



Newmark
SECURITY PLC

Company number: 3339998

Report and Financial Statements
Year ended 30 April 2015

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DIRECTORS, SECRETARY AND ADVISERS

Country of incorporation of parent company:	Great Britain
Legal form:	Public Limited Company
Directors:	M Dwek M C Dwek B Beecraft M Rapoport R Waddington
Secretary and registered office:	B Beecraft, 58 Grosvenor Street, London W1K 3JB
Company number:	3339998
Auditors:	BDO LLP, 2 City Place, Beehive Ring Road, Gatwick, West Sussex RH6 0PA
Nominated Adviser and Brokers:	Cantor Fitzgerald Europe, One Churchill Place, London E14 5RB
Registrars:	Capita Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU
Solicitors:	Bracher Rawlins LLP, 77 Kingsway, London WC2B 6SR

CHAIRMAN'S STATEMENT

Overview

I am pleased to report another year of revenue growth in the year ended 30 April 2015. Group revenue for the year was £22,854k (2014: £19,171k), representing an increase of 19.2 per cent. Revenue in the electronic division increased by 4.7 per cent. from £7,234k to £7,577k, whilst the asset protection division revenue increased by 28.0 per cent. in the year from £11,937k to £15,277k.

Profit from operations for the year was £2,268k (2014: £984k). Profit for the year before exceptional items was £2,268k (2014: £1,836k). The exceptional item last year was a development cost impairment of £852k.

Within the electronic division, the SATEON range was expanded to include the newly launched SATEON Pro and create other separate and specific offerings focused on the high tier and mid-tier sections of the access control market. The division has further capitalized on additional sales opportunities by upgrading existing customers from JANUS legacy systems. SATEON has become the solution of choice of a number of prestigious public sites including museums. A new subsidiary company was established in Hong Kong in the year and will be the cornerstone to our future developments in the Asia Pacific region. Workforce Management Systems continues to benefit with healthy revenue from our longstanding relationship with one of the world's largest retailers as they continue to roll out our workforce management solutions in their stores globally. During the year we also completed a long term project for the UK's largest supermarket chain which was carried over from the previous year.

Revenue for the year in the asset protection division included £1,958,000 from CSI which was acquired in November 2013. Revenue also benefited from the increase in orders received for Time Delay Cash Handling equipment from the Post Office (PO) and accelerated installation of equipment at PO branches in the third and fourth quarter to meet their targets.

A full financial review of the results for the year is included within the Strategic Report on pages 4 to 8.

Dividend

In view of the results for the year, the Board is pleased to recommend an increased dividend payment for the year ended 30 April 2015 of 0.10 pence per share (2014: 0.075 pence).

Employees

The Board would like to express its appreciation to all staff for their continuing efforts during the year, which are reflected in the results.

Outlook

As forecast in the interim report, revenue was lower in the second half of the year under review than in the first half due to the timing of customer projects and roll out programmes. Accordingly the Group focused on new business and products as we look to maintain our position in the market and we are optimistic that these initiatives will generate positive results in the future.

We continue to make positive progress within the business by maintaining long term relationships with existing clients, as well as gaining new business as the Group's suite of security products becomes more widely available across the globe.

We were delighted to agree in principle terms in July 2015 with a major US channel partner for the supply of a new workforce management terminal which is expected to begin in the financial year commencing 1 May 2016. This will be the largest single contract secured to date by our subsidiary company, Grosvenor Technology. This is testament to our belief that there are significant opportunities abroad and validates our efforts to expand globally. Further to this, a milestone was achieved with our new Asia Pacific hub which opened in Hong Kong in June 2015. This has expanded our global footprint and we expect further customer relationships to be established in other countries in the region.

We are also seeing developments with our product offering and a further version of SATEON will be launched this month whilst workforce management revenues continue to benefit from our longstanding relationship with one of the world's largest retailers.

Asset protection division revenues going forward are expected to be lower than the results for the year under review due to the completion of some major customer programs although the revenue from CSI, which was acquired in November 2013, is expected to increase.

Overall, we believe that the profits of the Group in the current year will be lower than in the year ended 30 April 2015, whilst we develop new markets and products from which the benefits will be seen in the following year and beyond. The Board remains optimistic about the future with various opportunities in the pipeline and accordingly has increased the proposed dividend for the year by one third.

M DWEK

Chairman

7 August 2015

Business model

The Group is principally engaged in the design, manufacture and supply of products and services for the security of assets and personnel. The Group manages its operations through two divisions: Grosvenor Technology, its electronic division and Safetell, its asset protection division.

