairman takes responsibility for the conduct of the Group and overall strategy whilst the Chief Executive is required to develop and lead day to day business strategies and actions.

Under the Company's Articles of Association the appointment of all directors must be approved by the shareholders in General Meeting, and additionally two directors are required to submit themselves for re-election at each Annual General Meeting. Additionally, each director has undertaken to submit themselves for re-election at least every three years. The appointment of new directors is considered by the Board as a whole and a separate nomination committee is not considered necessary.

Any Director may, in furtherance of his duties, take independent professional advice where necessary, at the expense of the Company. All directors have access to the Company Secretary whose appointment and removal is a matter for the Board as a whole, and who is responsible to the Board as a whole and who is responsible to the Board for ensuring that agreed procedures and applicable rules are observed.

The Company maintains an ongoing dialogue with its institutional shareholders. The Combined Code requires proxy votes to be counted and announced after any vote on a show of hands and this was agreed at the 1999 Annual General Meeting.

The Combined Code requires Directors to review, and report to shareholders on, the Group's system of internal control. In September 1999 guidance to this requirement was provided to Directors by the publication of *Internal Control: Guidance for Directors on the Combined Code (''The Turnbull Report'').*

The Company has adopted the transitional rules issued by the London Stock Exchange dated 27 September 1999. In respect of the year under review the Board continues to report on internal financial control in accordance with the guidance on internal control and financial reporting that was issued by the Institute of Chartered Accountants in England and Wales in 1994. Following publication of the Turnbull Report the Directors are considering the procedures necessary to implement the guidance.

The Directors acknowledge their responsibility for the Group's systems of internal financial control which are designed to provide reasonable assurance that the assets of the Group are safeguarded and that transactions are properly authorised and recorded.

The Directors have reviewed the effectiveness of the Group's systems of internal financial control and found no matters which indicated that the system of internal financial control could not provide reasonable assurance that the objectives above were satisfied.

During the year, key controls were:

- Day to day supervision of the business by the Executive Directors,
- Maintaining a clear organisational structure with defined lines of responsibility,
- Production of management information, with comparisons against budget,
- Maintaining the quality and integrity of personnel,
- Board approval of all significant capital expenditure, and all acquisitions.

Each Group company is responsible for the preparation of a budget for the following year, which is presented to and required to be agreed by the Board before the beginning of that year. The subsidiary is required to report actual performance against that plan each month.

The Board has established the Audit Committee comprising the Non-Executive Director. The Audit Committee is responsible for ensuring that the financial performance of the Group is properly monitored and reported on, and reviewing any reports from the auditors regarding accounts and internal control systems.

The report of the Remuneration Committee is set out on pages 10 and 11.

After making enquiries, the Directors believe that the Group has sufficient financial resources to continue in operational existence for the foreseeable future. The accounts have therefore been produced on the going concern basis.

Directors' responsibilities

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group for that period. In preparing those financial statements, the directors are required to:

(i) select suitable accounting policies and apply them consistently and make judgements and estimates that are reasonable and prudent;

(ii) state whether applicable accounting standards have been followed; and

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

Auditors

A resolution for the re-appointment of Hacker Young, Chartered Accountants, as auditors of the Company is to be proposed at the Annual General Meeting.

By order of the Board

B BEECRAFT
Secretary

18 September 2000

REPORT OF THE REMUNERATION COMMITTEE

Authority

The Remuneration Committee is responsible for approving the remuneration of Executive Directors. The remuneration of Non-Executive Directors is approved by the full Board of the Company.

Membership

The majority membership of the Remuneration Committee is required to comprise Non-Executive Directors and during the year comprised only the two existing Non-Executive Directors, Myrddin David and Alexander Reid.

Myrddin David spent 33 years in the RAF Security Branch, leaving MoD London as Director of RAF Security, Provost-Marshall and Chief of Air Force Police in 1984 to join Royal Dutch Shell Group. He spent ten years travelling to operating companies in the Royal Dutch Shell Group to advise on security and asset protection. He retired as Head of Group Security in 1994 to form MD Associates, consultants in corporate security.

Alexander Reid is executive chairman of R.K. Harrison & Company Limited (a shareholder of the Company), a director of Yeoman II Investment Trust Plc and a number of unquoted companies. He was formerly a director of the merchant bank Samuel Montagu & Co. Limited and for fifteen years was a director of various investee and group companies within Invesco MIM (now Amvescap).

Remuneration policy

The Group's policy is to offer remuneration packages which are appropriate to the experience, qualifications and level of responsibility of each Executive Director, and in line with Directors of comparable public companies.

Service and consultancy agreements

The Company entered into a Consultancy Agreement with Arbury Inc., on 1 September 1997 for the Company's use of Mr Dwek. The Agreement may now be terminated by either party subject to twenty four months' notice being served. Arbury Inc is paid a fee in line with the level of responsibilities of Mr Dwek who is also entitled to the provision of a car for which the Company will meet all running expenses.

On 30 April 1997 the Company entered into a Service Agreement with Mr Rajwan which may now be terminated by either party serving twelve months' notice.

There was a Management Agreement between Vema B.V. and Vema Beheer B.V. for the provision to Vema B.V. of the substantially full time services of Mr Veldhoen. This agreement was for an initial period of two years from the date of acquisition of Vema B.V. and terminated on 30 September 1999.

The Company entered into a Service Agreement on 5 June 1998 with Mr Beecraft which may now be terminated by either party serving six months' notice.

