NEWMARK
TECHNOLOGY GROUP PLC

Annual Report
For the year ended 30 April 2001

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DIRECTORS, SECRETARY AND ADVISERS

Company registration number:	3339998
Registered Office:	21/23 Ormside Way Redhill Surrey RH1 2NT
Directors:	M Dwek (Chairman) S Rajwan (Chief Executive) B Beecraft FCA (Finance Director) A Reid FCA (Non-Executive Director) M Rapoport (Non-Executive Director)
Secretary:	B Beecraft FCA
Bankers:	Bank of Scotland PLC
Solicitors:	Olswang 90 Long Acre London WC2E 9TT
Auditors:	Hacker Young St. Alphage House 2 Fore Street London EC2Y 5DH
Nominated Adviser:	Williams de Broë Plc 1 Waterloo Street Birmingham B2 5PG
Nominated Broker:	Williams de Broë Plc 1 Waterloo Street Birmingham B2 5PG
Joint Broker:	Seymour Pierce Ellis Limited Talisman House Jubilee Walk Three Bridges Crawley West Sussex RH10 1LQ
P R Consultants:	Shandwick International Aldermary House 15 Queen Street London EC4N 1TX

CHAIRMAN'S STATEMENT

Overview

We have had another extremely busy year, the highlight of which was the successful flotation of our Dutch subsidiary, Vema N.V., on the Alternative Investment Market (''AIM'') in May 2001, giving it a market capitalisation of nearly £6 million at that time. The Group received special publicity as Vema was the first company to list Global Depository Receipts (''GDRs'') on AIM, as well as being the first Dutch issuer to float on the market. The GDR allows investors to purchase foreign shares in their domestic market and enables the issuing company to raise capital in overseas markets instead of only its home market. The result of the flotation was that our interest in Vema was reduced to 51 per cent and so the company will continue to be consolidated within our results. Although this process was expensive in terms of time and effort on our part, as well as costly in terms of the services of our professional advisors. I believe that this will assist Vema to develop its product range both organically and through acquisitions, and by targeting new geographical markets.

We further believe that the valuation placed by the market on Vema demonstrates that the market capitalisation of the Newmark Group does not reflect the underlying value of the businesses.

Financial results

The loss before amortisation of goodwill and taxation for the year was £504,000 (2000: profit £160,000). Turnover for the year was £12.0 million (2000: £9.9 million). The results include a full year's contribution from Safetell which was acquired in February 2000, compared to only two months in the preceding year. The reasons for the main variations in the results for the various divisions are set out below.

Electronic Division

The access control market in the UK was flat during the year, most noticeably with a slow fourth quarter where projects which had originally been planned were deferred by our customers. In addition, sales were also affected by the purchasing commitment of Lik On Security in Hong Kong being rescheduled so that shipments are being made over a longer period. The emphasis in the year has been on broadening our product offering which has included the provision of a new software package for the latest hardware controller, AC1.

This strategy was expanded to provide a full hardware and software product family to support the low-end system requirements of our dealer base and complement the high end product already on offer. The introduction of MidiCE/MidiPlus in the fourth quarter to accompany the AC1 family of control hardware offered the company a new product platform to aggressively target the smaller system market. Our latest Omni5 software, aimed at the mid range on-line systems, was released in May 2001. Furthermore, a new dealer plan with more focused technical support and promotional plans puts the company in a stronger and more flexible position to satisfy a wider range of installers and dealers. Since the launch of this new program and product offering, this has resulted in new dealers with new projects. Newmark Technology moved into the new financial year better prepared in both product offering and support activities with additional products, namely video licence plate recognition and digital CCTV transmission and recording.

Newmark Technology Inc., was formed in the US last year to promote our proprietary ParSec systems designed for asset tracking solutions. We have established our sales and marketing operation in the year and substantial amounts of time and effort have been invested in building long term relationships with the major security companies. The marketing and sales activities were hampered by a new requirement to obtain Underwriters Laboratories (''UL'') certification (US approval for access control, asset tagging and alarm systems). Consequently the sales activities were put on hold pending this certification. I am pleased to report that this has now been obtained in May 2001 but the direct cost of the US operation for the year was £359,000. Although we still remain confident concerning the future of this part of our business, steps have been taken to reduce the level of overhead until the revenue stream has been firmly established.

Our major target customer in the USA is ADT Inc., which is by far the largest security installation company in North America. From the outset it had been agreed initially to supply ADT via two distribution routes, Northern Computers Inc., (''NCI'') (a subsidiary of the Honeywell Group) and Casi Rusco (a subsidiary of Interlogix Group). NCI were quick to adopt the product but due to a number of factors, primarily a major restructuring within the Honeywell Group, resulted in only minimal sales to date. Casi Rusco waited until the UL certification was obtained and is now working closely with ADT to open up the market. Sales and technical programs are in progress and we anticipate increased business from them in the second half of the year.

We are also targeting other OEMs and we are working with the Ademco Group, Hirsch Electronics, Doortek and others.

We have succeeded in obtaining Federal Communication Commission (''FCC'') approval for our Personnel ID tag and carried out further modifications to the antenna. The product has been exhibited with our customers at the major exhibitions of ISC and ASIS.

Secure Locking Division

Vema has developed a significant position in the Dutch market offering customers a complete security locking solution. The company provides a consultancy service in order to meet the customers specific requirements which involves sales and support staff liaising at all stages of a system implementation. These services attract a large amount of repeat business and, together with the wide product range, enable the company to maintain its ability to generate both profits and cash.

