



Company number: 3339998

Report and Financial Statements

Year ended 30 April 2011

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DIRECTORS, SECRETARY AND ADVISERS

Country of incorporation of parent company:	Great Britain
Legal form:	Public Limited Company
Directors:	M Dwek B Beecraft M Rapoport N Medlam D Blethyn D Ishag
Secretary and registered office:	B Beecraft, 57 Grosvenor Street, London W1K 3JA
Company number:	3339998
Auditors:	BDO LLP, 55 Baker Street, London W1U 7EU
Nominated Adviser:	Seymour Pierce Limited, 20 Old Bailey, London EC4M 7EN
Brokers:	Seymour Pierce Limited, 20 Old Bailey, London EC4M 7EN
Registrars:	Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU
Solicitors:	Field Fisher Waterhouse, 35 Vine Street, London EC3N 2AA

CHAIRMAN'S STATEMENT

Overview

In last year's Chairman's Statement, I commented on the variable level of trading in the first few months of the year under review, but that this position was expected to improve in the second half. Unfortunately this improvement did not materialise on a consistent basis as we are not immune to the effects of the current economic slowdown. We expect market conditions to be challenging for all of our businesses in the year ahead, particularly with regard to public sector spending and uncertain trading conditions for UK retail banks.

This has however been a year of significant investment in the future of the Group. In the medium-term the Board believes that there is significant potential in the US market for Newmark's OEM products as well as for the Wavetec distribution agreement which the Board is confident will generate significant revenue streams for the Group going forward.

In the longer term, the Board anticipates a more positive trading environment for the Group. The Board expects the Group's substantial investment into the SATEON system will provide significant opportunities for future sales. In addition, the Group sees increased potential in the longer-term for the ATM Protection ("ATMP") system, which after an extended trial period, will represent a key product in the UK cash protection system market.

Newmark remains committed to investing in developing leading technologies in order to exploit these future opportunities. The Group expects to strengthen its market positions during the current challenging economic conditions and be well positioned to capture new growth opportunities as they arise.

The record results for the asset protection division for the previous financial year due to the contributions from two major programmes were always going to be difficult to match in revenue terms. Whilst there were no major programmes in the year for the product division, the service division was successful in obtaining a new service contract worth £2 million over three years from a major high street bank. Safetell also signed a new distribution agreement in the year for queue management and information display systems to broaden the product offering of the company. Sales of these products in the year were minimal but costs were incurred in setting up this new product stream which has required some design changes to meet customer requirements in the UK. Consequently the Board is confident of a significant growth in sales in the current year whilst also providing additional work for the service department.

The new development within ATM Protection has taken longer than initially expected but the company has incorporated a number of additional features which makes the product substantially superior to that of a year ago when Safetell acquired the business. The products for the Loomis trial began being shipped in June 2011.

Within the electronic division, sales have been affected by the expenditure restraint imposed by many of our customers. The development of the SATEON access control system is detailed below but is now going through its final testing for release version #1.0 and the prospects for this in the future remain exciting. Similarly Newmark has invested substantial amounts of time and effort into selling the Group's OEM range more widely into the US market. Although there have been no significant sales to date in this market, the Board is confident that, with interest shown and time being spent by Newmark's potential customers, sales should increase sharply in the current year.

Revenue for the year from continuing businesses was £12,652K compared to £13,792K, a decrease of 8.3 per cent. Gross profit for the year from continuing operations was £5,312K (42.0 per cent. of sales) compared to £5,980K (43.4 per cent.). The change in overall gross margin reflects both the mix of sales in both divisions as well as pricing pressures in the electronic division.

Revenue in the electronic division decreased in the year from £6,325K to £6,142K. Turnover in the Asset Protection division decreased in the year from £7,467K to £6,510K.

Earnings per share are shown in the income statement as 0.19 pence (2010: 0.31 pence). However, the earnings per share before legal costs, losses of discontinued operations and abortive acquisition costs are 0.20 pence (2010: 0.33 pence) as calculated in note 9 to the accounts.

As a consequence of the fall in revenue, revenue per employee decreased to £100,413 from £109,460.

The Board believes that the OEM division of Grosvenor and Safetell are the leaders in their particular markets whilst Grosvenor is a major force at the upper price end of the access control market. There were no environmental issues having a major impact on the Group in the year.

The Group continues to invest in research and development which will benefit the results in the future.

The Group net assets have increased in the year from £10.0 million to £10.8 million.

A detailed review of their activities, results and future developments is set out in the divisional results below.

Financial results

The profit from operations for the year was £808,000 (2010: £1,667,000).

Revenue for the year was £12,652,000 (2010: £13,792,000). The main commercial factors affecting the results of the divisions are set out below.

Electronic Division

Turnover £6,142,000 (2010: £6,325,000)

Profit from operations £903,000 (2010: £1,402,000)

Profit before tax £882,000 (2010: £1,386,000)

Revenue from access control and OEM Time and Attendance products in Grosvenor Technology was down marginally by 1.2 per cent. to £5,882K (2010: £5,954K), the main pressures having been the global economic situation where strong competition has been chasing fewer major projects with lower margins.

Grosvenor has invested substantially in the development of new CUSTOM IT terminals and has continued to promote the CUSTOM OEM products in the USA where the Board remains very excited about future business in this sector. Our initial efforts into the US market have expanded to employing a US based sales manager who has considerable experience and an in-depth knowledge of the market and our competitors. Grosvenor has also established a Florida based managed office and a stores/warehouse in readiness for the large contracts that Grosvenor is hoping to gain. Major players in the USA T&A market are currently integrating our CUSTOM IT products into their software applications for test and evaluation and have shown a serious commitment to Grosvenor.

The SATEON access control development has been more demanding than originally envisaged and the use of new technologies such as Windows Silverlight with access control has produced unforeseen challenges resulting in SATEON being behind plan in its development. However, SATEON access control version #1.0 was released from development in June 2011 and is now undergoing final testing including planned installations into various 'friendly' sites for 'real-world' stress testing. The Board anticipates that SATEON access control version 1.0, will be commercially released in 2-3 months time and the graphical and video modules will follow before the end of the calendar year.

The business case for SATEON remains strong in international markets. Apart from the removal of obsolete technology from our core systems Grosvenor has gained multi-lingual support providing significant opportunities for future growth. Grosvenor has also gained a platform for expected future trends in hosted or installed systems, and a rich, application style product working inside a browser that will quickly become attractive to larger corporations where applications are increasingly not permitted to be installed on client PC's. Other benefits including open architecture and easier to implement third-party inter-connectivity will add to the overall attractiveness of SATEON and it is the difficulties that we have overcome that have put us ahead of the competition.

In parallel with the SATEON development, Grosvenor is about to submit the product to Underwriters Laboratories (UL) for certification. This will allow Grosvenor to promote the system in the USA and compete with locally produced systems. The USA is clearly important for future growth and parallel testing alongside system development will obtain an earlier certification.

SATEON EZ controllers have been designed to substantially save costs on manufacturing and installation. These savings will help recoup reduced margins in the UK and make the product more competitive in new territories. Other initiatives such as Power-Over-Ethernet which have been designed into the EZ controller scheme will make the new controllers a compelling prospect for any system sale.

The Board remains confident that in SATEON Grosvenor has a very special product that will attract keen interest in the security world and that it is on-track, to reinforce the Group's competitiveness in the UK and to provide a solid and competitive platform to take SATEON to new territories and business partners globally.

Sales in Newmark Technology which consist predominantly of our own brand N-TEC access control have reduced compared to the same period last year (£260K from £371K). N-TEC which is sold via Simplex into the Middle East has struggled against aggressive pricing in the region and language limitations in the product.

Asset Protection Division

Turnover £6,510,000 (2010: £7,467,000)

Profit from operations £531,000 (2010: £919,000)

Profit before tax £511,000 (2010: £897,000)

Safetell's Product Division sales were characterized by a large number of smaller projects with no single, major programme of work and sales affected by budget cuts in both the public and private sectors. Product sales were 31 per cent. lower than the previous year which was a record year due to the performance of a number of major programmes of work for customers. Service Division's sales were up 9.7 per cent. from the previous year. Overall total company sales were 12.8 per cent. less than the previous year.

Eclipse Rising Screen sales and reconfiguration work were 20 per cent. lower than the previous year with very few orders received from the public sector customers that traditionally order Eclipse Rising Screens when they open new outlets. Sales of reconfiguration and refurbishment work exceeded the value of new installations with some significant work for the supply of refurbished screens to a large bank. Sales of CounterShield and Eye2Eye were far lower than the previous year after several planned installations were delayed until the current financial year.

Cash Handling sales were 34 per cent. down on the previous year being adversely affected by the completion of the Post Office Crown Office refurbishment programme in April 2010. Sales for the supply of several new Cash Handling products increased in the fourth quarter after the Service Division secured a new 3 year counter maintenance contract worth approximately £2 million over that period with a large high street bank and there is potential for significant growth of these products in the next three years.

Encouragingly, Fixed Glazing installation sales were 15 per cent. more than the previous year, primarily for established petrol retailer customers and Police Forces selecting one or more of the FlexiGlaze products. The programme to replace damaged bullet resistant glazing by a major retail bank in the last quarter increased sales and we expect this programme to continue in the current financial year.

The Service Division produced an operating profit 18 per cent. higher than the previous year as a result of the increase in sales and a reduction in divisional overheads. This was a most creditable performance achieved in a particularly competitive environment accompanied by cost reduction demands from Safetell's blue chip customer base.

The use of 'state of the art' technology applied to stocking systems and tracking systems combined with increasing call numbers, drove down unit operating costs. The award of a £2 million support contract over three years from a large high street bank provides comfort on trading levels for the foreseeable future. The CCTV maintenance and installation initiatives continue with NACOSS Gold accreditation being achieved in the year. New product initiatives from the Product Division will again generate business for the Service division. The business is fortunate to offer not only an innovative product delivery model but also with a national service network making our total offer a very attractive risk free proposition.

Product order intake and quotations for the 1st and 2nd quarters of 2011 have been better than the same period last year but the absence of any major programme from established customers will result in the reliance of sales to new customers. Safetell successfully renegotiated the Post Office supply contract of Cash Handling Equipment for three years, but in the absence of any major programme of works will continue to supply replacement equipment rather than receive bulk orders.

The long term prospects for CounterShield and Eye2Eye are good and with increased marketing efforts during this financial year we have secured several new customers who have long term counter security upgrade programmes.

Although the number of bank robberies and crime has reduced in recent years, the number of violent attacks on members of staff serving the public has increased and in recent months we have seen an increase in armed bank raids. The vulnerability of banks and building societies as well as petrol stations and forex traders with open counters will continue to be targets for opportunistic robberies which should result in increased orders for our ever increasing range of counter security products.