Bonus scheme

The Executive Directors are entitled to receive bonuses pursuant to a bonus scheme based upon the Group's performance. Under the Scheme, up to 10 per cent of the consolidated net pre-tax profits of the Company in excess of such profits as are required to generate a minimum amount of Earnings per Share for the Company may be allocated.

Directors' emoluments

Emoluments of the directors (including pension contributions and benefits in kind) of the Company were as follows:

	Consultancy/ management agreement	Salary	Benefits in kind	Bonus	Fees	Total	Pension contri- butions
	£000	£000	£000	£000	£000	£000	£000
Executive Directors							
M Dwek[(a)]	121	—	—	25	—	146	—
S Rajwan	—	80	10	—	—	90	12
M Veldhoen[(b)]	30	—	—	—	—	30	—
B Beecraft	—	70	—	—	—	70	—
Non-Executive Directors							
M David	—	—	—	—	7	7	—
A Reid	—	—	—	—	7	7	—
	151	150	10	25	14	350	12
1999	176	120	10	—	10	316	11

The directors share interests are detailed in the Report of the Directors on page 6.

(a) The Company paid a consultancy fee to Arbury Inc., which is 51 per cent owned by M Dwek, and covers salary, pension and car benefits.

(b) The Company paid a management fee to Vema Beheer B.V., which is wholly owned by M Veldhoen.

(c) The directors' fees in respect of A Reid were paid to R.K. Harrison & Co. Limited.

(d) The pension contributions in respect of S Rajwan were for a money purchase pension scheme.

AUDITORS' REPORT TO THE MEMBERS OF NEWMARK TECHNOLOGY GROUP PLC

We have audited the financial statements on pages 13 to 30 which have been prepared in accordance with the historical cost convention and the accounting policies set out on pages 17 and 18.

Respective responsibilities of Directors and Auditors

As described in the directors' report the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the affairs of the Company and of the Group at 30 April 2000, and of the loss of the Group for the year ended 30 April 2000 and have been properly prepared in accordance with the Companies Act 1985.

HACKER YOUNG
Chartered Accountants
Registered Auditors
London

18 September 2000

CONSOLIDATED PROFIT AND LOSS ACCOUNT
For the year ended 30 April 2000

	Notes	2000 £000	1999 (Restated) £000
Turnover			
Continuing operations		9,303	7,729
Acquisitions		560	276
	2	9,863	8,005
Cost of sales		(5,548)	(4,931)
Gross profit		4,315	3,074
Administrative expenses pre amortisation		(4,044)	(2,760)
Amortisation of goodwill		(70)	—
Administrative expenses – total		(4,114)	(2,760)
Operating profit	4	201	314
Continuing operations		157	243
Acquisitions		44	71
Interest payable	5	(111)	(96)
Profit on ordinary activities before taxation		90	218
Tax on ordinary activities	7	(320)	(282)
Amount withdrawn from reserves	18	(230)	(64)
		pence	**pence**
Earnings per share	8	(0.2p)	(0.1p)

There is no difference between the profit on ordinary activities before taxation and the retained profit for the period stated above and their historical cost equivalents.

The notes on pages 17 to 30 form part of these financial statements.

BALANCE SHEETS
As at 30 April 2000

	Notes	Group 2000 £000	Group (Restated) 1999 £000	Company 2000 £000	Company 1999 £000
Fixed Assets					
Intangible assets	9	2,480	1,152	—	—
Tangible assets	10	1,244	1,300	—	—
Investments	11	—	—	9,355	7,652
		3,724	2,452	9,355	7,652
Current Assets					
Stocks	12	1,260	1,316	—	—
Debtors	13	2,628	3,417	3,243	3,449
Cash at bank and in hand		759	912	—	—
		4,647	5,645	3,243	3,449
Creditors: amounts falling due within one year	14	(3,186)	(3,519)	(242)	(44)
Net current assets		1,461	2,126	3,001	3,405
Total assets less current liabilities		5,185	4,578	12,356	11,057
Creditors: amounts falling due after more than one year	15	(2,544)	(1,825)	(1,286)	—
Provisions for liabilities and charges	16	(419)	(143)	—	—
Net assets		2,222	2,610	11,070	11,057
Capital and reserves					
Called up share capital	17	5,510	5,510	5,510	5,510
Share premium	18	5,051	5,051	5,051	5,051
Profit and loss reserve	18	(8,339)	(7,951)	509	496
Equity shareholders' funds		2,222	2,610	11,070	11,057

The financial statements on pages 13 to 30 were approved by the Board of Directors on 18 September 2000 and were signed on its behalf by:

M DWEK
Chairman

B BEECRAFT
Finance Director

The notes on pages 17 to 30 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT
For the year ended 30 April 2000

	Notes	2000 £000	1999 (Restated) £000
Net cash inflow from operating activities	19	818	195
Returns on investments and servicing of finance			
Interest paid		(111)	(96)
Net cash outflow from returns on investments and servicing of finance		(111)	(96)
Taxation		(309)	(729)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(180)	(143)
Net cash outflow from capital expenditure and financial investment		(180)	(143)
Acquisitions			
Purchase of subsidiary undertakings	23	(1,718)	(1,746)
Costs related to prior year acquisitions		(80)	(77)
Net cash acquired on purchase of subsidiary undertakings		518	900
Net cash outflow from acquisitions		(1,280)	(923)
Financing			
Loan to partly finance acquisition of subsidiary undertakings		1,500	583
Repayment of secured loans		(253)	(34)
		1,247	549
Issue of shares		—	1,850
Expenses paid in connection with share issues		—	(97)
Net cash inflow from financing		1,247	2,302
Increase in cash	21	185	606