Vema Belgium, which started trading after the last year end in May 2000, was set up to replicate the successful formula of the Dutch operation. From a start up situation, the level of activity has increased over the year and the company is now profitable on a monthly basis.

Asset Protection Division

Until 1999, Drion had focused only on the Belgian banking sector but since then has embarked on an export policy which resulted in two major export contracts to Algeria together with some smaller ones in Tunisia and Albania. The income from the export market has enabled us to partly offset the fall in the home banking sector caused by the ongoing consolidation of companies within that sector. During the year we delivered the final portion of the second contract to Algeria and are awaiting the release of the third tender.

During the year, we embarked on a new initiative to open up the commercial sector, for example museums, embassies etc., which has resulted in a very encouraging response. We are currently bidding on several major projects and we aim to develop this sector further.

Safetell's historical core business activity of Eclipse rising screens was below average for the first six months due to design changes by some of our principal customers and proposed mergers in the retail financial market. However, tight controls on direct and indirect costs improved margins and maintained profitability. Sales increased to maintain a steady level in the early months of 2001 and have shown a noticeable upturn since March. A major export order to the US was secured and delivered before the year end with the possibility of repeat orders in the current year. This is a new market for us and presents exciting possibilities.

Although sales in the year were below expectations, the RollerCash product line continues to win new business with customer orders secured from the Derbyshire, Nationwide and Staffordshire Building Societies and good prospects for other new customers. As I reported in our interim statement, Safetell secured The Post Office contract for the supply of cash handling systems for all open plan offices until July 2003. The initial sales under this contract were completed before the end of the financial year and we anticipate an upturn in business under this contract in 2002.

The InterScreen and CounterShield product lines retained their market share as niche products with increasing demand from a wider customer base. Sales of these product lines were substantially ahead of plan. Complementary product lines for fixed glazing solutions to add value to product installation contracts were designed, tested and implemented during the year.

The requirements of the Disability Discrimination Act for the providers of public services to make adequate provision for the disabled, presents a major opportunity as reception and cash counters are replaced. Safetell has developed and launched a new product line "Eye 2 Eye" to address this specific market and the first installation was carried out in September 2001 for ARRIVA Trains Merseyside.

Balance sheet and cash flow

The Group balance sheet has changed significantly in the year due to:

— the reclassification of the bank loan for the original acquisition of Safetell to current liabilities (£1,333,000 at 30 April 2001) as this has been repaid from the proceeds of the Vema flotation after the year end; and

— the inclusion in current liabilities of the last instalment of the consideration for Drion of £817,000 which is payable in April 2002.

The balance sheet also takes no account of the proceeds of £2.88 million (before expenses) from the subscription by new shareholders of Vema received in May 2001.

Appointment of new Non-Executive Director

As we noted in the interim report, Michel Rapoport has joined the Board as a non-executive director bringing substantial experience of the security industry. Michel was President and Chief Executive Officer in the USA of Mosler Inc.; a full service manufacturer and integrator of security systems for banking, industrial and commercial organisations. Prior to that Michel was with Pitney Bowes. We are delighted to welcome him to the Group.

Employees

On behalf of the Board, I would like to thank all our employees in the Group for their continuing efforts on behalf of the Company.

The future

We have been disappointed by the length of time that it has taken to develop the expected revenue stream in the USA and the state of the market in the UK during the year. With the UL certification, we have made our first shipments in the USA in the first half of the current year and would hope to build upon this in the second half. The UK security market remained flat in the first few months of the current year but the interest in our Omni 5 software is increasing all the time and we look forward to brighter times.

The Asset Protection and Secure Locking divisions remain profitable and cash generative businesses with solid bases to produce organic growth in existing and new product and geographical markets. The Vema flotation was a success, and we will continue to seek opportunities to realise value for our shareholders.

Current events throughout the world, combined with the state of the stock markets and fears over the economy are obviously of concern. However, the events of September 11 also emphasise the urgent need to increase security controls in almost every sector of the market. Although we do not believe that this will translate to immediate additional business, security companies such as ourselves should benefit in the medium term as companies review their security requirements.

I have confidence in the Group that we have established from our own developments and acquisitions, and remain optimistic about the future.

MAURICE DWEK
Chairman

REPORT OF THE DIRECTORS

The Directors submit their annual report and audited financial statements of the Group for the year ended 30 April 2001.

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 pre-tax loss for the year was £504,000 before amortisation of goodwill (2000: £160,000 profit). The loss before taxation was £620,000 (2000: profit £90,000). The directors do not recommend the payment of a dividend. A review of the business and future prospects is given in the Chairman's Statement on page 3.

Future developments

In May 2001, the Group's subsidiary company Vema N.V. was admitted to trading on the Alternative Investment Market and a placing and offer for Global Depository Receipts in the company reduced the Newmark shareholding to 51 per cent. Vema N.V. will continue to be consolidated within the results of the Group.

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

Share Issues

In October 2000, the Company issued 11,000,000 Ordinary Shares of 5 pence each at a price of 6.5 pence per share credited as fully paid.

Directors

The Directors who served during the year were as follows:

M Dwek
S Rajwan
B Beecraft
A Reid
M Rapoport (appointed 22 March 2001)

As reported last year, Myrddin David was also a director of the Company until his death in August 2000.

Details of the Directors' service contracts are shown in the Remuneration Committee Report on pages 11 and 12.