The electronic division comprises two main product streams, being the design and distribution of:

- access control systems (hardware and software);
- workforce management systems (WFM) hardware, for time-and-attendance, shop-floor data collection, and access control systems;

Both activities have their own design teams creating products to meet the demands of their own markets and specific needs of customers. In addition centralised sales and marketing, purchasing, dispatch and finance functions supplement the requirements of both activities. Manufacturing is mainly performed by external contractors using our intellectual property.

The majority of our access control customers are security installation companies dealing directly with end users. For WFM equipment, the majority of our customers are value-added resellers (VARs) dealing with either installation companies or end users. The division also has the capability to work on special projects directly with end users, assisting with the design and specification of a system to meet specific customer requirements. These tend to be larger contracts where the end user needs to ensure that their specifications are fully met.

The asset protection division comprises two main product streams:

- Design and installation of fixed and reactive security screens, reception counters, cash management systems and associated physical security equipment; and
- Service and maintenance of the above equipment, as well as CCTV systems and locks.

Customers of the asset protection division range from leading blue-chip organisations to single sites, including banks and building societies, post offices, police forces, railway companies, local authorities and government departments, petrol outlets, hospitals, convenience stores, retailers and supermarket chains. The market varies across the product range.

Key performance indicators

	2014/15	2013/14
	£'000	£'000
Revenue from continuing operations	22,854	19,171
<i>Revenue growth is the prime measure of our economic output and is key to measuring shareholder return and the success of our growth strategy. Overall increase in the year of 19.2%.</i>		
Gross profit from continuing operations (after exceptional development cost impairment in 2013/14 £852,000)	9,712	7,430
Gross profit from continuing operations (before exceptional development cost impairment)	9,712	8,282
Gross profit provides an indication of the quality of turnover growth and a measure of value added by the group, reflecting the quality of our design and sales and marketing functions		
Gross profit percentage from continuing operations (before exceptional development cost impairment)	42.5%	43.2%

Financial review

Revenue in the year increased from £19,171,000 to £22,854,000 an increase of 19.2% analysed as follows:

	2014/15 £'000	2013/14 £'000	Increase/ (decrease) %
Electronic division			
Access control	4,113	4,060	1.3
Workforce management	3,464	3,174	9.1
Total electronic division	7,577	7,234	4.7
Asset protection division			
Products	12,191	8,719	39.8
Service	3,086	3,218	(4.1)
Total asset protection division	15,277	11,937	28.0
TOTAL	22,854	19,171	19.2

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

Electronic division

Access Control

Access control revenues grew by 1.3% during this transitional period. The SATEON range was expanded to include the newly launched SATEON Pro and creating separate and specific offerings focused on the high-tier and mid-tier sections of the access control market. The division has further capitalised on additional sales opportunities by upgrading existing customers from JANUS legacy systems.

During the year SATEON versions 2.7 and 2.8 were released. Version 2.7 featured a number of updates that included improved reporting and search functionality and integration with two major elevator companies. Version 2.8 featured new graphical tools, real time maps, time patterns, custom reports and several integrations including Honeywell's Galaxy Intruder panel, Tyco's Simplex Fire Alarm panel and Assa Abloy's Aperio offline locks. Version 2.9, to be launched in August 2015, will contain photo verification via the Sateon Faces feature and will look to build our wireless locks capabilities through integration into Salto's offline locking solutions.

SATEON has become the solution of choice of a number of prestigious public sites including museums. Several local authorities and a major data centre have also chosen to partner with Grosvenor for their access control needs.

Overseas, sales and technical resource has been increased and enhanced in the US operation with a healthy pipeline of sales opportunities being established. A contract with a major Middle East systems integrator was won during the year, securing a robust long-term pipeline for projects within this region. Hong Kong was determined as being the hub from which Grosvenor's Asia Pacific operations would be based. An office has been established and was launched in June 2015, with a small number of staff including those in sales and business development functions. During 2015/16 it is envisaged that networks of systems integrators will be established in Japan, South Korea, Singapore and Greater China.

Grosvenor's global access control clients will also benefit from longer technical support hours and greater local sales support.

Workforce Management

Workforce Management revenues grew by 9.1% in the year. Grosvenor continues to benefit with healthy revenue from our longstanding relationship with one of the world's largest retailers as they continue to roll out our workforce management solutions in their stores globally. A further opportunity exists with this client in terms of an additional roll out with a product designed to meet their specific requirements. During the year we also completed a long term project for the UK's largest supermarket chain which was carried over from the previous year.