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
For the year ended 30 April 2000

	2000 £000	1999 (Restated) £000	1999 (Adjustment) £000	1999 (Reported) £000
(Loss)/profit for the financial year	(230)	(64)	(284)	220
Currency translation differences on foreign currency net investments	(158)	18	—	18
Total recognised gains and losses relating to the year	(388)	(46)	(284)	238

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
For the year ended 30 April 2000

	2000 £000	1999 (Restated) £000	1999 (Adjustment) £000	1999 (Reported) £000
(Loss)/profit for the financial year	(230)	(64)	(284)	220
New share capital subscribed (net of issue costs)	—	2,353	—	2,353
Goodwill charged to reserves	—	(115)	—	(115)
Currency translation differences on foreign currency net investments	(158)	18	—	18
Net addition to shareholders' funds	(388)	2,192	(284)	2,476
Opening shareholders' funds	2,610	418	(257)	675
Closing shareholders' funds	2,222	2,610	(541)	3,151

Notes to the financial statements
for the year ended 30 April 2000

1. Accounting policies

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom and under the historical cost convention. The consolidated financial statements include the results of subsidiaries since the date of acquisition. The principal accounting policies which the directors have adopted are set out below.

Turnover

Turnover represents the invoiced value of goods sold and services rendered as principal excluding value added tax and trade discounts.

Goodwill

In accordance with Financial Reporting Standard 10, goodwill arising on the acquisition of subsidiaries in the year is capitalised as an intangible asset and amortised over its useful economic life of 20 years. The Board consider that the activities of the subsidiaries acquired will be ongoing, and they will contribute to the Group's earnings for over 20 years.

Goodwill arising on the acquisition of subsidiaries in previous years was written off immediately against reserves. The Group has adopted the transitional arrangement allowed by FRS10 in that this goodwill remains eliminated against reserves and will be charged to the profit and loss account on the subsequent disposal of the businesses to which it relates. Goodwill represents the difference between the costs of acquisition and the fair value of the net tangible assets acquired.

Intellectual property rights and development costs

Intellectual property rights and development costs are written off to the profit and loss account as incurred. In previous years their costs were capitalised and depreciated/amortised over the useful life of those costs. This change of accounting policy has been accounted for as a prior year adjustment, and the results for the previous year have been restated accordingly. The impact of this change of policy is set out in note 9 to the financial statements.

Tangible fixed assets

The Group's tangible fixed assets are stated at cost less depreciation. Provision for depreciation is made in equal annual instalments to write off the cost less estimated residual value of each asset over its estimated useful life as follows:

Freehold land	Nil
Freehold buildings	5% per annum
Plant and machinery	20% per annum
Fixtures and fittings	10% per annum
Motor vehicles	25% per annum
Computer equipment	25% per annum

Leased assets and obligations

Where the Company retains substantially all the risks and rewards of ownership of an asset subject to a lease, the lease is treated as a finance lease. Other leases are treated as operating leases.

Payments under operating leases are charged to the profit and loss account, as incurred, over the lease term.

Fixed asset investments

Fixed asset investments are recorded at cost less any provision for impairments.

Stock and work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost is determined on an average cost basis. The cost of work in progress and finished goods comprises materials, direct labour and attributable production overheads. Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal.

Deferred taxation

Provision is made for deferred tax using the liability method in respect of timing differences to the extent that it is probable that the liability will crystallise in the foreseeable future.

Foreign currencies

The assets and liabilities of overseas subsidiary undertakings are translated into sterling at the rates of exchange ruling at the balance sheet date. Foreign exchange differences arising on the translation of the opening net assets of those subsidiaries are taken directly to reserves.

Assets and liabilities denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date, trading results are translated at the average exchange rate for the financial period. Gains or losses arising from trading operations are dealt with in the profit and loss account.

Pensions

Vema operates an optional non-contributory final salary pension scheme for staff aged 25 years with more than one year's service. Safetell operates a fully insured money purchase scheme open to all employees and more than half are members. The scheme is funded and its assets are held by an insurance company in a separate trustee administered fund. Both the company and employees make contributions to the fund.

In addition to this and the contributions paid in respect of S Rajwan, the other employees of the Group contribute to state schemes. Contributions are charged to the profit and loss account when paid.

2. Analysis by geographical area

The analysis by geographical area of the group's turnover, profit before taxation and net assets is set out below:

Turnover	**2000 By origin £000**	**1999 By origin £000**	**2000 By destination £000**	**1999 By destination £000**
UK	2,970	2,618	2,127	1,556
Europe	6,893	5,387	6,519	5,492
Rest of the World	—	—	1,217	957
Total	9,863	8,005	9,863	8,005

Profit before tax and net assets

	2000 Profit before tax £000	**1999 (Restated) Profit before tax £000**	**2000 Net assets £000**	**1999 (Restated) Net assets £000**
UK	(989)	(813)	(252)	(148)
Europe	1,079	1,031	2,474	2,758
	90	218	2,222	2,610

3. Cost of sales and other operating income and expenses

	Year ended 30 April 2000 Continuing £000	Acquisitions £000	Total £000	1999 (Restated) Total £000
Turnover	9,303	560	9,863	8,005
Cost of sales	(5,185)	(363)	(5,548)	(4,931)
Gross profit	4,118	197	4,315	3,074
Administrative expenses	(3,961)	(153)	(4,114)	(2,760)
Operating profit	157	44	201	314

4. Operating profit

Operating profit is arrived at after charging the following:

Group	2000 £000	1999 £000
Depreciation of tangible fixed assets	194	100
Amortisation of goodwill	70	—
Research and development	142	284
Auditors' remuneration		
Parent company auditors		
Audit fees	49	35
Other auditors		
Audit fees	23	8
Non audit services	5	15
Operating lease rentals		
Motor vehicles and computer equipment	103	86
Property	76	58

5. Interest

Interest payable and similar charges

Bank loans, overdrafts and other short term finance	111	96

6. Employees and directors

The average numbers employed by the Group (including Executive Directors) within the following categories were:

	Number	Number
Management, sales and administration	56	51
Production	43	7
	99	58

The costs incurred in respect of these employees were:	£000	£000
Wages and salaries	1,942	1,291
Social security costs	354	143
Other pension costs	42	25
	2,338	1,459

Details of directors' emoluments are disclosed in the Report of the Remuneration Committee on page 10.

7. Taxation

Taxation is based on the results for the year and comprises:

	2000 £000	1999 £000
UK Corporation taxation	—	—
Overseas taxation (35/40%)	320	290
Overseas taxation prior year	—	(8)
Taxation charge	320	282

The tax charge for the year is disproportionate to the result for the year due to the non availability of tax relief on the losses incurred in the UK for the year.

8. Earnings per share

The calculation of earnings per ordinary share is based on a loss of £230,000 (1999: £64,000) and the weighted average number of shares in issue during the year of 110,208,952 (1999: 78,624,067). The options in issue have no dilutive effect.

9. Intangible fixed assets

Group	Goodwill £000	Development Costs £000	Intellectual Property Rights £000	Total £000
Cost				
At 1 May 1999 (as originally reported)	1,152	322	219	1,693
Prior year adjustment	—	(322)	(219)	(541)
At 1 May 1999 (restated)	1,152	—	—	1,152
Additions	1,398	—	—	1,398
At 30 April 2000	2,550	—	—	2,550
Amortisation				
At 1 May 1999	—	—	—	—
Charge for the year	(70)	—	—	(70)
At 30 April 2000	(70)	—	—	(70)
Net book value				
At 30 April 2000	2,480	—	—	2,480
At 30 April 1999 (as previously reported)	1,152	322	219	1,693

Intellectual property rights and development costs are now written off to the profit and loss account as incurred. In previous years, these costs were capitalised to be depreciated/ amortised over the useful life of these costs. This change of accounting policy has been accounted for as a prior year adjustment, and the results for the previous year have been restated accordingly. If there had been no change of accounting policy in the year, the profit before tax would have increased by £92,000, £142,000 capitalised less £50,000 amortisation (1999: £284,000, £284,000 capitalised less £Nil amortisation). It is not practical to determine the costs which would otherwise have been deemed to be irrecoverable.

10. Tangible fixed assets

Group	Freehold land and buildings £000	Plant, machinery & motor vehicles £000	Computers, fixtures & fittings £000	Total £000
Cost				
At 1 May 1999	1,211	867	416	2,494
Additions	37	57	86	180
Acquisitions of businesses	70	257	184	511
Disposals	—	(24)	—	(24)
Transfer to depreciation (see below)	(157)	(8)	(5)	(170)
Exchange adjustment	(163)	(119)	(39)	(321)
At 30 April 2000	998	1,030	642	2,670
Depreciation				
At 1 May 1999	206	769	219	1,194
Charge for the year	22	57	115	194
Acquisitions of businesses	70	214	109	393
Disposals	—	(24)	—	(24)
Transfer to cost (see above)	(157)	(8)	(5)	(170)
Exchange adjustment	(30)	(104)	(27)	(161)
At 30 April 2000	111	904	411	1,426
Net book value				
At 30 April 2000	887	126	231	1,244
At 30 April 1999	1,005	98	197	1,300

11. Fixed asset investments

Company

Investment in subsidiary companies

Cost	**£000**
At 1 May 1999	7,652
Acquisitions in the year	1,703
At 30 April 2000	9,355

Provision for impairment

At 1 May 1999	—
Impairment	389
Reversal of impairment	(389)
At 30 April 2000	—

The impairment in value arises because the actual cashflows for the year were less than those forecast at the time the 30 April 1999 accounts were prepared to the extent that they would have resulted in an impairment being recognised when the impairment review was carried out at that time. A current calculation of value in use, based on the most up to date information available, shows that this impairment has now reversed. The discount rate used in the 30 April 2000 value in use calculation was 12.4 per cent (1999: 13.33 per cent).

The details of the Company's subsidiary undertakings (which are all wholly owned) and involved in the supply of access control and other security products, are as follows:

Name	Country of incorporation	Description of shares held
Newmark Technology Limited	England & Wales	Ordinary
Newmark Security Products Limited	England & Wales	Ordinary
Newmark Technology (C-Cure Division) Limited	England & Wales	Ordinary
Vema B.V.	The Netherlands	Ordinary
Newmark Technology S.A.	Belgium	Ordinary
Ateliers Drion S.A.(2)	Belgium	Ordinary
Safetell International Limited	England & Wales	Ordinary and Redeemable Preference
Safetell Limited(1)	England & Wales	Ordinary
Safetell Security Screens Limited(1)	England & Wales	Ordinary
Newmark Onroerend Goed B.V.(2)	Belgium	Ordinary
Vema Belgie B.V.(3)	Belgium	Ordinary

The investments in subsidiary companies are held directly by the Company apart from the following:

(1) Owned by Safetell International Limited

(2) Owned by Newmark Technology S.A.

(3) Owned by Vema B.V.