A Reid and M Rapoport retire in accordance with the articles of association. Both being eligible, offer themselves for re-election at the next annual general meeting. In compliance with the Combined Code their biographical information is provided in the report of the Remuneration Committee.

Directors' interests

The beneficial and other interests of the Directors in the shares of the Company as at 30 April 2000 (or the date of their appointment to the Board, if later) and 30 April 2001 were as follows:

	Percentage holding at 30 April 2001	30 April 2001	30 April 2000 (or date of appointment if later)
M Dwek[(a)]	12.4%	15,000,000	15,000,000
A Reid[(b)]	19.5%	23,608,238	23,608,238
M Rapoport	0.8%	1,000,000	1,000,000

(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.

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

In the period between 30 April 2001 and 30 September 2001, A Reid acquired a further 1 million shares in the Company. There were no further changes in these shareholdings in this period.

The interests of Directors (and related parties) in Share Option Schemes operated by the Company at 30 April 2001 (and which did not change in the year) were as follows:

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

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

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. The amount of the costs incurred in the year are shown in note 3 to the accounts.

Substantial shareholdings

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

	Percentage of class	Number of shares
Albany Life Assurance Company Limited	4.9%	5,900,000
M V. Beheer BV	11.1%	13,447,725
HSBC Global Custody Nominee (UK) Limited	5.5%	6,666,666
Pershing Keen Nominees Limited PSL982 Account	3.5%	4,181,000
PH Nominees Limited Peclt Account	3.9%	4,737,000

Employee involvement

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

Disabled persons

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

Share option schemes

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

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

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 continually review 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. Trade creditors at the year end were 41 days (2000: 47 days) of average supplies for the period.

Corporate governance

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

At 30 April 2001, the Board comprised an Executive Chairman, two Executive Directors and two independent 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. There is a clear division of responsibilities between the Chairman and Chief Executive. The Chairman takes responsibility for the conduct of the Group and overall strategy whilst the Chief Executive is required to develop and lead day to day business strategies and actions.

Under the Company's Articles of Association, the appointment of all directors must be approved by the shareholders in General Meeting, and additionally two directors are required to submit themselves for re-election at each Annual General Meeting. Additionally, each director has undertaken to submit themselves for re-election at least every three years. The 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 and who is responsible to the Board for ensuring that agreed procedures and applicable rules are observed.

The Company maintains an ongoing dialogue with its institutional shareholders. The Combined Code requires proxy votes to be counted and announced after any vote on a show of hands and this 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 assurance that the assets of the Group are safeguarded and that transactions are properly authorised and recorded.

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

During the year, key controls were:

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

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

The Board has established two standing committees, the audit and remuneration committees, comprising the two independent Non-Executive Directors. Each committee has written terms of reference which are regularly reviewed by the Board.

The Audit Committee, comprising A Reid and M Rapoport, 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 A Reid and M Rapoport 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 pages 11 and 12.

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

Directors' responsibilities

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

- select suitable accounting policies and apply them consistently and make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Auditors

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

By order of the Board

B BEECRAFT
Secretary

26 October 2001

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 2001 comprised only the two existing Non-Executive Directors, Alexander Reid and Michel Rapoport.

Alexander Reid is executive chairman of R.K. Harrison & Company Limited (a shareholder of the Company), a director of Yeoman Investment Trust Plc and a number of unquoted companies. He was formerly a director of the merchant bank Samuel Montagu & Co. Limited and for 15 years was a director of various investee and group companies within Invesco MIM (now Amvescap).

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 Chairman of Chloralp S.A., a chloralkali manufacturer in Grenoble, France, and President of La Roche Industries Inc., an ammonia distributor based in Atlanta, U.S.A.

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 24 months' notice being served. Arbury Inc is paid a fee in line with the level of responsibilities of Mr Dwek who is also entitled to the provision of a car for which the Company will meet all running expenses.

On 4 April 2001, Arbury Inc. entered into a consultancy agreement with Vema N.V. (a subsidiary company) pursuant to which Mr Dwek acts as Chairman of that Company. This agreement can be terminated by 12 months' written notice given by either party.

On 30 April 1997, the Company entered into a Service Agreement with Mr Rajwan which may now be terminated by either party serving 12 months' notice.

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

On 4 April 2001 R.K. Harrison & Company Limited entered into a consultancy agreement with Vema N.V. pursuant to which Mr Reid acts as Finance Director of Vema N.V.. This agreement can be terminated by 12 months' written notice given by either party.

Bonus scheme

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

Directors' emoluments

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

	Consultancy/ management agreement	Salary	Benefits in kind	Bonus	Fees	Total	Pension contri- butions
	£000	£000	£000	£000	£000	£000	£000
Executive Directors							
M Dwek[(a)]	121	—	—	—	—	121	—
S Rajwan[(b)]	—	100	13	—	—	113	10
B Beecraft	—	73	7	—	—	80	—
Non-Executive Directors							
M David	—	—	—	—	2	2	—
A Reid[(c)]	—	—	—	—	8	8	—
M Rapoport	—	—	—	—	—	—	—
	121	173	20	—	10	324	10
2000	151	150	10	25	14	350	12

The directors' share interests are detailed in the Report of the Directors on page 7.

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

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

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

AUDITORS' REPORT TO THE MEMBERS OF NEWMARK TECHNOLOGY GROUP PLC

We have audited the financial statements on pages 14 to 30 which have been prepared in accordance with the historical cost convention and the accounting policies set out on pages 18 and 19.