Safetell will continue to develop new products and seek service and maintenance opportunities for our own and third party products with existing and new clients and will continue to focus on product re-engineering and improved efficiencies to improve gross margin.

Safetell introduced a new product line in the 4th quarter after concluding an exclusive distribution agreement with Wavetec FCO based in Dubai to provide its Queue Management Systems and Information Display Systems in the UK and Europe. Sales of the Linear Queue Management products are expected to increase gradually during the current financial year and sales of the Diffused Queue Management products and Information Display Systems are due to produce results in the 3rd and 4th quarters respectively. Safetell has successfully negotiated to service and maintain the existing 3rd party queue management products for a large retail group as well as a large retail bank and these contracts should also result in new equipment sales to these clients.

The T9 Cash Transit Case in its current design is a much improved version of the concept purchased in April 2010, and with the assistance of the Loomis security team, the T9 Cash Transit Case has been developed to offer improved protection when cash is transferred across the pavement to customer premises. The T9 Cash Transit Case offers an audit trail of every event and can be activated remotely to bond the cash instantly with glue damaging the bank notes beyond use. Therefore although there were no sales in the period, the Board remains confident of the long term success of this project.

Balance sheet and cash flow

Cash flow from operating activities fell in the year from £1.7 million to £1.1 million reflecting the decline in profits in the year. Whilst we were able to reduce our holding of inventories again, trade debtors increased due to the timing of sales and the increased problem of collecting cash in the year. We have however managed to maintain tight credit control and the level of bad debts has been minimal. The major item in the cash flow in the year has again been the level of development expenditure where the Group has been investing in the future in three main areas:

- SATEON access control,
- OEM developments where the Group is now beginning to see the start of a successful sales campaign,
- ATMP development programme where the boxes have started their trial period with the customer

This level of development expenditure has again affected the tax charge for the year due to the availability of tax reliefs.

These factors contributed to the increase in net assets from £10.0 million to £10.8 million. During the year the Group restructured its financing with the full support of our bankers to reflect this investment for the longer term.

Employees

The Board would like to thank all staff for their efforts, particularly during this new development phase which is so important to the continuing success of the Group.

Dividend

In line with the Board's confidence in the longer term prospects for the Group, the dividend strategy has been maintained and the Directors are recommending a final dividend for the year ended 30 April 2011 of 0.0275 pence per share for the year (2010: 0.0275 pence).

Outlook

The Board is disappointed by the results for the year under review which have been impacted by the current economic slowdown. Trading in the current year has again been variable to date and therefore the outlook for this financial year is a continuation of last year. However the Board continues to believe that there are reasons for optimism for the future. Although the SATEON and ATMP developments will benefit the Group in the longer term, the sales of OEM products to the US market are expected to grow significantly this year.

Our dividend policy reflects the Board's confidence for the future and Newmark remains optimistic that the Group is well placed for both medium and longer term growth.

M DWEK
Chairman

27 July 2011

REPORT OF THE DIRECTORS

The Directors submit their annual report and audited financial statements of the Group for the year ended 30 April 2011.

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 an investment holding company.

Financial results and dividends

The profit from operations on continuing activities before interest, tax and minority interest in the year was £808,000 (2010: £1,667,000).

The profit for the year was £857,000 (2010: £1,409,000).

Turnover for the year for continuing operations was £12.7 million (2010: £13.8 million). A review of the business and future prospects is given in the Chairman's Statement on pages 3 to 6.

The Board is proposing to pay a dividend of £125,000 (2010: £125,000).

Directors

The Directors who served during the year were as follows:

M Dwek
B Beecraft
M Rapoport
N Medlam
D Blethyn
D Ishag

Details of the Directors' service contracts are shown in the Report of the Remuneration Committee on page 11.

M Rapoport retires in accordance with the articles of association. M Rapoport being eligible, offers himself for re-election at the next annual general meeting.

Share capital

Full details of changes to the share capital in the year are given in note 23 to the financial statements on page 40.

Financial instruments

For full details of changes to the Group's management of its financial instruments, please refer to note 19 to the financial statements on pages 33 to 38.

Directors

Directors' interests

The beneficial and other interests of the Directors in the shares of the Company as at 1 May 2010 (or the date of their appointment to the Board, if later) and 30 April 2011 were as follows:

	Percentage holding at 30 April 2011	30 April 2011	1 May 2010 (or date of appointment if later)
M Dwek ^(a)	13.1%	59,099,467	59,099,467
M Rapoport	2.3%	10,555,000	10,555,000
N Medlam	0.4%	1,500,000	720,000

(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.

The interests of Directors in Share Option Schemes operated by the Company at 30 April 2010 (or the date of their appointment to the Board, if later) and 2011 were as follows:

	Number of Ordinary Shares under the EMI Scheme 30 April 2011	Number of Ordinary Shares under the Approved Scheme 30 April 2011	Number of Ordinary Shares under the Unapproved Scheme 30 April 2011	Number of Ordinary Shares under the EMI Scheme 1 May 2010 (or date of appointment if later)	Number of Ordinary Shares under the Approved Scheme 1 May 2010	Number of Ordinary Shares under the Unapproved Scheme 1 May 2010
M Dwek	–	–	5,000,000	–	–	5,000,000
B Beecraft	1,000,000	250,000	3,750,000	1,000,000	250,000	3,750,000
D Blethyn	1,000,000	2,000,000	3,000,000	1,000,000	2,000,000	3,000,000

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

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.

Employee involvement

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

Share option schemes

The Company had three employee share option schemes which enable employees and Executive Directors to be granted options to subscribe for Ordinary Shares, HM Revenue & Custom's Approved and Unapproved Share Option Schemes and HM Revenue & Custom's EMI Share Option Plan.

The Approved Scheme was 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 required that exercise of options be subject to the satisfaction of certain performance criteria.

Both the Approved and Unapproved Schemes expired in April 2007 on the tenth anniversary of the formation of these schemes. However the options granted under these schemes will only lapse ten years after the date the options were granted.

The Newmark Security PLC EMI Share Option Plan enables the Board to grant qualifying share options under the HM Revenue & Custom's Enterprise Management Incentive ("EMI") tax code and also unapproved share options to employees and directors.

The Remuneration Committee has administered and operated each scheme. Further details of the share option schemes are set out in note 26 to the financial statements on page 41.

Environmental Policy

The Group's environmental policy endeavours to minimise the impact of its activities on the environment through, where possible, the proper conservation of natural resources. The Group recognises its responsibility to review continually and improve its environmental performance and, in doing so, seeks the input of architects, engineers and other professional advisers.

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. Group trade creditors at the year end were 31 days (2010: 27 days) of average supplies for the period. The parent company does not trade and therefore there is no corresponding company only figure.

Corporate governance

The Group has applied the principles of the Combined Code as far as practicable for a group of its size. The Code only applies mandatorily to fully listed companies.

At 30 April 2011, the Board comprised a Chairman, two Executive Directors and three Non-Executive Directors.

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. The Chairman takes responsibility for the conduct of the Group and overall strategy.

Under the Company's Articles of Association, the appointment of all directors must be approved by the shareholders in General Meeting, and additionally one-third of the 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 Board has considered the recommendation to introduce a Nominations Committee. However, it was decided, given the small size of the Board, that nominations are to remain a matter reserved for the Board.

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 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 has been implemented by the Company.

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 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.

The Directors have considered the Turnbull Report but have decided that the cost of implementing the procedures contained therein is disproportionate to expected benefits at this stage of the Group's development.

The Directors acknowledge their responsibility for the Group's systems of internal financial control which are designed to provide reasonable but not absolute assurance that the assets of the Group are safeguarded and that transactions are properly authorised and recorded.

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 two standing committees, the Audit and Remuneration Committees, comprising two independent Non-Executive Directors. Each committee has written terms of reference.

The Audit Committee, comprising M Rapoport and M Dwek, is responsible for the appointment of external auditors, reviewing the interim and annual financial results, considering matters raised by the auditors and reviewing the internal control systems operated by the Group.

The Remuneration Committee, comprising M Rapoport and M Dwek meets at least once a year to review the terms and conditions of employment of Executive Directors including the provision of incentives and performance related benefits. The report of the Remuneration Committee is set out on page 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 a going concern basis.

Website Publication

The Directors are responsible for ensuring the annual report and financial statements are made available on a website. Financial statements are published on the Group's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Group's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Directors' responsibilities

The Directors are responsible for preparing the director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 Company and of the profit or loss of the Group for that period. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether the Group financial statements have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements;
- for the Company financial statements, state whether applicable UK Accounting Standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

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

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

Auditors

A resolution to reappoint BDO LLP as auditors will be proposed at the next annual general meeting.

By order of the Board

B BEECRAFT
Company Secretary

27 July 2011

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 independent Non-Executive Directors and at 30 April 2011 comprised two existing Non-Executive Directors, Maurice Dwek and Michel Rapoport.

Maurice Dwek was chairman and co-founded Dwek Group plc in 1963, a company which was listed on the London Stock Exchange in 1973 before the company was sold to a management buy-out team. He was subsequently chairman of Arlen plc and Owen & Robinson plc before concentrating on Newmark in 1997.

Michel Rapoport was previously President and Chief Executive Officer of Mosler Inc., a manufacturer and integrator of security systems for banking, industrial and commercial organisations. Prior to that he was Vice President of Pitney Bowes International and Chairman of Pitney Bowes France. He is President and Chief Executive Officer of LII Holdings, Inc., a holding company based in Atlanta, Georgia USA.

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 are 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 services provided to the Company by Mr Dwek. The agreement may be terminated by either party subject to 12 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 except for lease costs.

The Company entered into a service agreement on 5 June 1998 with Mr Beecraft which may be terminated by either party serving six months' notice. This notice period was extended in October 2007 to a period of 12 months.

Director's emoluments

Emoluments of the directors (including pension contributions and benefits in kind) of the Company during the year ended 30 April 2011 were as follows:

	Consultancy/ management agreement £'000	Salary £'000	Fees £'000	Total £'000	Pension contributions £'000
Executive Directors					
B Beecraft	-	123	-	123	-
D Blethyn ^(b)	-	164	-	164	-
Non-Executive Directors					
M Dwek ^(a)	75	-	-	75	-
M Rapoport	-	-	25	25	-
N Medlam	-	-	15	15	-
D Ishag	-	-	15	15	-
	<u>75</u>	<u>287</u>	<u>55</u>	<u>417</u>	<u>-</u>
2010	<u>75</u>	<u>292</u>	<u>59</u>	<u>426</u>	<u>-</u>

The directors' share interests are detailed in the Report of the Directors on pages 7 and 8.