12. Stocks

	2000 Group £000	1999 Group £000	2000 Company £000	1999 Company £000
Raw materials	461	286	—	—
Work in progress	140	42	—	—
Finished goods	659	988	—	—
	1,260	1,316	—	—

13. Debtors

	2000 Group £000	1999 Group £000	2000 Company £000	1999 Company £000
Amounts falling due within one year:				
Amounts owed by subsidiary undertakings	—	—	3,164	3,412
Trade debtors	2,198	2,994	—	—
Prepayments and accrued income	301	169	7	17
Other debtors	129	254	72	20
	2,628	3,417	3,243	3,449

14. Creditors: amounts falling due within one year

	2000 Group £000	1999 Group £000	2000 Company £000	1999 Company £000
Bank loans and overdrafts	385	454	214	—
Trade creditors	1,089	1,184	—	—
Accruals	487	160	20	—
Other taxation and social security	211	56	—	—
Other creditors	796	1,343	8	44
Corporation tax payable	218	322	—	—
	3,186	3,519	242	44

Other creditors within the Group includes an amount of £79,835 (1999: £610,338) in respect of a factoring company which is secured on trade debtors of a subsidiary company.

Bank overdrafts of £46,000 (1999: £Nil) are secured by a floating charge on the assets (excluding trade debtors) of a subsidiary company, whilst further overdrafts of £12,000 (1999: £310,000) are secured by a floating charge on the assets (excluding freehold property) of another subsidiary.

15. Creditors: amounts falling due after more than year

	Group 2000 £000	Group 1999 £000	Company 2000 £000	Company 1999 £000
Bank loans and overdrafts	1,830	883	1,286	—
Other creditors(f)	714	942	—	—
	2,544	1,825	1,286	—

Company

The terms of repayment, interest and security for the loan to the Company are set out as loan (e) in the analysis of Group Loans.

Group	2000 Unsecured £000	2000 Secured £000	1999 Unsecured £000	1999 Secured £000
Loans are repayable as follows:				
Within one year				
Bank loans(a)	—	—	—	12
Bank loans(b)	—	13	—	15
Bank overdrafts	—	58	—	310
Bank loan(d)	100	—	117	—
Bank loan(e)	—	214	—	—
Total within one year	100	285	117	337
After one and within two years				
Bank loans(b)	—	13	—	15
Shareholder's loan(c)	—	—	—	153
Bank loan(d)	101	—	117	—
Bank loan(e)	—	214	—	—
	101	227	117	168

	2000 Unsecured £000	2000 Secured £000	1999 Unsecured £000	1999 Secured £100
Between two and five years				
Bank loans[(b)]	—	39	—	45
Bank loan[(d)]	226	—	349	—
Bank loan[(e)]	—	642	—	—
	226	681	349	45
After five years				
Bank loans[(b)]	—	165	—	204
Bank loan[(d)]	—	—	—	—
Bank loan[(e)]	—	430	—	—
	—	595	—	204
Total after more than one year	327	1,503	466	417

(a) The bank loan was repayable in monthly instalments of £1,667. Interest is charged at 3 per cent over base rate. The loan was secured by a fixed and floating charge over the assets of Newmark Security Products Limited a wholly owned subsidiary company, and was repaid in full during the year.

(b) The bank loan is repayable in quarterly instalments over 20 years. Interest is charged at 6.125 per cent over the first 5 years and the loan is secured on the freehold property of Vema B.V..

(c) The shareholder's loan (which has been interest free) was secured by a debenture over the assets of Newmark Technology Limited, a wholly owned subsidiary company. Interest was charged on the loan from 1 May 1999 at 2 per cent over base rate. The loan which was by R K Harrison & Co. Limited, the company in which A Reid has a controlling interest, was repaid in full during the year.

(d) The bank loan is repayable in quarterly instalments over 5 years. Interest is charged at 5.25 per cent per annum.

(e) The bank loan is repayable in quarterly instalments over 7 years and is secured by a composite debenture and cross guarantee by the Company and Newmark Technology, incorporating a fixed and floating charge over all the assets and undertaking of these companies. There is also a first fixed charge over the Company's shares in Safetell International Limited and all monies guarantees from Safetell supported by debentures over their assets and undertakings. Interest is payable at 2% over LIBOR.

(f) Other creditors comprises £Nil (1999: £125,000) deferred consideration on the acquisition of Drion which is payable by equal monthly instalments after one and within two years, and a further £714,000 (1999: £817,000) deferred consideration which is payable between two and five years from the balance sheet dates.

16. Provisions for liabilities and charges

Group	Rental provision £000	Deferred taxation £000	Other £000	Total £000
At 1 May 1999	—	143	—	143
Exchange adjustments	—	(20)	—	(20)
Transfer from current taxation	—	11	—	11
On businesses acquired in year	200	—	85	285
At 30 April 2000	200	134	85	419

The rental provision relates to the excess of Safetell's contractual legal obligation over the current market rental, and will be reversed over the remaining twelve years of the lease and was provided as a fair value adjustment as the obligation existed prior to the date of acquisition.

Deferred taxation provided in the financial statements is as follows:

	2000 £000	1999 £000
Tax effect on revaluation of fixed assets	180	205
Other timing differences	(46)	(62)
	134	143

Full provision for deferred taxation has been made for potential liabilities.