Respective responsibilities of Directors and Auditors

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

Basis of opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the affairs of the Company and of the Group at 30 April 2001, and of the loss of the Group for the year ended 30 April 2001 and have been properly prepared in accordance with the Companies Act 1985.

HACKER YOUNG
Chartered Accountants
Registered Auditors
London

26 October 2001

CONSOLIDATED PROFIT AND LOSS ACCOUNT
For the year ended 30 April 2001

	Notes	2001 £000	2000 £000
Turnover	2	12,049	9,863
Cost of sales		(7,037)	(5,548)
Gross profit		5,012	4,315
Administrative expenses pre amortisation of goodwill		(5,310)	(4,044)
Amortisation of goodwill		(116)	(70)
Administrative expenses — total		(5,426)	(4,114)
Operating (loss)/profit	3	(414)	201
Interest payable	4	(206)	(111)
(Loss)/profit on ordinary activities before taxation		(620)	90
Tax on (loss)/profit on ordinary activities	6	(284)	(320)
Amount withdrawn from reserves	17	(904)	(230)
		pence	pence
Loss per share — basic and diluted	7	(0.8p)	(0.2p)

All of the above amounts are in respect of continuing operations, inclusive of acquisitions.

BALANCE SHEETS
as at 30 April 2001

	Notes	Group 2001 £000	Group 2000 £000	Company 2001 £000	Company 2000 £000
Fixed Assets					
Intangible assets	8	2,358	2,480	—	—
Tangible assets	9	1,483	1,244	—	—
Investments	10	—	—	7,218	9,355
		3,841	3,724	7,218	9,355
Current Assets					
Stocks	11	1,656	1,260	—	—
Debtors	12	2,454	2,628	2,665	3,243
Cash at bank and in hand		652	759	—	—
		4,762	4,647	2,665	3,243
Creditors: amounts falling due within one year	13	(5,466)	(3,186)	(1,366)	(242)
Net current (liabilities)/ assets		(704)	1,461	1,299	3,001
Total assets less current liabilities		3,137	5,185	8,517	12,356
Creditors: amounts falling due after more than one year	14	(665)	(2,544)	—	(1,286)
Provisions for liabilities and charges	15	(403)	(419)	—	—
		2,069	2,222	8,517	11,070
Capital and reserves					
Called up share capital	16	6,060	5,510	6,060	5,510
Share premium	17	5,194	5,051	5,194	5,051
Profit and loss reserve	17	(9,185)	(8,339)	(2,737)	509
Equity shareholders' funds		2,069	2,222	8,517	11,070

The financial statements on pages 14 to 30 were approved by the Board of Directors on 26 October 2001 and were signed on its behalf by:

M DWEK
Chairman

B BEECRAFT
Finance Director

CONSOLIDATED CASH FLOW STATEMENT
For the year ended 30 April 2001

	Notes	2001 £000	2000 £000
Net cash inflow from operating activities	18	236	818
Returns on investments and servicing of finance			
Interest paid		(206)	(111)
Net cash outflow from returns on investments and servicing of finance		(206)	(111)
Taxation		(517)	(309)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(402)	(180)
Net cash outflow from capital expenditure and financial investment		(402)	(180)
Acquisitions			
Purchase of subsidiary undertakings		—	(1,718)
Costs related to prior year acquisitions		—	(80)
Net cash acquired on purchase of subsidiary undertakings		—	518
Net cash outflow from acquisitions		—	(1,280)
Financing			
Loan to partly finance acquisition of subsidiary undertakings		—	1,500
Loan to finance acquisition of property		251	—
Repayment of loans		(246)	(253)
		5	1,247
Issue of shares		715	—
Expenses paid in connection with share issues		(22)	—
Net cash inflow from financing		698	1,247
(Decrease)/increase in cash	20	(191)	185

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
For the year ended 30 April 2001

	2001 £000	2000 £000
Loss for the financial year	(904)	(230)
Exchange difference on translation of net assets and results of subsidiary undertakings	58	(158)
Total recognised gains and losses relating to the year	(846)	(388)

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
For the year ended 30 April 2001

	2001 £000	2000 £000
Loss for the financial year	(904)	(230)
New share capital subscribed (net of issue costs)	693	—
Exchange difference on translation of net assets and results of subsidiary undertakings	58	(158)
Net reduction to shareholders' funds	(153)	(388)
Opening shareholders' funds	2,222	2,610
Closing shareholders' funds	2,069	2,222

Notes to the financial statements
For the year ended 30 April 2001

1. Accounting policies

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

Turnover

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

Goodwill

Goodwill represents the difference between the costs of acquisition and the fair value of the net tangible assets acquired.

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

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

Intellectual property rights and development costs

Intellectual property rights and development costs are written off to the profit and loss account as incurred.

Tangible fixed assets

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

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

Leased assets and obligations

Assets acquired under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

Fixed asset investments

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

Stock and work in progress

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

Deferred taxation

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

Foreign currencies

The assets and liabilities of overseas subsidiary undertakings are translated into sterling at the rates of exchange ruling at the balance sheet date. The results of the foreign subsidiary undertakings are translated into sterling at the average rates of exchange for the financial year. Surpluses and deficits arising from changes in exchange rates during the year, in so far as they relate to the net investment in overseas subsidiaries together with surpluses or deficits arising from the translation of overseas subsidiaries' results at rates ruling at the year end compared to the average rates of exchange for the financial year, are taken direct to reserves.