(a) The Company paid a consultancy fee of £75,000 (2010: £75,000) to Arbury Inc., a company 51 per cent. owned by M Dwek which covers salary, pension and car benefits.

(b) The emoluments of D Blethyn relate to his services as a director of Grosvenor Technology Limited for the year ended 30 April 2011.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF NEWMARK SECURITY PLC

We have audited the financial statements of Newmark Security PLC for the year ended 30 April 2011 which comprise the consolidated statement of financial position and company balance sheet, the consolidated statement of comprehensive income, the consolidated statement of cash flows, the consolidated statement of changes in equity and the related notes. The financial reporting framework that has been applied in the preparation of the consolidated 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 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 sections Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 30 April 2011 and of the group's profit for the year then ended;
- the consolidated financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company's financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

Andrew Stickland (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Gatwick

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Date 27 July 2011

CONSOLIDATED INCOME STATEMENT
for the year ended 30 April 2011

	Note	2011 £'000	2010 £'000
Revenue	2	12,652	13,792
Cost of sales		(7,340)	(7,812)
Gross profit		5,312	5,980
Administrative expenses pre abortive acquisition costs		(4,464)	(4,243)
Legal costs		(40)	-
Abortive acquisition costs		-	(70)
Administrative expenses – total		(4,504)	(4,313)
Profit from operations	3	808	1,667
Finance costs	6	(102)	(89)
Profit before tax		706	1,578
Tax credit/(expense)	7	151	(154)
Profit for the year from continuing operations		857	1,424
Post-tax loss related to discontinued operations	8	-	(15)
Profit for the year	24	857	1,409
Attributable to:			
– Equity holders of the parent		857	1,409
Earnings per share			
– Basic (pence)	9	0.19p	0.31p
– Diluted (pence)	9	0.18p	0.30p
Continuing operations			
– Basic (pence)	9	0.19p	0.32p
– Diluted (pence)	9	0.18p	0.31p
Discontinued operations			
– Basic and diluted (pence)	9	-	(0.01p)

The notes on pages 19 to 42 form part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 April 2011

	2011 £'000	2010 £'000
Profit for the year	857	1,409
Foreign exchange (losses)/profits on retranslation of overseas operations	(8)	7
Total comprehensive income for the year	<u>849</u>	<u>1,416</u>
Attributable to:		
– Equity holders of the parent	<u>849</u>	<u>1,416</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 30 April 2011

Company number: 3339998

	Note	2011 £'000	2011 £'000	2010 £'000	2010 £'000
ASSETS					
Non-current assets					
Property, plant and equipment	10	788		730	
Intangible assets	11	10,142		9,313	
Total non-current assets		<u>10,930</u>		<u>10,043</u>	
Current assets					
Inventories	14	1,469		1,503	
Trade and other receivables	15	2,885		2,402	
Cash and cash equivalents		–		211	
Total current assets		<u>4,354</u>		<u>4,116</u>	
Total assets			15,284		14,159
LIABILITIES					
Current liabilities					
Trade and other payables	16	2,936		2,958	
Other short term borrowings	17	457		312	
Corporation tax liability		–		160	
Provisions	21	117		123	
Total current liabilities		<u>3,510</u>		<u>3,553</u>	
Non-current liabilities					
Long term borrowings	18	486		68	
Provisions	21	84		100	
Deferred tax	22	454		412	
Total non-current liabilities		<u>1,024</u>		<u>580</u>	
Total liabilities			4,534		4,133
TOTAL NET ASSETS			<u>10,750</u>		<u>10,026</u>
Capital and reserves attributable to equity holders of the company					
Share capital	23	4,504		4,504	
Share premium reserve	24	502		502	
Merger reserve	24	801		801	
Foreign exchange difference reserve	24	(175)		(167)	
Retained earnings	24	5,078		4,346	
			10,710		9,986
Non-controlling interest			<u>40</u>		<u>40</u>
TOTAL EQUITY			<u>10,750</u>		<u>10,026</u>

The financial statements were approved by the Board of Directors and authorised for issue on 27 July 2011.

M Dwek
 Director

The notes on pages 19 to 42 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 30 April 2011

	Note	2011 £'000	2011 £'000	2010 £'000	2010 £'000
Cash flow from operating activities					
Net profit after tax		857		1,409	
Adjustments for:					
Depreciation and amortisation		616		526	
Interest expense		102		89	
Income tax expense		(151)		154	
Share option charge		-		8	
		<u> </u>		<u> </u>	
Operating cash flows before changes in working capital		1,424		2,186	
(Increase)/decrease in trade and other receivables		(375)		2	
Decrease in inventories		34		201	
Increase/(decrease) in trade and other payables		109		(550)	
		<u> </u>		<u> </u>	
Cash generated from operations			1,192		1,839
Income taxes paid			(78)		(143)
			<u> </u>		<u> </u>
Cash flows from operating activities			1,114		1,696
Cash flow from investing activities					
Payments for property, plant & equipment		(203)		(239)	
Sale of property, plant & equipment		6		13	
Research & development expenditure		(1,108)		(1,003)	
Intangible asset expenditure		-		(1)	
Acquisition of subsidiary, net of cash acquired		(156)		(20)	
		<u> </u>		<u> </u>	
			(1,461)		(1,250)
Cash flow from financing activities					
Proceeds new bank loan		450		-	
Repayment of bank loans		(210)		(501)	
Repayment of finance lease creditors		(126)		(138)	
Dividends paid		(125)		(113)	
Interest paid		(102)		(89)	
		<u> </u>		<u> </u>	
			(113)		(841)
Decrease in cash and cash equivalents	28		<u> </u>	<u> </u>	<u> </u>
			(460)		(395)
			<u> </u>	<u> </u>	<u> </u>

The notes on pages 19 to 42 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital £'000	Share premium £'000	Merger reserve £'000	Foreign exchange reserve £'000	Retained earnings £'000	Minority interest £'000	Total equity £'000
1 May 2009	4,504	502	801	(174)	3,042	40	8,715
Dividends	-	-	-	-	(113)	-	(113)
Share based payment	-	-	-	-	8	-	8
Total comprehensive income	-	-	-	7	1,409	-	1,416
30 April 2010	<u>4,504</u>	<u>502</u>	<u>801</u>	<u>(167)</u>	<u>4,346</u>	<u>40</u>	<u>10,026</u>
1 May 2010	4,504	502	801	(167)	4,346	40	10,026
Dividends	-	-	-	-	(125)	-	(125)
Share based payment	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	(8)	857	-	849
30 April 2011	<u>4,504</u>	<u>502</u>	<u>801</u>	<u>(175)</u>	<u>5,078</u>	<u>40</u>	<u>10,750</u>

NOTES FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 April 2011

1. Accounting policies

Newmark Security PLC (the "Company") is a public limited company domiciled in England. The consolidated financial statements of the Company for the year ended 30 April 2011 comprise the Company and its subsidiaries (together referred to as the "Group")

Basis of preparation

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and its interpretations (IFRICs) issued by the International Accounting Standards Board (IASB) and with those parts of the Companies Act 2006 applicable to companies preparing their accounts under IFRS.

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of income and expenses, and assets and liabilities. These judgements and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgements about carrying values of assets and liabilities. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. Any revisions to the accounting estimates are recognised in the period in which the revision is made.

The Company has elected to prepare its parent company financial statements in accordance with UK GAAP. These are presented on pages 43 to 47.

The following principal accounting policies have been applied consistently in the preparation of these financial statements:

New standards, interpretations and amendments effective from 1 May 2010

The new standards, interpretations and amendments, effective from 1 May 2010, have not had a material effect on the financial statements.

Standards and Interpretations to Existing Standards that are not yet effective and have not been adopted early by the Group

The amendments and interpretations to published standards that have been published on or after 1 May 2010 or later periods have not been adopted early by the Group as they will not materially affect the Group when they do come into effect.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the management team including the Chairman and Group Finance Director.

Revenue

Turnover is stated net of value added tax. Sales of equipment including hardware and software are recognised when the equipment is shipped to the customer or installed. Service, maintenance and licence revenue is spread evenly over the term of the contract. Other sales include installation and refurbishment work which are recognised on completion of work.

Basis of consolidation

Where the company has the power, either directly or indirectly, to govern the financial and operating policies of another entity or business so as to obtain benefits from its activities, it is classified as a subsidiary. The consolidated financial statements present the results of the Group as if it formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

Business combinations

The consolidated financial statements incorporate the results of business combinations using the purchase method other than disclosed above. In the consolidated statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal as appropriate.

Goodwill

Goodwill represents the excess of the cost of a business combination over the interest in the fair value of identifiable assets, liabilities and contingent liabilities acquired. Cost comprises the fair values of assets given, liabilities assumed and equity instruments issued, plus any direct costs of acquisition.

Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged to the income statement.

Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is credited in full to the income statement.

Discontinued operations

Discontinued operations relate to a reportable component of the Group which ceased to trade in a previous year.

Impairment of non-financial assets

Impairment tests on goodwill and other intangible assets with indefinite useful economic lives are undertaken annually on 30 April. Where the carrying value of an asset exceeds its recoverable amount (ie the higher of value in use and fair value less costs to sell), the asset is written down accordingly. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and risk specific to the asset.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit (ie the lowest group of assets in which the asset belongs for which there are separately identifiable cash flows). Goodwill is allocated on initial recognition to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination giving rise to the goodwill.

Impairment charges are included in the administrative expenses line item in the income statement. An impairment loss in respect of goodwill is not reversed. In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment had been recognised.

In testing for impairment, management has to make judgements and estimates about future events which are uncertain. Adverse results compared to these judgements could alter the decision of whether an impairment is required.

Foreign currency

Items included in the financial statements of each of the Group entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in sterling, which is the Group's functional and presentation currency.

Transactions entered into by Group entities in a currency other than the functional currency of the primary economic environment in which it operates are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are similarly recognised immediately in the income statement, except for foreign currency borrowings qualifying as a hedge of a net investment in a foreign operation.

The results and financial position of all Group companies that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities are translated at the closing rate at the date of the balance sheet;
- (ii) income and expenses are translated at average exchange rates; and
- (iii) all resulting exchange differences are recognised as a separate component of equity.

On consolidation, the results of overseas operations are translated into sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations, including goodwill arising on the acquisition of those operations, are translated at the rate ruling at the balance sheet date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at average rate are recognised directly in equity (the "foreign exchange reserve").

At the date of the transition to IFRS the cumulative translation differences for foreign operations have been deemed to be zero.

On disposal of a foreign operation, the cumulative exchange differences recognised in the foreign exchange reserve relating to that operation up to the date of disposal are transferred to the income statement as part of the profit or loss on disposal.