17. Share capital

Authorised:		
200,000,000 (1999: 150,000,000) Ordinary shares of 5p each	£10,000,000	£7,500,000
Allotted, called up and fully paid:		
110,208,952 (1999: 110,208,952) Ordinary shares of 5p each	£5,510,450	£5,510,450

The total number of share options granted under the Approved and Unapproved Share Option Schemes were 3,328,000 (1999: 2,056,000) and 2,068,000 (1999: 3,288,000) respectively. The subscription price payable upon the exercise of the 1,484,000 (1999: 1,484,000) and 2,716,000 (1999: 2,716,000) Approved and Unapproved Share Options respectively granted in October 1997 is 14.5 pence per share. The exercise price for the other 572,000 options granted under both the Approved and Unapproved Schemes, granted in January 1999, is 8.25 pence per share. 250,000 Approved and Unapproved Share Options were granted on 28 October 1999 with an exercise price of 7p. The options may be exercised within 10 years from the date of issue.

18. Share premium and reserves

Group	**Share premium account £000**	**Profit and loss account (Restated) £000**
Accumulated reserves at 1 May 1999 (as originally reported)	5,051	(7,410)
Prior year adjustment	—	(541)
Accumulated reserves at 1 May 1999 (restated)	5,051	(7,951)
Retained loss for the year	—	(230)
Exchange adjustments	—	(158)
Accumulated reserves at 30 April 2000	5,051	(8,339)

The cumulative amount of goodwill eliminated against reserves is £7,539,000. This goodwill will be charged in the profit and loss account on any eventual disposal of the businesses to which it related.

Company	**Share premium account £000**	**Profit and loss account £000**
Accumulated reserves at 1 May 1999	5,051	496
Retained profit for the year	—	13
Accumulated reserves at 30 April 2000	5,051	509

Profit attributable to the members of the parent company

As permitted by section 230 of the Companies Act 1985, the parent company has not presented its own profit and loss account. The profit on ordinary activities after tax dealt with in the financial statements of the parent company for the year was £13,000 (1999: £221,000).

19. Reconciliation of operating profit to operating cashflow

	2000	1999 (Restated)
	£000	£000
Operating profit	201	314
Expenditure in year financed by share issues	—	100
Depreciation and amortisation	261	100
Increase in stocks	125	(52)
Increase in debtors	1,016	(1,012)
Increase in creditors	(785)	745
Operating cash flow	818	195

20. Reconciliation of net cash flows to movement in net debt

	2000	1999
	£000	£000
Increase in cash in the year	99	607
Increase in debt in the year	(1,130)	(554)
Increase in (net debt)/cash	(1,031)	53

21. Analysis of net debt

	April 1999	Cash flow	Exchange movements	April 2000
	£000	£000	£000	£000
Cash at bank and in hand	912	(28)	(125)	759
Overdrafts	(310)	213	39	(58)
	602	185	(86)	701
Debt due after one year	(883)	(1,045)	98	(1,830)
Debt due within one year	(144)	(202)	19	(327)
	(1,027)	(1,247)	117	(2,157)
	(425)	(1,062)	31	(1,456)

22. Financial instruments

The Group's financial instruments comprise borrowings, cash resources, and various items, such as trade debtors, trade creditors, etc, that arise directly from its operations. The main purpose of these financials instruments is to raise finance for the Group's operations.

It is, and has been throughout the year, the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk and foreign currency risk. The Board reviews and agrees policies for managing each of these risks. These policies have remained unchanged during the year and are summarised below.

Interest rate risk

The Group finances its operations through a mixture of retained profits and bank borrowings. The Group borrows at fixed rates of interest on long term loans to secure the Group's exposure to interest rate fluctuations. At the year end, 30% (1999: 65%) of the Group's borrowings were at fixed rates with Nil% (1999: 11%) of these borrowings comprising liabilities on which no interest is paid.

Liquidity risks

Short-term flexibility in borrowings is achieved by overdraft facilities in the UK and Holland, and by discounting trade debtors in the UK.

A long term loan existed in Holland at the date of acquisition of Vema, secured on the freehold property. An unsecured loan of BEF 35m has partly financed the acquisition of Drion in Belgium during the current year. A secured loan of £1.5 million has financed the acquisition of Safetell International Limited in the year.

At the year end, 37 per cent (1999: 12 per cent) of the Group's borrowings were due to mature in more than five years.

Foreign currency risk

The Group has two significant overseas subsidiaries operating in Holland and Belgium, and the Belgian acquisition has been partly financed by a loan in Belgian francs. The sales of the UK companies are predominantly priced and invoiced in sterling, whilst the Dutch and Belgian companies invoice their customers exclusively in their respective national currencies.

Interest rate risk of financial assets and financial liabilities

The interest rate profile of the Group's financial assets at 30 April 2000 was:

	Total £000	**Floating rate financial assets £000**	**Fixed rate financial assets £000**	**Financial assets on which no interest is received £000**
Sterling	364	364	—	—
Dutch guilders	11	—	—	11
Belgian francs	384	384	—	—
	759	748	—	11

The interest rate profile of the Group's financial liabilities at 30 April 2000 was:

Currency	**Total £000**	**Floating rate financial liabilities £000**	**Fixed rate financial liabilities £000**	**Financial liabilities on which no interest has been paid £000**
Sterling	1,546	1,546	—	—
Dutch guilders	242	12	230	—
Belgian francs	427	—	427	—
	2,215	1,558	657	—

The floating interest rates are detailed in note 15 to the accounts.

Currency	**Fixed rate financial liabilities**	
	Weighted average interest rate %	**Weighted average period for which rate is fixed Years**
Dutch guilders	6.125	2.5
Belgian francs	5.250	4.0
Total	5.556	3.5

Currency exposures

Gains and losses from the Group's net investment overseas are recognised in the statement of total recognised gains and losses.