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

Pensions

Vema operates an optional non-contributory final salary pension scheme for staff aged 25 years or over with more than one year's service. The assets of the scheme are held separately from those of the company. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company. The contributions are determined by a qualified actuary on the basis of an annual valuation. The most recent valuation was performed in October 2000. Safetell operates a fully insured money purchase scheme open to all employees and more than half are members. The scheme is funded and its assets are held by an insurance company in a separate trustee administered fund. Both the company and employees make contributions to the fund.

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

2. Analysis by geographical area

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

Turnover	**2001 By origin £000**	**2000 By origin £000**	**2001 By destination £000**	**2000 By destination £000**
UK	4,860	2,970	4,306	2,127
Europe	7,189	6,893	6,727	6,519
Rest of the World	—	—	1,016	1,217
Total	12,049	9,863	12,049	9,863

(Loss)/profit before tax and net assets

	2001 Loss before tax £000	**2000 Profit before tax £000**	**2001 Net assets £000**	**2000 Net assets £000**
UK	(990)	(989)	1,264	716
Europe	738	1,079	1,181	1,506
Rest of the World	(368)	—	(376)	—
	(620)	90	2,069	2,222

3. Operating (loss)/profit

Operating (loss)/profit is arrived at after charging the following:

Group	2001 £000	2000 £000
Depreciation of tangible fixed assets	236	194
Research and development	82	142
Auditors' remuneration:		
Parent company auditors		
Audit fees	36	49
Other auditors		
Audit fees	64	23
Non audit services	1	5
Operating lease rentals:		
Motor vehicles and computer equipment	194	103
Property	141	76

4. Interest

Interest payable and similar charges

Bank loans, overdrafts and other short term finance	206	111

5. Employees and directors

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

	Number	Number
Management, sales and administration	72	56
Production	58	43
	130	99

The costs incurred in respect of these employees were:

	£000	£000
Wages and salaries	3,141	1,942
Social security costs	446	354
Other pension costs	111	42
	3,698	2,338

Details of directors' emoluments are disclosed in the Report of the Remuneration Committee on page 12.

6. Taxation

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

	2001 £000	2000 £000
UK Corporation taxation	—	—
Overseas Corporation taxation (35/40%)	273	309
Deferred taxation	11	11
Taxation charge	284	320

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

7. Loss per share

The calculation of the basic loss per ordinary share is based on a loss of £904,000 (2000: £230,000) and the weighted average number of shares in issue during the year of 116,625,619 (2000: 110,208,952). The options in issue have no dilutive effect.

8. Intangible fixed assets

Group	**Goodwill £000**
Cost	
At 1 May 2000	2,550
Adjustment to costs accrued in previous year	(6)
At 30 April 2001	2,544
Amortisation	
At 1 May 2000	(70)
Charge for the year	(116)
At 30 April 2001	(186)
Net book value	
At 30 April 2001	2,358
At 30 April 2000	2,480

9. Tangible fixed assets

Group	**Freehold land and buildings £000**	**Plant, machinery & motor vehicles £000**	**Computers, fixtures & fittings £000**	**Total £000**
Cost				
At 1 May 2000	998	1,030	642	2,670
Additions	269	86	74	429
Disposals	—	(84)	(115)	(199)
Reclassifications	—	9	(9)	—
Exchange adjustment	66	52	22	140
At 30 April 2001	1,333	1,093	614	3,040
Depreciation				
At 1 May 2000	111	904	411	1,426
Charge for the year	36	80	120	236
Disposals	—	(57)	(115)	(172)
Reclassifications	—	(8)	8	—
Exchange adjustment	3	51	13	67
At 30 April 2001	150	970	437	1,557
Net book value				
At 30 April 2001	1,183	123	177	1,483
At 30 April 2000	887	126	231	1,244

10. Fixed asset investments

Company

Investment in subsidiary companies

Cost	**£000**
At 1 May 2000	9,355
Reversal of over accrual for costs in previous year	(8)
At 30 April 2001	9,347
Provision for impairment	
At 1 May 2000	—
Impairment	2,129
At 30 April 2001	2,129
Net book value	
At 30 April 2001	7,218
At 30 April 2000	9,355

The provision for impairment has been calculated to state the net book value of an investment in a subsidiary company at the commercial valuation of that company.

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

Name	Activity	Country of incorporation	Description of shares held
Newmark Technology Limited	Trading	England & Wales	Ordinary
Newmark Security Products Limited	Trading	England & Wales	Ordinary
Newmark Technology (C-Cure Division) Limited	Dormant	England & Wales	Ordinary
Vema B.V.	Holding	The Netherlands	Ordinary
Vema N.V.(3)	Trading	The Netherlands	Ordinary
Newmark Technology S.A.	Trading	Belgium	Ordinary
Ateliers Drion S.A.(2)	Trading	Belgium	Ordinary
Safetell International Limited	Holding	England & Wales	Ordinary and Redeemable Preference
Safetell Limited(1)	Trading	England & Wales	Ordinary
Safetell Security Screens Limited(1)	Trading	England & Wales	Ordinary
Newmark Onroerend Goed B.V.(2)	Property	Belgium	Ordinary
Vema Belgie B.V.(4)	Trading	Belgium	Ordinary
Newmark Technology Inc.	Trading	USA	Ordinary
Vema (U.K.) Limited(4)	Dormant	England & Wales	Ordinary

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

(1) Owned by Safetell International Limited

(2) Owned by Newmark Technology S.A.

(3) Owned by Vema B.V.

(4) Owned by Vema N.V.