Financial assets

Loans and receivables: These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (trade receivables), but also incorporate other types of contractual monetary asset. They are carried at amortised cost.

Invoice discounting arrangements are for cash flow purposes. Financial assets are not derecognised until the associated risks and rewards are transferred or extinguished.

Other financial liabilities: Other financial liabilities include the following items:

- Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently at amortised cost.
- Bank borrowings are initially recognised at fair value. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the balance sheet. "Interest expense" in this context includes initial transaction costs, as well as any interest or coupon payable while the liability is outstanding.

Share-based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the income statement over the vesting period. Equity settled share options are recognised with a corresponding credit to equity.

Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Leased assets

Where substantially all of the risks and rewards incidental to ownership of a leased asset have been transferred to the Group (a "finance lease"), the asset is treated as if it had been purchased outright. The amount initially recognised as an asset is the fair value, or if lower, the present value of the minimum lease payments payable over the term of the lease. The corresponding lease commitment is shown as a liability. Lease payments are analysed between capital and interest. The interest element is charged to the income statement over the period of the lease and is calculated so that it represents a constant proportion of the lease liability. The capital element reduces the balance owed to the lessor.

Where substantially all of the risks and rewards incidental to ownership are retained by the lessor (an "operating lease"), the total rentals payable under the lease are charged to the income statement on a straight-line basis over the lease term.

The land and buildings elements of property leases are considered separately for the purposes of lease classification.

Internally generated intangible assets (research and development costs)

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Expenditure on internally developed products is capitalised if it can be demonstrated that:

- it is technically feasible to develop the product for it to be sold;
- adequate resources are available to complete the development;
- there is an intention to complete and sell the product;
- the group is able to sell the product;
- sale of the product will generate future economic benefits; and
- expenditure on the project can be measured reliably.

Capitalised development costs are amortised over seven years being the period the Group expects to benefit from selling the products developed. Amortisation is charged from when the asset is ready for use and the expense is included within the cost of sales line in the income statement.

Development expenditure not satisfying the above criteria and expenditure on the research phase of internal projects are recognised in the income statement as incurred.

Intangible assets

Costs associated with patents, trade marks, copyrights etc. are capitalised as incurred and are amortised over the expected life of the asset.

Taxation

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

Current Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 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 taxation

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the balance sheet differs from its tax base, except for differences arising on:

- the initial recognition of goodwill;
- goodwill for which amortisation is not tax deductible;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit; and
- investments in subsidiaries and jointly controlled entities where the group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered). Deferred tax balances are not discounted.

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- the same taxable group company; or
- different group entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

Property, plant and equipment

Items of property, plant and equipment are recognised at cost. As well as the purchase price, cost includes directly attributable costs and the estimated present value of any future costs of dismantling and removing items. The corresponding liability is recognised within provisions.

Freehold land is not depreciated. Depreciation is provided on all other items of property, plant and equipment to write off the carrying value of items over their expected useful economic lives. It is applied at the following rates:

Freehold buildings	–	5 per cent. per annum straight line
Short leasehold improvements	–	evenly over the length of the lease
Plant and machinery	–	20 per cent. per annum straight line
Fixtures and fittings	–	10-15 per cent. per annum straight line
Computer equipment	–	25-33.3 per cent. per annum straight line
Motor vehicles	–	25 per cent. per annum reducing balance

Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Weighted average cost is used to determine the cost of ordinarily interchangeable items.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

Provisions

Provisions are recognised for liabilities of uncertain timing or amount that have arisen as a result of past transactions, where it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

Where a provision is measured using the estimated cashflow required to settle the obligation then its carrying value is the present value of those cashflows.

Onerous contracts – Present obligations arising under onerous contracts are recognised and measured as a provision. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

Dilapidations – Dilapidation provisions are provided on leasehold properties where the terms of the lease require the Group to make good any changes made to the property during the period of the lease. Where a dilapidation provision is required the Group recognises an asset and provision equal to the discounted cost of restating the property to its original state. The asset is depreciated over the remaining term of the lease.

Warranty – Provisions for warranty costs are recognised at the date of sale of the relevant products at the directors' best estimate of the expenditure required to settle the Group's obligation.

Cash and cash equivalents

Cash and cash equivalents in the cash flow statement include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are included in borrowings in current liabilities in the balance sheet.

Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

Critical accounting estimates and judgements

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated above. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.

(b) Development costs on internally developed products are capitalised if it can be demonstrated that the expenditure meets the criteria set out above. These Costs are amortised over the period that the Group expects to benefit from selling the products developed. The judgements concerning compliance with the above criteria and the expected useful life of these assets are made using the historical, commercial and technical experience of senior members of the management team.

(c) Accounting estimates are applied in determining the initial fair value of development costs on business combinations.

Dividends

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when declared by the directors. In the case of final dividends, this is when approved by the shareholders at the AGM.

2. Revenue

Revenue arises from:	2011	2010
	£'000	£'000
Sale of goods	8,408	9,953
Provision of services	4,244	3,839
	<u>12,652</u>	<u>13,792</u>

3. Profit from operations

This has been arrived at after charging/(crediting):	2011	2010
	£'000	£'000
Staff costs (note 4)	5,754	5,511
Depreciation of property, plant and equipment		
– owned assets	229	214
– leased assets	108	145
Amortisation of intangible assets	279	167
Abortive acquisition costs	–	70
Foreign exchange differences	–	(22)
Operating lease expense		
– Plant and machinery	27	40
– Property	296	341
Auditors remuneration:		
Parent company auditors		
Audit fees (Group)	46	51
Audit fees (parent company)	8	8
Tax fees (Group)	7	17
Tax fees (parent company)	3	3
(Profit) on disposal of tangible non-current assets	(16)	(4)
	<u>5,754</u>	<u>5,511</u>

4. Staff costs

Staff costs (including the Executive Directors) comprise:	2011	2010
	£'000	£'000
Wages and salaries	4,883	4,672
Short-term non-monetary benefits	221	212
Defined contribution pension cost	123	131
Share-based payment expense	–	8
Employer's national insurance contributions and similar taxes	527	488
	<u>5,754</u>	<u>5,511</u>

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

	2011	2010
	No.	No.
Management, sales and administration	42	40
Production	84	86
	<u>126</u>	<u>126</u>

Key management remuneration (comprising the Executive Directors and Directors of subsidiary companies):

	2011	2010
	£'000	£'000
Salaries	751	704
Short-term non-monetary benefits	35	31
Defined contribution pension costs	54	50
Share-based payment expenses	–	8
Employers national insurance contributions and similar taxes	92	69
	<u>932</u>	<u>862</u>

The emoluments of the Directors of the parent company are set out in the Report of the Remuneration Committee on page 11.

5. Segment information

Description of the types of products and services from which each reportable segment derives its revenues

The Group has 2 main reportable segments:

- Electronic division – This division is involved in the design, manufacture and distribution of access-control systems (hardware and software) and the design, manufacture and distribution of OEM hardware only, for time-and-attendance, shop-floor data collection, and access control systems. This division contributed 49 per cent. (2010: 46 per cent.) of the Group's revenue.
- Asset Protection division – This division is involved in the design, manufacture, installation and maintenance of fixed and reactive security screens, reception counters, cash management systems and associated security equipment. This division contributed 51 per cent. (2010: 54 per cent.) of the Group's revenue.

Factors that management used to identify the Group's reportable segments

The Group's reportable segments are strategic business units that offer different products and services. The two divisions are managed separately as each involves different technology, and sales and marketing strategies.

Measurement of operating segment profit or loss from operations before tax not including non-recurring losses such as goodwill impairment, and also excluding the effects of share based payments.

Segment assets and liabilities exclude group company balances.

	Electronic 2011 £'000	Asset Protection 2011 £'000	Total 2011 £'000
<i>Revenue</i>			
Total revenue	6,142	6,510	12,652
Revenue from external customers	6,142	6,510	12,652
Finance cost	21	20	41
Depreciation	139	196	335
Amortisation	279	–	279
Segment profit before income tax	882	511	1,393
Additions to non-current assets	839	668	1,507
Reportable segment assets	4,791	3,524	8,315
Reportable segment liabilities	1,009	1,489	2,498
		Asset	
	Electronic	Protection	Total
	2010	2010	2010
	£'000	£'000	£'000
<i>Revenue</i>			
Total revenue	6,325	7,467	13,792
Revenue from external customers	6,325	7,467	13,792
Finance cost	16	22	38
Depreciation	149	208	357
Amortisation	167	–	167
Segment profit before income tax	1,386	897	2,283
Additions to non-current assets	1,163	625	1,788
Reportable segment assets	5,331	3,608	8,939
Reportable segment liabilities	1,871	1,784	3,655

Reconciliation of reportable segment revenues, profit or loss, assets and liabilities to the Group's corresponding amounts:

	2011 £'000	2010 £'000
Revenue		
Total revenue for reportable segments	12,652	13,792
	2011 £'000	2010 £'000
Profit or loss after income tax expense		
Total profit or loss for reportable segments	1,393	2,283
Share based payments	–	(8)
Corporation taxes	151	(154)
Unallocated amounts – other corporate expenses	(687)	(697)
Profit after income tax expense (continuing activities)	857	1,424
	2011 £'000	2010 £'000
Assets		
Total assets for reportable segments	8,315	8,939
PLC	25	(1,632)
Goodwill on consolidation	6,852	6,852
Assets of discontinued activities	92	–
Group's assets	15,284	14,159
Liabilities		
Total liabilities for reportable segments	2,498	3,655
PLC	2,036	308
Liabilities of discontinued activities	–	170
Group's liabilities	4,534	4,133

	Reportable segment		Group	Reportable segment		Group
	totals	Adjustments	totals	totals	Adjustments	totals
	2011	2011	2011	2010	2010	2010
	£'000	£'000	£'000	£'000	£'000	£'000
Other material items						
Capital expenditure	1,507	2	1,509	1,788	5	1,793
Depreciation and amortisation	614	2	616	524	2	526

Geographical information:

	External revenue by location of customers		Non-current assets by location of assets	
	2011	2010	2011	2010
	£'000	£'000	£'000	£'000
UK	10,973	12,072	10,930	10,043
Europe	1,092	1,050	–	–
USA	410	424	–	–
Other countries	177	246	–	–
	<u>12,652</u>	<u>13,792</u>	<u>10,930</u>	<u>10,043</u>

6. Finance income and costs

	2011 £'000	2010 £'000
<i>Finance costs</i>		
Bank borrowings	61	51
Invoice discounting	21	16
Finance leases	20	22
	<u>102</u>	<u>89</u>