In principle terms were agreed with a major US channel partner in July 2015 for the exclusive supply of a workforce management terminal, which is expected to begin in the financial year commencing 1 May 2016. This is the largest single contract secured to date by the company in this line of business. It is also expected that

significant revenues will be generated from this customer during the current financial year on the existing range of workforce terminals, particularly the IT31 and IT51.

Cross-selling opportunities began to be recognised during the year with Grosvenor being chosen to supply Workforce Management and Access Control in sites as diverse as a major library, food group and a charity. This varied mix of end user clients demonstrates the company's credentials as a provider of end-to-end people movement and security solutions across a multitude of sectors and industries.

Asset Protection Division

Product stream

Product revenue was 39.8 per cent. above last year including £1,958,000 generated from CSI. CSI was acquired on 1 November 2013 and generated revenue of £812,000 in the first six months after acquisition to 30 April 2014. Excluding CSI, revenue increased 29.4 per cent. principally due to the timing of orders received for Time Delay Cash Handling equipment from the Post Office (PO) and accelerated installation of equipment at PO branches in the third and fourth quarters to meet their targets. Sales of new cash handling products developed for a high street bank in 2012 continued despite competitor products introduced into the market. This all resulted in an increase in sales of cash handling equipment overall.

Orders for new Eclipse Rising Screens and screen reconfiguration work increased by 120 per cent. after a long term customer accelerated its branch refurbishment programme planned for several years. Sales of Eclipse Rising Screens increased to financial institutions who previously elected to have no security screens and trade over open counters after they had reviewed the security risk at branches that fall in high crime areas. There was also an increase in sales to public sector clients as the government released money for capital expenditure programmes.

Eye2Eye sales continued to decrease as a result of a reduction in train station refurbishment programmes. CounterShield sales decreased substantially due to increased demand for Eclipse Rising Screens and Fixed Glazing solutions however we received a substantial order of £174K from a Local Authority at the end of the year for which installation will be completed in the first quarter of the current financial year. Sales of Fixed Glazing and Counter Protection Systems returned to previous levels after the inclusion of a single large order of £374K from a foreign embassy based in London in the previous period. Sales of other non-standard products increased by 26.4 per cent. with the benefit of a programme for non-traditional work from a large financial institution.

CSI sales in the year were lower than anticipated due to the cut backs from a major supermarket chain after poor financial results. The cut backs included the reduction in store numbers as well as the cancellation of plans to open new stores. However CSI successfully obtained government CPNI certification on a Blast Door and this product as well as the other products developed during this period will provide significant revenue streams in future years. Continuous product development and certification as well as re-certification will reduce margins, but are also essential requirements to ensure products are updated to withstand new methods of attack and meet customer demands.

Service stream

Whilst revenue was less than that of the previous year, profitability was higher due to margin improvements driven by reduced unit labour costs which will continue as we strive to meet customer cost constraints.

During the year Safetell signed a new service contract with a longstanding customer for a further three years which confirms our value in terms of service delivery. Since the year end Safetell has also renewed a four year service contract with a large facilities management company to support one of the High Street financial institutions. These contracts provide the foundation of our service business and places us in a good position to enter new product support markets in which we currently have a small market share.

It has taken longer than anticipated to enter the more competitive CCTV and access control markets but these products added to our counter and screen offering which will provide product revenue, as well as additional service revenues in the future. The upgrades to older Eclipse Rising Screen systems have proven successful for two long term customers of Eclipse who will embark on roll-out programmes during the next year to replace the pneumatics and control systems on units that have been installed for many years. These upgrades extend the life of the very reliable Eclipse product while reducing the cost of replacing the product and we believe this will provide revenue streams going forward.

Safetell continues to receive reactive call outs on the Post Office Transformation Programme.

Taxation

The tax charge for the year was only 4.8% due to the availability of accumulated tax losses brought forward and research and development allowances.

Balance sheet and cash flow

Further development costs were capitalised in the year and intangible assets increased by £269,000 net of amortisation. Inventories reduced in the year by £207,000 following a review of purchasing policy within the electronic division, whilst trade receivables were £864,000 lower following an exceptional high figure last year due to the advance billing of customers and high sales prior to year end. Trade and other payable were similar to last year.

Overall net assets increased from £11,628,000 to £13,592,000.

Cash flows from operating activities for the year was £4,580,000 (2014: £2,133,000), and overall there was an increase in cash and cash equivalents of £2,760,000 (2014: £313,000).

Basic earnings per share are shown in the income statement as 0.48 pence (2014: 0.19 pence).