Subsequent to the year end, the investments in Vema N.V. and Vema Belgie B.V. were reduced to 51 per cent.

11. Stocks

	2001 Group £000	2000 Group £000	2001 Company £000	2000 Company £000
Raw materials	722	461	—	—
Work in progress	182	140	—	—
Finished goods	752	659	—	—
	1,656	1,260	—	—

12. Debtors

	2001 Group £000	2000 Group £000	2001 Company £000	2000 Company £000
Amounts falling due within one year:				
Amounts owed by subsidiary undertakings	—	—	2,658	3,164
Trade debtors	2,062	2,198	—	—
Prepayments and accrued income	178	301	7	7
Other debtors	214	129	—	72
	2,454	2,628	2,665	3,243

13. Creditors: amounts falling due within one year

	2001 Group £000	2000 Group £000	2001 Company £000	2000 Company £000
Bank loans and overdrafts (note 14)	1,660	385	1,333	214
Trade creditors	935	1,089	—	—
Accruals	1,009	487	20	20
Other taxation and social security	128	211	—	—
Other creditors	1,734	796	13	8
Corporation tax	—	218	—	—
	5,466	3,186	1,366	242

Other creditors within the Group includes an amount of £171,487 (2000: £79,835) in respect of a factoring company which is secured on trade debtors of a subsidiary company.

Bank overdrafts of £Nil (2000: £46,000) are secured by a floating charge on the assets (excluding trade debtors) of a subsidiary company, whilst further overdrafts of £109,000 (2000: £12,000) are secured by a floating charge on the assets (excluding freehold property) of another subsidiary.

14. Creditors: amounts falling due after more than year

	Group 2001 £000	Group 2000 £000	Company 2001 £000	Company 2000 £000
Bank loans and overdrafts	662	1,830	—	1,286
Other creditors[f]	3	714	—	—
	665	2,544	—	1,286

Company

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

Group	2001 Unsecured £000	2001 Secured £000	2000 Unsecured £000	2000 Secured £000
Loans are repayable as follows:				
Within one year				
Bank loans[a]	—	13	—	13
Bank overdrafts	—	117	—	58
Finance leases	—	11	—	—
Bank loan[b]	162	—	100	—
Bank loan[c]	—	1,333	—	214
Bank loan[d]	—	15	—	—
Bank loan[e]	9	—	—	—
Total within one year	171	1,489	100	285
After one and within two years				
Bank loans[a]	—	13	—	13
Finance leases	—	3	—	—
Bank loan[b]	108	—	101	—
Bank loan[c]	—	—	—	214
Bank loan[d]	—	15	—	—
Bank loan[e]	9	—	—	—
	117	31	101	227
Between two and five years				
Bank loans[a]	—	39	—	39
Bank loan[b]	108	—	226	—
Bank loan[c]	—	—	—	642
Bank loan[d]	—	46	—	—
Bank loan[e]	18	—	—	—
	126	85	226	681
After five years				
Bank loans[a]	—	167	—	165
Bank loan[b]	—	—	—	—
Bank loan[c]	—	—	—	430
Bank loan[d]	—	139	—	—
	—	306	—	595
Total after more than one year	243	422	327	1,503

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

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

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

(d) The bank loan is repayable in quarterly instalments over 15 years and is secured on the freehold property of Newmark Onroerend Goed B.V. Interest is charged at 7.05 per cent per annum.

(e) The bank loan is repayable in quarterly instalments over 5 years and interest is charged at 4.6 per cent per annum.

(f) Other creditors comprised £Nil (2000: £714,000) deferred consideration.

15. Provisions for liabilities and charges

Group	Rental provision £000	Deferred taxation £000	Other £000	Total £000
At 1 May 2000	200	134	85	419
Exchange adjustments	—	9	—	9
Charge for year	—	11	—	11
Released in year	(16)	—	(20)	(36)
At 30 April 2001	184	154	65	403

The rental provision relates to the excess of Safetell's contractual legal obligation over the current market rental, and will be reversed over the remaining eleven years of the lease.

Deferred taxation provided in the financial statements is as follows:

	2001 £000	2000 £000
Tax effect on revaluation of fixed assets	200	180
Other timing differences	(46)	(46)
	154	134

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

16. Share capital

	2001	2000
Authorised:		
250,000,000 (2000: 200,000,000) Ordinary shares of 5p each	£12,500,000	£10,000,000
Allotted, called up and fully paid:		
121,208,952 (2000: 110,208,952) Ordinary shares of 5p each	£6,060,450	£5,510,450

In October 2000, the Company issued 11,000,000 Ordinary Shares credited as fully paid at 6.5p per share. The difference between the total proceeds of £715,000 and the total nominal value of £550,000 has been credited to the share premium account.

The total number of share options outstanding at 30 April 2001 under the Approved and Unapproved Share Option Schemes were 1,314,000 (2000: 2,068,000) and 2,574,000 (2000: 3,328,000) respectively. The subscription price payable upon the exercise of the 952,000 (2000: 1,456,000) and 2,212,000 (2000: 2,716,000) Approved and Unapproved Share Options respectively granted in October 1997 is 14.5 pence per share. The exercise price for the other 362,000 (2000: 362,000) options granted under both the Approved and Unapproved Schemes, granted in January 1999, is 8.25 pence per share. The options may be exercised within 10 years from the date of issue.