7. Tax expense

	2011 £'000	2011 £'000	2010 £'000	2010 £'000
<i>Current tax expense</i>				
<i>Continuing businesses</i>				
UK corporation tax on profits for the year	(86)		(31)	
Adjustment for over provision in prior periods	(153)		(8)	
		(239)		(39)
<i>Deferred tax expense</i>				
Origination and reversal of temporary differences	82		211	
Adjustment for over provision in prior periods	6		(18)	
		88		193
Total tax (credit)/charge		<u>(151)</u>		<u>154</u>

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the UK applied to profits for the year are as follows:

	2011 £'000	2010 £'000
Profit before tax	<u>706</u>	<u>1,563</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 27.83 per cent. (2010 – 28 per cent.)	196	438
Research and development allowances	(161)	(211)
Effects on profits of other items not deductible for tax purposes	2	2
Double tax relief	-	-
Utilisation of previously unrecognised tax losses	(17)	(36)
Losses carried forward	37	-
Change in tax rate	(34)	-
Adjustment to tax charge in respect of previous periods	(147)	(26)
Other	(27)	(13)
Total tax (credit)/charge	<u>(151)</u>	<u>154</u>

The Group has the following tax losses, subject to agreement by HMRC Inspector of Taxes, available for offset against future trading profits and capital gains as appropriate:

	2011 £'000	2010 £'000
Management expenses	772	772
Trading losses	1,620	1,682
	<u> </u>	<u> </u>

If the losses were to be recognised this would give rise to deferred tax assets as follows:

	2011 £'000	2010 £'000
Management expenses	216	216
Trading losses	421	471
	<u> </u>	<u> </u>

8. Discontinued operations

	2011 £'000	2010 £'000
Turnover	-	-
Cost of sales	-	-
	<u> </u>	<u> </u>
Gross profit	-	-
Administrative expenses	-	(15)
	<u> </u>	<u> </u>
Loss from operations	-	(15)
Finance income	-	-
	<u> </u>	<u> </u>
Loss before tax	-	(15)
Tax	-	-
	<u> </u>	<u> </u>
Post-tax loss related to discontinued operations	-	(15)
	<u> </u>	<u> </u>

The statement of cash flow includes the following amounts relating to discontinued operations:

	2011 £'000	2010 £'000
Operating activities	-	(117)
Investing activities	-	-
Financing activities	-	-
	<u> </u>	<u> </u>
	-	(117)
	<u> </u>	<u> </u>

The losses of the discontinued businesses related to the costs incurred in respect of Newmark Technology SA and the Vema group of companies. Newmark Technology SA was put into liquidation last year, and it is intended that the Vema group of companies will be liquidated.

9. Earnings per share

	2011 £'000	2010 £'000
<i>Numerator</i>		
Earnings used in basic and diluted EPS	857	1,409
	<u> </u>	<u> </u>
Earnings used in basic and diluted EPS – continuing operations	857	1,424
	<u> </u>	<u> </u>
	No.	No.
<i>Denominator</i>		
Weighted average number of shares used in basic EPS		
– continuing and discontinued operations	450,432,316	450,432,316
Effect of employee share options	19,800,000	19,800,000
	<u> </u>	<u> </u>
Weighted average number of shares used in diluted EPS – continuing and discontinued operations	470,232,316	470,232,316
	<u> </u>	<u> </u>

Certain employee options have also been excluded from the calculation of diluted EPS as their exercise price is greater than the weighted average share price during the year (i.e. they are out-of-the-money) and therefore it would not be advantageous for the holders to exercise those options. The total number of options in issue is disclosed in note 26.

The basic earnings per share before results of discontinued operations and abortive acquisition costs has also been presented since, in the opinion of the directors, this provides shareholders with a more appropriate measure of earnings derived from the Group's businesses. It can be reconciled to basic earnings per share as follows:

	2011 pence	2010 pence
Basic earnings per share (pence) – basic	0.19	0.31
Legal costs	0.01	–
Abortive acquisition costs	–	0.01
Earnings per share before legal costs and abortive acquisition costs	0.20	0.32
Losses of discontinued operations	–	0.01
Earnings per share before legal costs, results of discontinued operations, and abortive acquisition costs – basic	<u>0.20</u>	<u>0.33</u>

	2011 £'000	2010 £'000
Reconciliation of earnings		
Profit used for calculation of basic earnings per share	857	1,409
Legal costs	40	–
Abortive acquisition costs	–	70
Earnings before abortive acquisition costs	897	1,479
Losses of discontinued operations	–	15
Earnings before results of discontinued operations and abortive acquisition costs	<u>897</u>	<u>1,494</u>

10. Property, plant and equipment

	Short leasehold improvements £'000	Plant, machinery and motor vehicles £'000	Computers, fixtures and fittings £'000	Total £'000
<i>At 30 April 2010</i>				
Cost	404	1,422	826	2,652
Accumulated depreciation	(251)	(1,075)	(596)	(1,922)
Net book value	<u>153</u>	<u>347</u>	<u>230</u>	<u>730</u>
<i>At 30 April 2011</i>				
Cost	511	1,518	904	2,933
Accumulated depreciation	(280)	(1,169)	(696)	(2,145)
Net book value	<u>231</u>	<u>349</u>	<u>208</u>	<u>788</u>
<i>Year ended 30 April 2010</i>				
Opening net book value	83	474	200	757
Additions	100	122	120	342
Business acquisitions	–	3	–	3
Disposals	–	(13)	–	(13)
Depreciation	(30)	(239)	(90)	(359)
Closing net book value	<u>153</u>	<u>347</u>	<u>230</u>	<u>730</u>

	Short leasehold improvements £'000	Plant, machinery and motor vehicles £'000	Computers, fixtures and fittings £'000	Total £'000
<i>Year ended 30 April 2011</i>				
Opening net book value	153	347	230	730
Additions	107	216	78	401
Disposals	–	(6)	–	(6)
Depreciation	(29)	(208)	(100)	(337)
Closing net book value	<u>231</u>	<u>349</u>	<u>208</u>	<u>788</u>

The net book value of property plant and equipment for the Group includes an amount of £245,733 (2010: £62,755) in respect of assets held under finance leases and hire purchase contracts. The related depreciation charge on these assets for the year was £108,498 (2010: £144,993).

11. Intangible assets

	Goodwill £'000	Development costs (internally generated) £'000	Licences, patents and copyrights £'000	Total £'000
<i>At 30 April 2010</i>				
Cost	6,755	2,347	37	9,139
Acquisition of businesses	97	347	–	444
Amortisation	–	(260)	(10)	(270)
Net book value	<u>6,852</u>	<u>2,434</u>	<u>27</u>	<u>9,313</u>
<i>At 30 April 2011</i>				
Cost	6,852	3,808	37	10,697
Amortisation	–	(540)	(15)	(555)
Net book value	<u>6,852</u>	<u>3,268</u>	<u>22</u>	<u>10,142</u>
<i>Year ended 30 April 2010</i>				
Opening net book value	6,755	1,246	31	8,032
Additions				
– Internally developed	–	1,003	–	1,003
– External	–	–	1	1
Acquisition of businesses	97	347	–	444
Amortisation	–	(162)	(5)	(167)
Closing net book value	<u>6,852</u>	<u>2,434</u>	<u>27</u>	<u>9,313</u>
<i>Year ended 30 April 2011</i>				
Opening net book value	6,852	2,434	27	9,313
Additions				
– Internally developed	–	1,108	–	1,108
Amortisation	–	(274)	(5)	(279)
Closing net book value	<u>6,852</u>	<u>3,268</u>	<u>22</u>	<u>10,142</u>

The Group has no contractual commitments for development costs (2010: £Nil).

All development costs have a finite useful economic life.

12. Goodwill and impairment

Details of goodwill allocated to Cash Generating Units ("CGUs") for which the amount of goodwill so allocated is significant in comparison to total goodwill is as follows:

	Goodwill carrying amount	
	2011 £'000	2010 £'000
Electronic division	5,794	5,794
Asset protection division	1,058	1,058
	<u>6,852</u>	<u>6,852</u>

The recoverable amounts of all the above CGUs have been determined from value in use calculations based on cash flow projections from formally approved budgets covering a five year period to 30 April 2016. The discount rate which was applied was 16.7 per cent., the estimated weighted average cost of capital.

The trading companies all operate in certain niche markets, each of which can be in part project driven. Therefore the budgets produced take known future contracts into account, and allow for historic projects as well. Within the electronic division, market share is assumed to remain unchanged except for these known projects. In the asset protection division, there is a range of products and different assumptions have been made about possibilities of growth for each of these products. Operating margins have been based on historic figures for each product range and overheads, mainly salaries, are expected to increase in line with inflation.

The reviews which are carried out at 30 April each year indicated that no impairment provision was necessary.

The average growth rates used for each of the CGUs were as follows:

	2011	2010
Electronic division	5%	5%
Asset protection division	4%	2%

13. Subsidiaries

The principal subsidiaries of Newmark Security PLC, all of which have been included in these consolidated financial statements, are as follows:

Name	Country of incorporation	Proportion of ownership interest ⁽¹⁾	Activity
Custom Micro Products Limited	Great Britain	100%	Dormant
Newmark Technology Limited ^(2a)	Great Britain	100%	Trading
Newmark Technology (C-Cure Division) Limited	Great Britain	100%	Dormant
Safetell International Limited	Great Britain	100%	Dormant
Safetell Limited	Great Britain	100%	Trading
Safetell Security Screens Limited	Great Britain	100%	Trading
Vema B.V.	The Netherlands	100%	Holding
Vema N.V. ^(2b)	The Netherlands	98%	Dormant
Vema UK Limited ^(2c)	Great Britain	100%	Dormant
Grosvenor Technology Limited	Great Britain	100%	Trading
Newmark Group Limited	Great Britain	100%	Dormant
Sateon Limited	Great Britain	100%	Dormant
ATM Protection (UK) Limited ^(2d)	Great Britain	60%	Trading
ATM Protection Limited ^(2e)	Great Britain	60%	Trading
Grosvenor Technology LLC ^(2a)	USA	100%	Trading

(1) The shares held in all companies are ordinary shares

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

- (a) Owned by Grosvenor Technology Limited
- (b) Owned by Vema BV 51 per cent., Newmark Security PLC 47 per cent.
- (c) Owned by Vema NV
- (d) Owned by Safetell Limited
- (e) 100% Owned by ATM Protection (UK) Limited

14. Inventories

	2011 £'000	2010 £'000
Raw materials and consumables	826	671
Work-in-progress	86	55
Finished goods and goods for resale	557	777
	<u>1,469</u>	<u>1,503</u>

Finished goods include an amount of £Nil (2010: £Nil) carried at fair value less costs to sell. The value of inventories consumed in the year was £3,493,000 (2010: £4,215,000). The amount of inventory write downs in the year was £36,000 (2010: £Nil). There are no inventories recoverable after 12 months (2010: £Nil).