The table below shows the Group's currency exposures that give rise to the net currency gains and losses recognised in the profit and loss account. Such exposures comprise the monetary assets and monetary liabilities of the Group that are not denominated in the operating currency of the operating unit involved. As at 30 April 2000, these exposures were as follows:

	Net foreign currency monetary assets (liabilities) in £000		
Functional currency of Group operation	**US dollars**	**Other**	**Total**
Sterling	(81)	(4)	(85)
Dutch guilders	(22)	—	(22)
Total	(103)	(4)	(107)

Maturity of financial liabilities

The maturity of profile of the Group's financial liabilities at 30 April 2000 were as follows:

	£000
In one year or less or on demand	338
In more than one year but not more than two years	281
In more than one year but not more than five years	765
In more than five years	831
	2,215

Borrowing facilities

The Group has various undrawn committed borrowing facilities. The facilities available at 30 April 2000 in respect of which all conditions precedent had been met were as follows:

	£000
Expiring in one year or less	371

Fair values of financial liabilities

Set out below is a comparison by category of book values and fair values of the Group's financial liabilities as at 30 April 2000.

	Book values £000	**Fair values £000**
Short-term financial liabilities and current portion of long-term liabilities	386	371
Long term borrowings	1,827	1,212

The fair values shown above have been calculated by discounting cash flows at prevailing interest rates. The fair values of all other monetary assets and liabilities is equal to their book values.

23. Acquisitions

On 28 February 2000, the Company acquired the entire share capital of Safetell International Limited ("Safetell") for a consideration of £1.5 million payable on completion.

The assets and liabilities of Safetell which have been accounted for under acquisition accounting rules were as follows:

	Book value £000	Revaluation to fair value £000	Provisional fair value £000
Fixed assets			
Tangible	118	—	118
Current assets			
Stocks	202	—	202
Debtors	525	—	525
Bank and cash	518	—	518
Total assets	1,363	—	1,363
Creditors			
Creditors	674	—	674
Provisions	89	200	289
Total liabilities	763	200	963
Net assets	600	(200)	400
Purchased goodwill	1,103	200	1,303
Total purchase consideration	1,703	—	1,703
Comprises:			
Cash	1,500	—	1,500
Costs	203	—	203
	1,703	—	1,703

The trading results of Safetell for the eleven months of that company's statutory accounts for the thirteen months to 30 April 2000, that were earned in the period prior to acquisition and therefore not included in the Group results, were as follows:

	£000
Turnover	2,983
Profit before tax	210
Taxation	(56)
Profit after tax	154

The profit after tax of Safetell for the previous twelve month statutory accounts was £138,000.

In addition to the goodwill arising in respect of Safetell above, there was a further £80,000 goodwill adjustment in respect of Ateliers Drion formed in the previous financial year and £15,000 in respect of other new subsidiary companies.

24. Other financial commitments

At 30 April 2000 the Company had annual commitments under non-cancellable operating leases as follows:

	2000 £000	1999 £000
Plant and equipment		
Expiring within 1 year	2	51
Expiring between 1 and 5 years inclusive	94	109
Expiring in over 5 years	—	—

25. Related party transactions

(a) A Reid is a director of the company, and has a controlling interest in R K Harrison & Co. Limited which, as stated in note 15, had a loan of £153,225 to Newmark Technology Limited, a wholly owned subsidiary, and was repaid in the year. Interest was charged on the loan from 1 May 1999 at 2% over base rate. R K Harrison & Co. Limited received directors' fees of £7,500 during the year (1999: £5,000) in respect of Mr. Reid.

(b) M Dwek is a director of the company, and owns 51% of the share capital of Arbury Inc., which received consultancy fees from the company of £121,000 (1999: £99,000) in the year.

(c) M Veldhoen is a director of the company, and owns the entire share capital of Vema Beheer B.V., which received management fees from the group of £30,000 (1999: £77,000) in the year.

(d) Amounts totalling £4,842 (1999: £19,250) were paid on an arm's length basis during the year to a company of which B Beecraft is a director, in respect of consultancy and other accountancy services.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Newmark Technology Group PLC will be held at 21/23 Ormside Way, Redhill, Surrey RH1 2NT on 26 October 2000 at 11.30 a.m. for the purposes of considering and, if thought fit, passing the following resolutions which will be proposed as Ordinary Resolutions and Special Resolutions as specified:

ORDINARY RESOLUTIONS

1. To receive, consider and adopt the report of the Directors, and the annual accounts for the period ended 30 April 2000 and the auditors' report thereon.

2. To re-appoint M Dwek, as a director of the company.

3. To re-appoint S Rajwan, as a director of the company.

4. To re-appoint Hacker Young as auditors and to authorise the directors to determine their remuneration.

5. To increase the authorised share capital of the Company from £10,000,000 to £12,500,000 by the creation of 50 million new ordinary shares of 5 pence each ranking *pari passu* in all respects as one class of shares with the existing ordinary shares in the capital of the Company.

