



INTERIM REPORT



CHAIRMAN'S STATEMENT

RESULTS FOR THE SIX MONTHS ENDED 31 OCTOBER 2000

The Group made a loss before interest and amortisation of goodwill of £95,000 during the six months ended 31 October 2000 compared to a profit of £58,000 for the same period in the preceding year. The results for the current period include those of Safetell International Limited which was acquired in February 2000 and therefore was not included in the comparative period last year. The seasonal fluctuations in the results in previous years are again expected to be repeated in the current year, with the first half affected by the holiday season in mainland Europe.

VEMA N.V.

Your Board does not believe that the market capitalisation of the Group reflects the underlying value of the businesses and is therefore planning to offer to existing shareholders and others 49% of the shares in our Dutch subsidiary (Vema) which supplies electronic and electro-mechanical locking systems. We believe that this will also assist Vema to further develop its product range both organically and through acquisitions. A copy of the prospectus will be distributed to all Newmark shareholders shortly.

Vema was established in 1977 and was acquired by Newmark in November 1997. The business has maintained its ability to generate substantial profits and cash and has a dominant position in the Dutch market. Your Board believes that further growth can be achieved by expanding both Vema's existing product offering and by targeting new geographical markets. We believe that this provides an exciting opportunity for shareholders to participate in the expansion of its activities. The company will seek a listing on the Alternative Investment Market of the London Stock Exchange.

ASSET PROTECTION DIVISION

This division specialises in physical security equipment for the protection of staff at transaction counters. As I commented in last year's Annual Report, the consolidation that has been taking place within the banking sector in Belgium has affected the level of activity at our Belgian subsidiary Drion. However we have been very active with submitting tenders and quotations in the first half and there is further evidence of recovery in this sector. We have also been making progress into the commercial sector. The contracts for Algeria that were delayed at the end of the last financial year were completed at the beginning of this period and, whilst seeking further export opportunities, we have obtained new contracts in both Tunisia and Albania.

Safetell's main customers, historically, have been building societies in the UK and business has been adversely affected by the mergers taking place in this sector. This has impacted upon both the level of work available and the timing of commencement of new contracts. Although sales were below expectations, improved margins and cost controls have assisted the overall result. The encouraging aspect of the six months has been the above average output of quotations that are expected to convert to order intake and sales over the course of the next twelve months. The RollerCash product line is now proving effective and Safetell has secured The Post Office contract for the supply of cash handling systems for all open plan post offices until July 2003. Volumes in the current year are likely to be modest with significant increases expected in the following two years.

SECURE LOCKING DIVISION

This division supplies high security applications, including prisons, hospitals, museums and government offices, with electronic and electro-mechanical locking systems. As mentioned above, Vema Holland has continued to generate both profits and cash. Our new subsidiary Vema Belgium, which only started trading this year, has effectively been in a start-up situation during the period under review, and as



expected over this period made initial losses. We remain confident however about the prospects for this market in the future.

ELECTRONIC DIVISION

This division specialises in integrated security management systems designed to control access of personnel and track asset movements. During the period we have established our sales and marketing office in the USA and invested substantial amounts of time and effort in building relationships with the major security companies in the USA. The direct costs incurred in these respects in the period were approximately £150,000, and although sales from this new source in the period have been minimal, the real benefit from this investment will be in the years ahead.

Newmark has also recently agreed to purchase the ProxTrak (TM) Asset Management System product range from HID Corporation. ProxTrak is a revolutionary technology developed jointly between IBM, and Atmel Corporation, a silicon chip manufacturer, which allows read-write capability at the operating system level within laptop and desktop computers. The system is designed to be used for system deployment and asset management for corporate IT managers.

As I stated in the last annual report, an updated version of our Omni 4 software access control has been released to the market with substantial improvements over the previous release. New packaged versions of the product targeted at different markets have also been developed and should prove to be successful.

APPOINTMENT OF NEW NON-EXECUTIVE DIRECTOR

We are very pleased to announce that Michel Rapoport has agreed to join our Board as a non-executive Director. Michel brings substantial experience of the security industry having been with Mosler Inc., in the USA since 1995 where he is currently President and Chief Executive Officer. Mosler is a full service, manufacturer and integrator of security systems for banking, industrial and commercial organisations. Prior to that Michel was Vice President of Pitney Bowes International and Chairman of Pitney Bowes France.

CONCLUSION

Sales from the USA have not yet been achieved in the volumes that we expect in the next financial year and the years ahead.

The Board is confident that the flotation of Vema will be positive for both the Newmark Group, Vema and their shareholders. As Newmark will retain 51% of Vema, its results will continue to be consolidated within the Group. The continued integration of Safetell and the planned flotation of Vema has resulted in a very busy period for the Group which we believe will provide a strong base for the future.