17. Share premium and reserves

Group	Share premium account £000	Profit and loss account £000
Accumulated reserves at 1 May 2000	5,051	(8,339)
Retained loss for the year	—	(904)
Exchange differences on foreign currency investments	—	58
Premium on share issue	165	—
Expenses of share issue	(22)	—
Accumulated reserves at 30 April 2001	5,194	(9,185)

The cumulative amount of goodwill eliminated against reserves is £7,539,000 (2000: £7,539,000). This goodwill will be charged in the profit and loss account on any eventual disposal of the businesses to which it related.

Company	Share premium account £000	Profit and loss account £000
Accumulated reserves at 1 May 2000	5,051	509
Retained loss for the year	—	(3,246)
Premium on share issue	165	—
Expenses of share issue	(22)	—
Accumulated reserves at 30 April 2001	5,194	(2,737)

(Loss)/profit attributable to the members of the parent company

As permitted by section 230 of the Companies Act 1985, the parent company has not presented its own profit and loss account. The loss on ordinary activities after tax dealt with in the financial statements of the parent company for the year was £3,246,000 (2000: profit £13,000).

18. Reconciliation of operating (loss)/profit to operating cashflow

	2001 £000	2000 £000
Operating (loss)/profit	(414)	201
Depreciation and amortisation	352	261
(Increase)/decrease in stocks	(338)	125
Decrease in debtors	293	1,016
Increase/(decrease) in creditors	343	(785)
Operating cash flow	236	818

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

	2001 £000	2000 £000
(Decrease)/increase in cash in the year	(166)	99
(Increase) in debt in the year	(51)	(1,130)
Increase in net debt	(217)	(1,031)

20. Analysis of net debt

	April 2000 £000	Cash flow £000	Exchange movements £000	April 2001 £000
Cash at bank and in hand	759	(135)	28	652
Overdrafts	(58)	(56)	(3)	(117)
	701	(191)	25	535
Debt due after one year	(1,830)	1,203	(38)	(665)
Debt due within one year	(327)	(1,208)	(8)	(1,543)
	(2,157)	(5)	(46)	(2,208)
	(1,456)	(196)	(21)	(1,673)

21. Financial instruments

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

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

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

Interest rate risk

The Group finances its operations through a mixture of retained profits and bank borrowings. The Group borrows at fixed rates of interest on long term loans to secure the Group's exposure to interest rate fluctuations. At the year end, 26% (2000: 30%) of the Group's borrowings were at fixed rates with Nil% (2000: Nil%) of these borrowings comprising liabilities on which no interest is paid.

Liquidity risks

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

A long term loan existed in Holland at the date of acquisition of Vema, secured on the freehold property. An unsecured loan of BEF 35 million partly financed the acquisition of Drion in Belgium. A secured loan of £1.5 million financed the acquisition of Safetell International Limited but has been repaid since 30 April 2001.

At the year end, 19% (2000: 37%) of the Group's borrowings were due to mature in more than five years.

Foreign currency risk

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

Interest rate risk of financial assets and financial liabilities

The interest rate profile of the Group's financial assets at 30 April 2001 was:

	Total £000	Floating rate financial assets £000	Fixed rate financial assets £000	Financial assets on which no interest is received £000
Sterling	465	356	—	109
Dutch guilders	13	—	—	13
Belgian francs	171	171	—	—
US dollars	3	—	—	3
	652	527	—	125

The interest rate profile of the Group's financial liabilities at 30 April 2001 was:

Currency	Total £000	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Financial liabilities on which no interest has been paid £000
Sterling	1,347	1,333	14	—
Dutch guilders	341	109	232	—
Belgian francs	637	259	378	—
	2,325	1,701	624	—

The floating interest rates are detailed in note 14 to the accounts.

	Fixed rate financial liabilities	
Currency	**Weighted average interest rate %**	**Weighted average period for which rate is fixed Years**
Dutch guilders	6.125	1.50
Belgian francs	5.828	6.76
Total	5.908	5.34

Currency exposures

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

The table below shows the Group's currency exposures that give rise to the net currency gains and losses recognised in the profit and loss account. Such exposures comprise the monetary assets and monetary liabilities of the Group that are not denominated in the operating currency of the operating unit involved. As at 30 April 2001, these exposures were as follows:

	Net foreign currency monetary assets/(liabilities) in £000			
Functional currency of Group operation	**US dollars**	**Belgian francs**	**German DM**	**Total**
Sterling	(126)	—	—	(126)
Dutch guilders	—	(39)	(21)	(60)
Belgian Francs	—	—	(66)	(66)
Total	(126)	(39)	(87)	(252)

Maturity of financial liabilities

The maturity of profile of the Group's financial liabilities at 30 April 2001 was as follows:

	£000
In one year or less or on demand	1,660
In more than one year but not more than two years	148
In more than one year but not more than five years	211
In more than five years	306
	2,325

Borrowing facilities

The Group has various undrawn committed borrowing facilities. The facilities available at 30 April 2001 in respect of which all conditions precedent had been met were as follows:

	£000
Expiring in one year or less	412

Fair values of financial liabilities

Set out below is a comparison by category of book values and fair values of the Group's financial liabilities as at 30 April 2001.

	Book values £000	Fair values £000
Short-term financial liabilities and current portion of long-term liabilities	1,660	1,652
Long term borrowings	665	468

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

22. Other financial commitments

At 30 April 2001, the Company had annual commitments under non-cancellable operating leases as follows:

	2001 £000	2000 £000
Plant and equipment		
Expiring within 1 year	59	2
Expiring between 2 and 5 years inclusive	103	94
Expiring in over 5 years	8	—
Property leases		
Expiring between 2 and 5 years	67	67

23. Related party transactions

(a) A Reid is a director of the Company and has a controlling interest in R.K. Harrison & Co. Limited. R.K. Harrison & Co. Limited received director's fees of £7,500 during the year (2000: £7,500) in respect of Mr. Reid.