15. Trade and other receivables

	2011 £'000	2010 £'000
Trade receivables	2,071	1,942
Less: provision for impairment and trade receivables	(25)	(22)
Trade receivables (net)	<u>2,046</u>	<u>1,920</u>
Other receivables	217	10
Accrued income	318	232
Prepayments	304	240
	<u>2,885</u>	<u>2,402</u>

At 30 April 2011 trade receivables of £1,160,000 (2010: £800,000) were past due but not impaired. The ageing analysis of these receivables is as follows:

	2011 £'000	2010 £'000
Current	911	1,142
30 days past due	799	461
60 days past due	361	339
	<u>2,071</u>	<u>1,942</u>

Financial assets past due or impaired

The analysis of Group's provisions against trade receivables is shown in the table below:

Analysis of trade receivables impairments

	2011			2010		
	Gross Value £'000	Provision £'000	Net Carrying Amount £'000	Gross Value £'000	Provision £'000	Net Carrying Amount £'000
UK	1,958	(25)	1,933	1,895	(22)	1,873
USA	60	-	60	4	-	4
Europe	53	-	53	43	-	43
Total	<u>2,071</u>	<u>(25)</u>	<u>2,046</u>	<u>1,942</u>	<u>(22)</u>	<u>1,920</u>

The main factor used in assessing any impairment of trade receivables is the age of the balance and the circumstances of the individual customer. The fair value of trade receivables that are past due or impaired is their carrying amount.

Movements on group provisions for impairment of trade receivables are as follows:

	2011 £'000	2010 £'000
Opening balance	22	22
Increase in provisions	10	-
Receivable written off during the year	(7)	-
Closing balance	25	22

The movement on the provision for impaired receivables has been included in the administrative expense line in the income statement. The Group provides against specific debtors.

16. Trade and other payables – current

	2011 £'000	2010 £'000
Trade payables	774	740
Other tax and social security taxes	419	483
Other payables	756	646
Deferred income	500	469
Deferred purchase consideration	108	204
Accruals	379	416
	<u>2,936</u>	<u>2,958</u>

Other payables include an amount of £688,000 (2010: £516,000) in respect of an invoice discount facility which was secured on the trade receivables.

17. Other short term borrowings

	2011 £'000	2010 £'000
Bank overdraft	249	-
Bank loans		
– secured (i)	-	210
– secured (ii)	84	-
Finance lease creditor (note 25)	124	102
	<u>457</u>	<u>312</u>

UK subsidiaries of the Group use the same principal banker.

Bank loan (i) was secured on the assets of the UK subsidiary companies and was repayable by equal monthly instalments until November 2010. Interest was payable at 2 per cent. above base rate.

Bank loan (ii) is secured on the assets of the UK subsidiary companies and is repayable by equal monthly instalments from September 2011 to August 2014. Interest is payable at 2.5 per cent. above base rate.

Information about fair values on the financial liabilities is given in note 20.

18. Long term borrowings

	2011 £'000	2010 £'000
Bank loans – secured (note 17)	366	-
Finance lease creditor (note 25)	120	68
	<u>486</u>	<u>68</u>

19. Financial instruments – Risk Management

The Group's overall risk management programme seeks to minimise potential adverse effects on the Group's financial performance.

The Group's financial instruments comprise cash, borrowings and liquid resources, and various items such as trade receivables and payables that arise directly from its operations. The Group is exposed through its operations to one or more of the following financial risks:

- Credit risk
- Liquidity risk
- Fair value or cash flow interest rate risk
- Foreign currency risk

The Board identifies and evaluates financial risks in conjunction with the Group's operating companies and the policy for managing these risks is set by the Board following recommendations from the Group Finance Director. Certain risks are managed centrally, while others are managed locally following guidelines communicated from the centre. The policy for each of the above risks is described in more detail below, with the accounting policies as set out in Note 1.

Financial Instruments

Categories of financial assets and financial liabilities are detailed below

	Loans and receivables	
	2011	2010
	£'000	£'000
Current financial assets		
Trade and other receivables	2,581	2,162
Cash and cash equivalents	–	211
Total current financial assets	<u>2,581</u>	<u>2,373</u>
	Financial liabilities measured at amortised cost	
	2011	2010
	£'000	£'000
Current financial liabilities		
Trade and other payables (excluding deferred purchase consideration)	2,828	2,754
Deferred purchase consideration	108	204
Loans and borrowings	457	312
Total current financial liabilities	<u>3,393</u>	<u>3,270</u>
Non-current financial liabilities		
Loans and borrowings	486	68
Total non-current financial liabilities	<u>486</u>	<u>68</u>
Total financial liabilities	<u>3,879</u>	<u>3,338</u>

Financial instrument risk exposure management

The Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

Principal financial instruments

The principal financial instruments used by the Group, from which financial instrument risk arises are

- trade receivables
- cash at bank
- bank overdrafts
- term loans
- invoice discounting facilities
- trade and other payables

General objectives, policies and processes

The Board has overall responsibility for the determination of the Group's risk management objectives and policies. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below.

Credit risks

Credit risk arises principally from the Group's trade receivables and reflects the risk that the counter party fails to discharge its obligation in respect of the instrument.

It is Group policy to mitigate credit risk arising from the client base through the application of credit limits based on credit ratings issued by the main credit rating agencies, and from the knowledge of the trading history with that customer. For customers with no authorised credit limit, pro forma invoices will be issued requiring payment in full before despatch of goods or provision of services.

Where credit terms requested by the customer are outside the Group's standard terms of business then authorisation is sought from the Group Finance Director.

The end user of our products is often a blue chip customer but we normally invoice a contractor or installer employed by the end user. The Group subsidiary company is also often involved directly with the end user due to our knowledge of the product and its application. The subsidiary has also usually worked with many of these contractors and installers for a number of years. Within the asset protection division, there are also retentions outstanding in situations where our customer is a contractor.

Credit risk is influenced by factors specific to the individuals customers, however an element of the risk is influenced by the geographic locations in which they operate.

The credit quality of the financial assets are reviewed and assessed on an ongoing basis which enables timely judgements to be made on the position of each debt. This allows management to put in place action plans where necessary to ensure the recoverability of the debts and the minimisation of potential write offs.

The Group records impairment losses on its trade receivables separately from gross receivables and reports these net of provisions.

The Group's maximum exposure to credit risk is equal to the carrying value of trade receivables and cash and cash equivalents.

Management monitors the utilisation of the credit limits regularly and does not expect any material losses from non-performance by the counterparties.

The Group does not enter into derivatives to manage credit risk, although in certain isolated cases may take steps to mitigate such risks if it is sufficiently concentrated.

Quantitative disclosures of the credit risk exposure in relation to financial assets are set out below. Further disclosures regarding trade and other receivables, which are neither past due nor impaired, are provided in note 15.

Liquidity risk

Liquidity risk arises from the Group's management of working capital together with the finance charges and principal payments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. The Group's policy is to ensure that it has adequate financial resources to enable it to finance its day-to-day operations based on cash flow projections. The Group's working capital requirements are generally short term in nature and as such the Group utilises short-term invoice discounting facilities. Longer term financing is utilised for the purpose of acquiring subsidiary undertakings. Cash balances are reported weekly to the Board, and the Group Finance Director compares existing resources and available facilities with projected outgoings. Monthly cash flow statements are prepared and reviewed by management with variances against budget. Cash flow budgets are produced annually and reviewed by the Board of Directors.

Borrowing facilities

The Group had undrawn committed borrowing facilities available at 30 April 2011 in which all conditions have been met.

	Floating rate £'000	Fixed rate £'000	2011 Total £'000	2010 Total £'000
Expiry within 1 year	501	-	501	511

The Group had floating rate invoice discounting facilities with a maximum aggregate facility limit at 30 April 2011 of £1,100,000 (2010: £1,100,000). These facilities are subject to 3 months' notice period. The Group also has term loans of £450,000 (2010: £210,000). The interest rate payable on the term loans is base rate plus 2.5 per cent. The loans are repayable in monthly instalments.

The bank loans and overdrafts are secured by a debenture over the assets of the Group and the Company. The invoice discounting facility is secured over the book debts of the electronic division of the Group.

The maturity analysis of the undiscounted financial liabilities measured at amortised costs is as follows:

	2011 £'000	2010 £'000
Up to 3 months	688	621
3 to 6 months	24	105
6 to 12 months	60	-
Later than 1 year and not later than 5 years	366	-
	<u>1,138</u>	<u>726</u>

Included with in 0 -3 months period is the amounts drawn down via the invoice discounting facility.

Market risks

Market risks arise from the Group's use of interest bearing financial instruments. It is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in interest rates or other market factors.

Interest rate risk

The Group finances its operations through a mixture of retained profits, bank loans and invoice discounting facilities, both bank loans and invoice discounting facilities being at floating rates.

Interest rate risk sensitivity of interest rate exposure

The following table demonstrates the effect of a 1 per cent. movement from a base rate plus 2.5 per cent. based on the term loan balances as at 30 April 2011 of £450,000.

Interest rate movement from base rate plus 2.5%	-1%	+1%
Interest (saving)/expenses (£000's)	<u>(4)</u>	<u>4</u>

Interest Risk Profile

The following table sets out the carrying amount of the Group's financial instruments that are exposed to interest rate risk as at 30 April 2011, all of which are denominated in sterling:

	2011		2010	
	Effective Interest Rate	Carrying Amount £'000	Effective Interest Rate	Carrying Amount £'000
<i>Floating rate with maturity within one year</i>				
Cash and cash equivalents	-	-	Nil	211
Advances drawn on invoice discounting	Libor +2%	(688)	Libor +2%	(516)
Term loan	Libor +2.5%	(84)	Libor +2%	(210)
<i>Floating rate with maturity over one year</i>				
Term loan		(366)		-
		<u>(1,138)</u>		<u>(515)</u>

Foreign currency risk

The Group's main foreign currency risk is the short-term risk associated with financial assets denominated in US dollars and Euros relating to the UK operations whose functional currency is sterling. The risk arises on the difference between exchange rates at the time the invoice is raised to when the invoice is settled by the customer.

The Group is also exposed to currency risk on financial liabilities which are denominated in currencies other than sterling.

The carrying values of the Group's financial assets and liabilities are denominated in the following currencies:

	Financial assets		Financial liabilities	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Pound sterling	2,369	2,326	3,774	3,190
US dollar	67	4	10	-
Euro	145	43	95	148
	<u>2,581</u>	<u>2,373</u>	<u>3,879</u>	<u>3,338</u>

The effect of a 10 per cent. strengthening of the Euro and Dollar against Sterling at the balance sheet date on the Euro/Dollar denominated trade receivables and payables carried at that date would, all other variables held constant, have resulted in a net increase in pre-tax profit for the year and increase of net assets of £10,000 (2010: £9,000). A 10 per cent. weakening in the exchange rates would, on the same basis, have decreased pre-tax profit and decrease net assets by £12,000 (2010: £11,000).