6. Directors' authority to allot shares

That the Directors be, and they are hereby, generally and unconditionally authorised pursuant to section 80 of the Companies Act 1985 (the ''Act''), in substitution for any existing authorities conferred upon the Directors pursuant to that section, to exercise all the powers of the Company to allot relevant securities of the Company (as defined in that section) to such persons at such times and on such terms as they think proper up to an aggregate nominal amount equal to one third in nominal value of the ordinary share capital of the Company in issue, such authority to expire upon the earlier of the conclusion of the next Annual General Meeting of the Company or the date (if any) on which the said authority is revoked, varied or renewed, save that the Company may, prior to the expiry of such period, make any offer or agreement which would or might require relevant securities to be allotted after the expiry of such period and the Directors may allot relevant securities in pursuance of such offer or agreement notwithstanding such expiry; and

SPECIAL RESOLUTION

7. Partial exclusion of pre-emption rights

That, subject to the passing of resolution 6 above, the Directors be and they are hereby empowered pursuant to section 95(1) of the Act to allot equity securities (as defined in Section 94(2) of the Act) of the Company for cash pursuant to the general authority of the Directors under section 80 of the Act conferred by resolution 6 above as if the provisions of section 89(1) of the Act did not apply to such allotment provided that the power conferred by this Resolution shall be limited to the allotment:

(a) of equity securities in connection with an offer of such securities by way of rights to holders of ordinary shares in proportion (as nearly as may be practical) to their respective holdings of such shares but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or any legal or practical problems under the laws of any territory or the requirements of any regulatory body or stock exchange; and

(b) otherwise than pursuant to paragraph (a) above, of equity securities (to the extent that they are relevant shares within the meaning of Section 94 of the Act or to the extent that they are other equity securities giving the right to subscribe for or convert into relevant shares) up to an aggregate nominal amount not exceeding ten per cent in nominal value of the issued ordinary share capital of the Company, such power to expire at the earlier of the conclusion of the next Annual General Meeting of the Company or fifteen months from the date of this resolution whichever is the earlier, save that the Company may, prior to the expiry of such period, make any offer or agreement which would or might require equity securities to be allotted after the expiry of such period and the Directors may allot equity securities in pursuance of such offer or agreement notwithstanding such expiry.

By order of the Board
B G Beecraft

18 September 2000

Registered Office
21/23 Ormside Way
Redhill
Surrey RH1 2NT

Notes:

1. A member entitled to attend and vote at the meeting may appoint one or more proxies to attend and, on a poll, to vote instead of him. A proxy need not be a member of the company.
2. In relation to uncertificated shares, only those persons who are registered on the relevant register 48 hours before the time of the meeting shall be entitled to attend and vote at the meeting.
3. The following documents are available for inspection at the company's registered office during normal business hours on any weekday (excluding Saturdays) until 25 October 2000 and will also be available for inspection at the place of the annual general meeting for at least 15 minutes prior to and until the conclusion of the meeting:
   (a) a register in which are recorded details of all transactions in the shares of the company in respect of all Directors and their families;
   (b) a copy of every service contract between the company and any Director of the company.
4. Valid forms of proxy, duly signed, together with the Power of Attorney or authority (if any) under which they are signed (or a certified copy of such power or authority) must be lodged with the Company Secretary at the Registered Office by no later than 11.30 a.m. on 25 October 2000. Completion of a form of proxy will not affect the right of a member to attend and vote at the meeting.
5. Directors authority to allot shares:

   Under Section 80 of the Companies Act 1985, the Directors may not exercise any powers of the Company to allot relevant securities (as defined in that section) unless authorised to do so by the Company in general meeting or by its articles. Resolution 6 authorises allotment of up to one third of the issued share capital of the Company for the period to the conclusion of the Annual General Meeting in 2001 or until such time as the authority is revoked, whichever is earlier. It replaces all previous authorities and is in line with the institutional guidelines followed by other publicly listed companies.
6. Partial exclusion of pre-emption rights:

   Section 89 of the Companies Act 1985 requires that a public company allotting shares for cash must first offer them to existing shareholders following a statutory procedure which is both costly and cumbersome. Resolution 7 enables the Directors to allot shares up to an aggregate nominal amount of ten per cent of the ordinary share capital of the Company in issue. It replaces all previous such powers.

   The taking of powers of this sort is reasonably standard practice for public companies and the Directors believe that the limited powers provided by this resolution will maintain a desirable degree of flexibility. Unless previously revoked or varied the disapplication will expire on the conclusion of the next Annual General Meeting of the Company or 14 months from the date of the passing of this resolution whichever is earlier.

NEWMARK TECHNOLOGY GROUP PLC

Form of Proxy

Annual General Meeting

I/We (name(s) in full)..

of ....

....

....

being (a) holder/holders of Ordinary Shares of the above-named Company and entitled to vote at general meetings thereof hereby appoint the Chairman of the meeting or

....

as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the holders of Ordinary Shares of the Company to be held at 11.30 a.m. on 26 October 2000, and at any adjournments thereof, and direct the proxy to vote for/against the resolutions to be proposed thereat as detailed below.

Note:
If it is desired to appoint any other person, please insert his/her name and address above and delete the words "the Chairman of the meeting or".

Signed..

Date ....

Please indicate with an "X" in the appropriate box below how you wish your vote to be cast. If the form is returned without any indication as to how the proxy shall vote on any particular matter, the proxy will vote or may abstain as he/she thinks fit.

		For	Against
1.	To receive the report of the Directors and the annual accounts for the period ended 30 April 2000 and the auditors report thereon		
2.	To re-appoint M Dwek as a director of the Company		
3.	To re-appoint S Rajwan as a director of the Company		
4.	To re-appoint Hacker Young as auditors and to authorise the directors to determine their remuneration		
5.	To increase the authorised share capital of the company to £12,500,000 by the creation of 50 million new ordinary shares of 5p each		
6.	To generally and unconditionally authorise the Directors to allot securities pursuant to section 80 of the Companies Act 1985		
7.	To partially disapply the statutory pre-emption rights pursuant to section 95(1) of the Companies Act 1985		

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