(b) M Dwek is a director of the Company and owns 51% of the share capital of Arbury Inc., which received consultancy fees from the Company of £121,000 (2000: £121,000) in the year.

(c) Amounts totalling £5,880 (2000: £4,842) were paid on an arm's length basis during the year to a company of which B Beecraft is a director, in respect of consultancy and other accountancy services.

24. Post balance sheet events

In May 2001, the Group company Vema N.V. was admitted to trading on the Alternative Investment Market and a placing and offer of Global Depository Receipts in Vema N.V. reduced the Group's shareholding to 51%. The gross proceeds from the flotation were £2.88 million.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the members of Newmark Technology Group PLC will be held at 21/23 Ormside Way, Redhill, Surrey RH1 2NT on 4 December 2001 at 11.30 a.m. for the purposes of considering and, if thought fit, passing the following resolutions which will be proposed as Ordinary Resolutions and Special Resolutions as specified:

ORDINARY RESOLUTIONS

1. To receive, consider and adopt the report of the Directors, and the annual accounts for the period ended 30 April 2001 and the auditors' report thereon.

2. To re-appoint A Reid, as a non-executive director of the Company.

3. To confirm the appointment of Mr M Rapoport who has been appointed as a non-executive director since the last annual general meeting.

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

5. To increase the authorised share capital of the Company from £12,500,000 to £15,000,000 by the creation of 50 million new ordinary shares of 5 pence each ranking *pari passu* in all respects as one class of shares with the existing ordinary shares in the capital of the Company.

6. Directors' authority to allot shares

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

SPECIAL RESOLUTION

7. Partial exclusion of pre-emption rights

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

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

(b) otherwise than pursuant to paragraph (a) above, of equity securities (to the extent that they are relevant shares within the meaning of Section 94 of the Act or to the extent that they are other equity securities giving the right to subscribe for or convert into relevant shares) up to an aggregate nominal amount not exceeding 10 per cent in nominal value of the issued ordinary share capital of the Company, such power to expire at the earlier of the conclusion of the next Annual General Meeting of the Company or 15 months from the date of this resolution whichever is the earlier, save that the Company may, prior to the expiry of such period, make any offer or agreement which would or might require equity securities to be allotted after the expiry of such period and the Directors may allot equity securities in pursuance of such offer or agreement notwithstanding such expiry.

By order of the Board
B G Beecraft

26 October 2001
Registered Office
21/23 Ormside Way
Redhill
Surrey RH1 2NT

Notes:

1. A member entitled to attend and vote at the meeting may appoint one or more proxies to attend and, on a poll, to vote instead of him. A proxy need not be a member of the company.
2. In relation to uncertificated shares, only those persons who are registered on the relevant register 48 hours before the time of the meeting shall be entitled to attend and vote at the meeting.
3. The following documents are available for inspection at the company's registered office during normal business hours on any weekday (excluding Saturdays) until 3 December 2001 and will also be available for inspection at the place of the annual general meeting for at least 15 minutes prior to and until the conclusion of the meeting:
   (a) a register in which are recorded details of all transactions in the shares of the company in respect of all Directors and their families;
   (b) a copy of every service contract between the company and any Director of the company.
4. Valid forms of proxy, duly signed, together with the Power of Attorney or authority (if any) under which they are signed (or a certified copy of such power or authority) must be lodged with the Company Secretary at the Registered Office by no later than 11.30 a.m. on 3 December 2001. Completion of a form of proxy will not affect the right of a member to attend and vote at the meeting.
5. Directors authority to allot shares:

   Under Section 80 of the Companies Act 1985, the Directors may not exercise any powers of the Company to allot relevant securities (as defined in that section) unless authorised to do so by the Company in general meeting or by its articles. Resolution 6 authorises allotment of up to one third of the issued share capital of the Company for the period to the conclusion of the Annual General Meeting in 2002 or until such time as the authority is revoked, whichever is earlier. It replaces all previous authorities and is in line with the institutional guidelines followed by other publicly listed companies.
6. Partial exclusion of pre-emption rights:

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

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

NEWMARK TECHNOLOGY GROUP PLC

Form of Proxy

Annual General Meeting

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

of ....

....

....

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

....

as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the holders of Ordinary Shares of the Company to be held at 11.30 a.m. on 4 December 2001, and at any adjournments thereof, and direct the proxy to vote for/against the resolutions to be proposed thereat as detailed below.

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

Signed ....

Date...

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

		For	**Against**
1.	To receive the report of the Directors and the annual accounts for the period ended 30 April 2001 and the auditors report thereon		
2.	To re-appoint A Reid as a non-executive director of the Company		
3.	To confirm the appointment of M Rapoport as a non-executive director of the Company		
4.	To re-appoint Hacker Young as auditors and to authorise the directors to determine their remuneration		
5.	To increase the authorised share capital of the Company to £15,000,000 by the creation of 50 million new ordinary shares of 5p each		
6.	To generally and unconditionally authorise the Directors to allot securities pursuant to section 80 of the Companies Act 1985		
7.	To partially disapply the statutory pre-emption rights pursuant to section 95(1) of the Companies Act 1985		

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