Capital

The Group considers its capital to comprise its ordinary share capital, share premium account, foreign exchange reserve and accumulated retained earnings.

In managing its capital, the Group's primary objective is to ensure its continued ability to provide a consistent return for its equity shareholders through capital growth and distributions. The Group seeks to maintain a gearing ratio that balances risks and returns at an acceptable level and also to maintain a sufficient funding base to enable the Group to meet its working capital and strategic investment needs. In making decisions to adjust its capital structure to achieve these aims, the Group considers not only its short-term position but also its long-term operational and strategic objectives.

20. Financial assets and liabilities – Numerical information

The weighted average interest rate of fixed rate liabilities and the weighted average period for which they are fixed is as follows:

	Rate 2011 %	Period 2011 Years	Rate 2010 %	Period 2010 Years
Sterling	3.8	1.7	4.0	1.2

Fair values

The book value and fair value of financial liabilities are as follows:

	Book value 2011 £'000	Fair value 2011 £'000	Book value 2010 £'000	Fair value 2010 £'000
Bank loans	450	432	210	208
Finance lease creditor	244	232	170	163
	694	664	380	371

Fair values of financial liabilities have been determined by discounting cash payments at prevailing market rates of interest having regard to the specific risks attaching to them.

The fair values of all other financial assets and liabilities at 30 April 2011 and 2010 are equal to their book value.

21. Provisions

	Rental provision contracts £'000	Leasehold dilapidations £'000	Warranty £'000	Holiday pay £'000	Total £'000
At 1 May 2010	32	84	20	87	223
Released in year	(16)	-	(20)	-	(36)
Charged in year	-	-	-	14	14
At 30 April 2011	16	84	-	101	201
Due within one year or less	16	-	-	101	117
Due after more than one year	-	84	-	-	84
	16	84	-	101	201

The rental provision related to the excess of Safetell's contractual legal obligation at date of acquisition over the market rental, and will be reversed over the remaining year of the lease.

Leasehold dilapidations relate to the estimated cost of returning a leasehold property to its original state at the end of the lease in accordance with the lease terms. On recognition of the initial provision, an equal amount was recognised as part of the cost of the leasehold improvements. This cost is recognised as depreciation of leasehold improvements over the remaining term of the lease. The main uncertainty relates to estimating the cost that will be incurred at the end of the lease.

22. Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 26 per cent. (2010: 28 per cent.).

The movement on the deferred tax account is as shown below:

	Group	
	2011	2010
Liability		
At 1 May	412	166
Income statement	88	193
Transfer from corporation tax recoverable	(46)	(44)
On acquisition of company	-	97
At 30 April	454	412

Deferred tax assets have been recognised in respect of all temporary timing differences giving rise to deferred tax assets because it is probable that these assets will be recovered.

The movements in deferred tax assets and liabilities (prior to the offsetting of balances within the same jurisdiction as permitted by IAS12) during the period are shown below.

Deferred tax assets and liabilities are only offset where there is a legally enforceable right of offset and there is an intention to settle the balances net.

Details of the deferred tax liability, and amounts charged/(credited) to the consolidated income statement are as follows:

	Liability/ (Asset)	Charged/ (credited) to income
	2011	2011
	£'000	£'000
Accelerated capital allowances	(79)	10
Other temporary and deductible differences	593	29
Available losses	(60)	49
	454	88
	Liability/ (Asset)	Charged/ (credited) to income
	2010	2010
	£'000	£'000
Accelerated capital allowances	(89)	(24)
Other temporary and deductible differences	610	217
Available losses	(109)	-
	412	193

A deferred tax asset has not been recognised for the following:

	2011	2010
	£'000	£'000
Unused tax losses	637	687

23. Share capital

	Issued and fully paid		2010 £
	2011 Number	2011 £	
<i>Ordinary shares of 1p each</i>			
At beginning and end of the year	450,432,316	4,504,323	450,432,316

24. Reserves

	Share premium £'000	Merger reserve £'000	Retained earnings £'000	Foreign exchange reserve £'000
At 30 April 2009	502	801	3,042	(174)
Translation differences on overseas operations	-	-	-	7
Share-based payments provision	-	-	8	-
Profit for the year	-	-	1,409	-
Dividends paid	-	-	(113)	-
At 30 April 2010	502	801	4,346	(167)
At 30 April 2010	502	801	4,346	(167)
Translation differences on overseas operations	-	-	-	(8)
Profit for the year	-	-	857	-
Dividends paid	-	-	(125)	-
At 30 April 2011	502	801	5,078	(175)

The share premium account represents the excess of the market value of shares issued over the nominal value of those shares, less expenses of issue.

The merger reserve arose in the year ended 30 April 2003 when the Company made an offer to the Global Depository Receipt ("GDR") holders of Vema N.V. for the 49 per cent. of the issued share capital of that company not already owned by the Group. The offer represented 1.5 Newmark shares for each GDR and the merger reserve represented the excess of market value over nominal value of the shares issued.

Retained earnings represents the cumulative amount of retained profits/losses each year as reported in the income statement, plus the exchange differences on the retranslation of foreign operations up to 1 May 2005 (the date of transition to IFRS).

Foreign exchange reserve represents the cumulative exchange differences on the retranslation of foreign operations from 1 May 2005.

Dividends

	2011 £'000	2010 £'000
Final dividend of 0.0275 pence (2010: 0.025 pence) per ordinary share paid, during the year relating to the previous year's results	125	113

The directors are proposing a final dividend of 0.0275 pence (2010: 0.0275 pence) per share totalling £125,000 (2010: £125,000). The dividend has not been accrued in the consolidated statement of financial position.

25. Leases

Finance leases

Future lease payments are due as follows:

	Minimum lease payments 2011 £'000	Interest 2011 £'000	Present value 2011 £'000
Not later than one year	137	13	124
Later than one year and not later than five years	131	11	120
	<u>268</u>	<u>24</u>	<u>244</u>

	Minimum lease payments 2010 £'000	Interest 2010 £'000	Present value 2010 £'000
Not later than one year	113	11	102
Later than one year and not later than five years	77	9	68
	<u>190</u>	<u>20</u>	<u>170</u>

The present value of future lease payments are analysed as:

	2011 £'000	2010 £'000
Current liabilities	124	102
Non-current liabilities	120	68
	<u>244</u>	<u>170</u>

Operating leases – lessee

The Group leases the majority of its properties. The terms of property leases vary, although they all tend to be tenant repairing with rent reviews every 2 to 5 years.

Commitments under non-cancellable operating leases expiring:

	2011 £'000	2010 £'000
Not later than one year	109	-
Later than one year and not later than five years	248	564
Later than five years	360	420
	<u>717</u>	<u>984</u>

26. Share-based payment

The Group previously operated two share option schemes, a HM Revenue & Custom's Approved Share Option Scheme and an Unapproved Share Option Scheme. The schemes require that exercise of options be subject to the satisfaction of certain performance criteria. Rights over share options will be forfeited after leaving the Group's employment.

The total number of share options outstanding under the Approved and Unapproved Share Option Schemes were:

Date of Grant	Subscription Price payable	2011 Approved	2011 Unapproved	2010 Approved	2010 Unapproved
December 2001	5p	125,000	125,000	125,000	125,000
September 2002	2p	125,000	5,625,000	125,000	5,625,000
October 2005	1.5p	7,000,000	7,000,000	7,000,000	7,000,000
Total		<u>7,250,000</u>	<u>12,750,000</u>	<u>7,250,000</u>	<u>12,750,000</u>

The options may be exercised within 10 years from the date of issue.

The remaining weighted average contractual lives for Approved and Unapproved Options were 4.3 and 3.0 years respectively (2010: 5.3 and 4.0).

Of the total number of options outstanding at the end of the year 7,250,000 Approved and 12,750,000 Unapproved (2010: 7,250,000 and 12,750,000 respectively) had vested at the end of the year.

There were no options granted or exercised during the year.

In April 2008, the Group adopted the Newmark Security PLC EMI Share Option Plan which enabled the Board to grant qualifying share options under the HM Revenue and Custom's Enterprise Management Incentive ("EMI") tax code and also unapproved share options to employees and directors. The EMI share options vest and become exercisable 3 years from the date of grant (subject to leaver and takeover provisions), or such other period of time specified by the Remuneration Committee. Performance conditions set by the Remuneration Committee will apply to these EMI options. In that year the Company granted 4,800,000 options under the EMI approved share option scheme and 1,000,000 options under the EMI unapproved share option scheme. The options were granted at a price of 1.425 pence per share. No further options were granted in the year. The remaining weighted average contractual lives for both Approved and Unapproved Options under this scheme were 6.5 years (2010: 7.5 years). None of these options had vested at the year end.

The share based remuneration expense for equity settled schemes was £Nil (2010: £8,000).

27. Related party transactions

Details of directors' remuneration are given in the Report of the Remuneration Committee on page 11.

28. Notes supporting cash flow statement

Cash and cash equivalents comprises:

	2011 £'000	2010 £'000
Cash available on demand	-	211
Net cash decrease in cash and cash equivalents	(460)	(395)
Cash and cash equivalents at beginning of year	211	606
Cash and cash equivalents at end of year	(249)	211
Significant non-cash transactions are as follows:		
<i>Financing activities</i>		
Proceeds from finance lease creditor	199	102

COMPANY BALANCE SHEET
30 April 2011 – UK GAAP Financial Statements
Company number: 3339998

	Note	2011 £'000	2011 £'000	2010 £'000	2010 £'000
Fixed assets					
Investment in subsidiaries	3		18,869		18,869
Tangible assets	4		4		4
			<u>18,873</u>		<u>18,873</u>
Current assets					
Debtors	5	1,807		1,389	
Creditors: amounts falling due within one year	6	<u>(12,650)</u>		<u>(12,877)</u>	
Net current liabilities			<u>(10,843)</u>		<u>(11,488)</u>
Total assets less current liabilities			8,030		7,385
Creditors: amounts falling due after more than one year	7		(366)		-
Accruals and deferred income			<u>(108)</u>		<u>(133)</u>
Net assets			<u><u>7,556</u></u>		<u><u>7,252</u></u>
Capital and reserves					
Called up share capital	8		4,504		4,504
Share premium account	9		502		502
Merger reserve	9		801		801
Profit and loss account	9		<u>1,749</u>		<u>1,445</u>
Shareholder's funds–Equity	10		<u><u>7,556</u></u>		<u><u>7,252</u></u>

The notes on pages 44 to 47 form part of these financial statements.