Maurice Dwek
Executive Chairman

28 February 2001



CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the six months ended 31 October 2000

	Notes	Unaudited Six months ended 31 October 2000 £'000	Audited Year ended 30 April 2000 £'000	Unaudited Six months ended 31 October 1999 (Restated) £'000
TURNOVER		6,440	9,863	4,511
Cost of sales		(4,205)	(5,548)	(2,619)
Gross profit		2,235	4,315	1,892
Administrative expenses		(2,330)	(4,044)	(1,834)
Amortisation of goodwill		(60)	(70)	(26)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION				
Interest payable	2	(155)	201	32
		(96)	(111)	(47)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(251)	90	(15)
Tax on ordinary activities	3	(130)	(320)	(159)
LOSS FOR THE PERIOD AFTER TAX	4	(381)	(230)	(174)
Loss per share	5	Pence (0.34p)	Pence (0.2p)	Pence (0.11p)

NOTE

The profit and loss account for the six months ended 31 October 2000 includes Safetell International Limited which was acquired in February 2000 and therefore was not included in the comparative figures for the six months ended 31 October 1999.



CONSOLIDATED BALANCE SHEET
as at 31 October 2000

	Notes	Unaudited 31 October 2000 £'000	Audited 30 April 2000 £'000	Unaudited 31 October 1999 (Restated) £'000
FIXED ASSETS				
Intangible assets		2,410	2,480	1,126
Tangible assets		1,460	1,244	1,272
		3,870	3,724	2,398
CURRENT ASSETS				
Stocks		1,475	1,260	1,023
Debtors		2,657	2,628	2,357
Cash at bank and in hand		892	759	806
		5,024	4,647	4,186
CREDITORS: amounts falling due within one year		(3,545)	(3,186)	(2,418)
NET CURRENT ASSETS		1,479	1,461	1,768
TOTAL ASSETS LESS CURRENT LIABILITIES				
CREDITORS: amounts falling due after more than one year		5,349	5,185	4,166
Provisions for liabilities and charges		(2,380)	(2,544)	(1,587)
		(407)	(419)	(143)
NET ASSETS		2,562	2,222	2,436
CAPITAL AND RESERVES				
Called up share capital		6,060	5,510	5,510
Share premium		5,195	5,051	5,051
Profit and loss reserve	4	(8,693)	(8,339)	(8,125)
EQUITY SHAREHOLDERS' FUNDS		2,562	2,222	2,436



NOTES TO THE ACCOUNTS

1. BASIS OF ACCOUNTS

The unaudited results for the six months ended 31 October 2000 have been prepared on a basis consistent with the accounting policies disclosed in the Group's 2000 Report and Accounts, and do not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985. At 30 April 2000, the Group changed the accounting policy for intellectual property rights and development costs which are now written off to the profit and loss account as incurred. Prior to this date, their costs were capitalised and depreciated/amortised over the useful life of those costs. This change of accounting policy has been accounted for as a prior year adjustment and the results for the six months ended 31 October 1999 have been restated accordingly. The results for the year ended 30 April 2000 are an abridged version of the full accounts, which received an unqualified report and have been filed with the Registrar of Companies.

2. PROFIT AND LOSS ACCOUNT

The profit and loss account for the six months ended 31 October 2000 includes Safetell International Limited which was acquired in February 2000 and therefore was not included in the comparative figures for the period ended 31 October 1999.

3. TAXATION

The tax charge for the period is disproportionate to the result for the period due to the non-availability of tax relief on the UK losses for the period to be offset against the tax charged on the profits in The Netherlands and Belgium.

4. RESERVES

	£'000
Profit and loss reserve	(8,339)
At 1 May 2000	(381)
Retained loss for the period	27
Exchange adjustment	
At 31 October 2000	<u>(8,693)</u>

5. LOSS PER SHARE

The loss per share has been calculated based on the weighted average number of shares in issue during the period, which was 112,042,285 shares (31 October 1999: 110,208,952).

6. SHARE CAPITAL

During the period the company issued 11,000,000 5pence ordinary shares at 6.5pence. The excess of the issue price over the nominal value of the shares has been credited to the share premium account, after deducting relevant expenses.

7. DIVIDENDS

No interim dividend is proposed (1999: Nil).

8. A copy of the interim report has been sent to shareholders and is available for inspection at the Company's registered office, 21/23 Ormside Way, Redhill, Surrey RH1 2NT, during normal office hours, Saturdays, Sundays and bank holidays excepted, for 14 days from today.