These financial statements were approved by the Board of Directors and authorised for issue on 27 July 2011.

M Dwek
Director

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 April 2011

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 accounts have been prepared on the going concern basis.

The following principal accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

Profit and Loss Account

Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account. The loss for the year ended 30 April 2011 is disclosed in note 10.

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all fixed assets evenly over their expected useful lives. It is calculated at the following rates:

Computer equipment	- 25 per cent. per annum straight line
Fixtures and fittings	- 10 per cent. per annum straight line

Valuation of investments

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

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the company anticipates to make sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

Leased assets

Operating lease rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

Dividends

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when declared by the directors. In the case of final dividends, this is when approved by the shareholders at the AGM.

2. Employees and staff costs

	2011 Number	2010 Number
The average number of employees, including directors, during the period was:		
Office and management	2	2
	<u>2</u>	<u>2</u>
	2011	2010
	£'000	£'000
Staff costs (including Executive Director) comprise:		
Wages and salaries	153	140
Employer's national insurance contributions and similar taxes	19	14
	<u>172</u>	<u>154</u>
	<u>172</u>	<u>154</u>

3. Investment in subsidiary

	£'000
Cost	
At 1 May 2010 and 30 April 2011	18,869
Net book value at 30 April 2010 and 30 April 2011	<u>18,869</u>

The subsidiaries of Newmark Security PLC are as follows:

Name	Country of incorporation	Proportion of ownership interest ⁽¹⁾	Activity
Custom Micro Products Limited	Great Britain	100%	Dormant
Newmark Technology Limited ^(2a)	Great Britain	100%	Trading
Newmark Technology (C-Cure Division) Limited	Great Britain	100%	Dormant
Safetell International Limited	Great Britain	100%	Dormant
Safetell Limited	Great Britain	100%	Trading
Safetell Security Screens Limited	Great Britain	100%	Trading
Vema B.V.	The Netherlands	100%	Holding
Vema N.V. ^(2b)	The Netherlands	98%	Dormant
Vema UK Limited ^(2c)	Great Britain	100%	Dormant
Grosvenor Technology Limited	Great Britain	100%	Trading
Newmark Group Limited	Great Britain	100%	Dormant
Sateon Limited	Great Britain	100%	Dormant
ATM Protection (UK) Limited ^(2d)	Great Britain	60%	Trading
ATM Protection Limited ^(2e)	Great Britain	60%	Trading
Grosvenor Technology LLC ^(2a)	USA	100%	Trading

(1) The shares held in all companies are ordinary shares

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

- (a) Owned by Grosvenor Technology Limited
- (b) Owned by Vema BV 51 per cent., Newmark Security PLC 47 per cent.
- (c) Owned by Vema NV
- (d) Owned by Safetell Limited
- (e) 100% Owned by ATM Protection (UK) Limited

4. Tangible assets

	Computers Fixtures & Fittings £'000	Total £'000
Cost		
At 1 May 2010	5	5
Additions in the year	2	2
At 30 April 2011	<u>7</u>	<u>7</u>
Depreciation		
At 1 May 2010	1	1
Charge for the year	2	2
At 30 April 2011	<u>3</u>	<u>3</u>
Net book value		
At 30 April 2011	<u>4</u>	<u>4</u>
At 30 April 2010	<u>4</u>	<u>4</u>

5. Debtors

	2011 £'000	2010 £'000
Amount due from group undertakings	1,783	1,374
Prepayments	24	15
	<u>1,807</u>	<u>1,389</u>

All amounts shown under debtors fall due for payment within one year.

6. Creditors: amounts falling due within one year

	2011 £'000	2010 £'000
Bank overdraft	1,544	1,650
Loan (i)	-	210
Loan (ii)	84	-
Amount due to group undertakings	10,969	10,984
Other taxation and social security	53	33
	<u>12,650</u>	<u>12,877</u>

Bank loan (i) was secured on the assets of the UK subsidiary companies and was repayable by equal monthly instalments until November 2010. Interest was payable at 2 per cent. above base rate.

Bank loan (ii) is secured on the assets of the UK subsidiary companies and is repayable by equal monthly instalments from September 2011 to August 2014. Interest is payable at 2.5 per cent. above base rate.

7. Creditors: amounts falling due after more than one year

	2011 £'000	2010 £'000
Loans (see note 6)	<u>366</u>	<u>-</u>

8. Share capital

	2011	2010
Allotted, called up and fully paid: 450,432,316 Ordinary shares of 1p each (2010: 450,432,316)	<u>4,504,323</u>	<u>4,504,323</u>

9. Reserves

	Share premium account £'000	Merger reserve £'000	Profit and loss account £'000
At 1 May 2010	502	801	1,445
Profit for the year	-	-	429
Dividends paid	-	-	(125)
At 30 April 2011	<u>502</u>	<u>801</u>	<u>1,749</u>

10. Reconciliation of movements in shareholder's funds

	2011 £'000	2010 £'000
Opening shareholder's funds	7,252	6,711
Loss for the year	(71)	(96)
Dividends received	500	750
Dividends paid	(125)	(113)
Closing shareholder's funds	<u>7,556</u>	<u>7,252</u>

11. Commitments under operating leases

At 30 April 2011 the company had annual commitments under non-cancellable operating leases as follows:

	2011 Land and buildings £'000	2010 Land and buildings £'000
Expiring within two to three years	<u>42</u>	<u>42</u>

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to any aspect of the proposals referred to in this document or as to the action you should take, you should seek your own advice from a stockbroker, solicitor, accountant, or other professional adviser.

If you have sold or otherwise transferred all of your shares, please pass this document together with the accompanying documents to the purchaser or transferee, or to the person who arranged the sale or transfer so they can pass these documents to the person who now holds the shares.

NEWMARK SECURITY PLC

(incorporated and registered in England and Wales under number 3339998)

NOTICE OF ANNUAL GENERAL MEETING

If you do not propose to attend the Annual General Meeting to be held at 57 Grosvenor Street, London W1K 3JA on 3 October 2011 at 11.00 a.m. please complete and submit a proxy form in accordance with the instructions printed on the enclosed form. The proxy form must be received no later than 11.00 a.m. on 29 September 2011.

Notice is hereby given that the Annual General Meeting of the above-mentioned company ("**the Company**") will be held at 57 Grosvenor Street, London W1K 3JA on 3 October 2011 at 11.00 a.m.

You will be asked to consider and pass the resolutions below. Resolutions 6 to 8 (inclusive) will be proposed as special resolutions. All other resolutions will be proposed as ordinary resolutions.

Ordinary resolutions

1. Annual report and financial statements

To receive and approve the accounts for the year ended 30 April 2011 together with the reports of the directors and auditors thereon.

2. Rotation and retirement of directors

To re-elect M Rapoport as a director of the Company, who is retiring by rotation in accordance with the articles of association of the Company.

3. Appointment of auditors

To re-appoint BDO LLP of 55 Baker Street, London W1U 7EU as auditors of the Company to hold office from the conclusion of the meeting until the conclusion of the next general meeting of the Company at which accounts are laid and to authorise the directors of the Company to determine their remuneration.

4. Dividend

To declare a final dividend for the financial year ended 30 April 2011 of 0.0275 pence per ordinary share of one pence each.

5. Remuneration of directors

THAT the remuneration of the directors be approved as set out in the accounts for the year ended 30 April 2011.

Special Resolutions

6. Authority to allot

THAT, in accordance with section 551 of the Companies Act 2006 ("the 2006 Act"), the directors be generally and unconditionally authorised to allot shares in the Company up to an aggregate nominal amount of £4,000,000, being equal to approximately 89 per cent of the nominal amount of ordinary shares of the Company in issue at the latest practicable date prior to the printing of the Notice of the Annual General Meeting, provided that this authority shall, unless renewed, varied or revoked by the Company, expire on the earlier of the conclusion of the next following annual general meeting of the Company and 15 months from the passing of this resolution save that the Company may, before such expiry, make an offer or agreement which would or might require shares to be allotted and the directors may allot shares in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired.

This authority is in substitution for all previous authorities conferred on the directors in accordance with section 80 of the Companies Act 1985 or section 551 of the 2006 Act.

7. Disapplication of pre-emption rights

THAT, subject to the passing of the resolution 6 above and in accordance with section 570 of the 2006 Act, the directors be generally empowered to allot equity securities (as defined in section 560 of the 2006 Act) pursuant to the authority conferred by resolution 6, as if section 561(1) of the 2006 Act did not apply to any such allotment, provided that this power shall:

- 7.1. be limited to the allotment of equity securities up to an aggregate nominal amount of £4,000,000; and
- 7.2. expire on the earlier of the conclusion of the next following annual general meeting of the Company and 15 months from the passing of this resolution (unless renewed, varied or revoked by the Company prior to or on that date) 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 in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution has expired.

8. Notice for General Meetings

THAT the Company hereby approves general meetings (other than annual general meetings) being called on 14 clear days' notice.

By order of the Board
BRIAN BEECRAFT
Company Secretary
Newmark Security PLC
57 Grosvenor Street
London W1K 3JA

Registered in England and Wales No. 3339998

27 July 2011

Notes to the Notice of Annual General Meeting

1. Members are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting. A shareholder may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company. A proxy form which may be used to make such appointment and give proxy instructions accompanies this notice.
2. To be valid any proxy form or other instrument appointing a proxy must be received by post or (during normal business hours only) by hand at Capita Registrars, PXS, The Registry, 34 Beckenham Road, Beckenham, BR3 4TU no later than 11.00 a.m. on 29 September 2011.
3. The return of a completed proxy form, other such instrument or any CREST Proxy Instruction (as described in paragraph 9 below) will not prevent a shareholder attending the Annual General Meeting and voting in person if he/she wishes to do so.
4. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
5. The statement of the rights of shareholders in relation to the appointment of proxies in paragraphs 1 and 2 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of the Company.
6. To be entitled to attend and vote at the Annual General Meeting (and for the purpose of the determination by the Company of the votes they may cast), Shareholders must be registered in the Register of Members of the Company at 6.00 p.m. on 29 September 2011 (or, in the event of any adjournment, 6.00 p.m. on the date which is two days before the time of the adjourned meeting). Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
7. As at 26 July 2011 (being the last business day prior to the publication of this Notice) the Company's issued share capital consists of 450,432,316 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 26 July 2011 are 450,432,316.
8. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
9. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by Capita Registrars by 11.00 a.m. on 29 September 2011. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
10. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
11. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
12. Shareholders should note that it is possible that, pursuant to requests made by shareholders of the Company under section 527 of the Companies Act 2006, the Company may be required to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Annual General Meeting; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Companies Act 2006. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Annual General Meeting includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on a website.