Strategy

Electronic division

Access control

The opportunity for SATEON remains significant with a browser based, rather than traditional server / client, arrangement appealing to many integrators and end users. A further trend is for end users to prefer 'open protocol' platforms rather than single source suppliers for different elements of their overall security systems. In this regard SATEON is also well placed, with Grosvenor Technology being recognised as an Access Control specialist with an open approach to third party integrations. A Partner Charter has been developed which communicates the core value proposition and clearly differentiates Grosvenor's offering in a crowded market place. Increased marketing and PR efforts will aid the dissemination of this message.

The SATEON line has been further refined into separate mid-tier (SATEON Pro) and high-end (SATEON Enterprise) offerings with a single software platform allowing a simple 'walk' from a one door system to the most complex multi-site installations. This will facilitate growth in a far larger number of installers, many of whom currently use different manufacturers to satisfy their small and large system needs. Annual recurring software agreements pave the way for an 'Access Control as a service' (ACaaS) model significantly increasing opportunities for new and recurring revenue for both Grosvenor and the systems integrator companies.

A leading customer relationship management (CRM) is being installed to provide capability to manage this increased demand. In the medium term e-commerce technologies will also be adopted negating the requirement to create costly and complicated distribution channels thus providing sustainable competitive advantage over competitors' business models that utilise a distribution network.

Workforce Management Systems

Growth will be achieved through emphasis on securing new business with high value VARs. Market research has demonstrated specific customer groups where success is more likely and a focused approach has been adopted to target these. End user groups with complex demands for Workforce Management have also been identified and a strategy of approaching these potential clients directly, using existing sector specific client case studies, has been embraced.

In burgeoning territories, the strategy will be to provide a complete solution direct to end users by working with existing VAR partners to create a Grosvenor 'white label' WFM offering

Asset protection division

The strategy for this division is to broaden the customer base and product range. Safetell already has a well-established blue chip customer list, particularly in the banking and finance sector, but wants to extend to other sectors whilst at the same time offering a greater range of products within existing sectors. Specifically, following the trade and assets acquisition of CSI in 2013/14, to address supermarket and retail chains particularly with ATM Pods, BR doors and walls, and fire exit doors. By obtaining the government CPNI certification on the Blast Door, Safetell has broadened the scope of the ballistic and blast product range and we have already received a substantial order for these doors from Iraq. The Cash Deposit Device developed last year received good reviews

from retailers in the UK who are slow to take up new technology whilst still maintaining current cash handling practices. The Cash Deposit Device provides real cost savings including same day credit, but this is dependent on the UK banks offering the services and currently they are reluctant to move forward with an offering that is already applied by banks in the rest of the world. This networked point of sale cash deposit device is a unique combination of Grosvenor Technology's IT11 and the secure cash holding unit developed by Safetell, and provides secure cash holding and device sharing between several cashiers resulting in substantial cost savings.

Principal risks and uncertainties

Sales of new products

The Group has incurred substantial expenditure on new developments within the electronic division, and there is the uncertainty of future sales of new developments particularly with sales to new geographic markets. The Group mitigates this risk by carrying out customer trials and ascertaining features required by customers.

Service agreements

The majority of service revenues within the asset protection division is from 2 or 3 year service agreements and there is the risk that these may not be renewed. The company has service level agreements with these customers which are closely monitored and holds regular meetings with those customers to check on their satisfaction levels. If the service agreements are not renewed it is likely that those customers would still require our services but would be charged on a call out basis.

Market conditions

The asset protection division product range is targeted at both the private (particularly financial, retail and construction sectors) and the public sector. Customer refurbishment programmes within the financial sector continue to act as an underlying positive trend for demand for many of the division's products. Our business is reliant on the timing of customer programmes and there is a risk that these may be delayed. The division mitigates this risk by a wide range of product offerings, continues new product development and maintaining a close working relationship with its customers so that we are aware of any potential delays.

Input prices and availability

Operating performance is impacted by the pricing and availability of its key inputs, which include electronic components, steel and security glass. The pricing of such inputs can be quite volatile at times due to supply and demand dynamics and the input costs of the supply base. The Group manages the effect of such demands through a rigid procurement process, long-term relationships with suppliers, economic purchasing, multiple suppliers and inventory management.

Quality control

There is the potential for functional failure of products when put to use, thereby leading to warranty costs and damage to our reputation. Quality control procedures are therefore an essential part of the process before the product is delivered to the customer. With the support of external audits the quality control systems are reviewed and improved on an on-going basis to ensure that the Group is addressing through a certification process which is undertaken by a recognised and reputable authority before being brought to market.

Approval

This Strategic Report was approved by order of the Board on 7 August 2015.

By order of the Board

B BEECRAFT
Company Secretary

REPORT OF THE DIRECTORS

The Directors submit their annual report and audited financial statements of the Group for the year ended 30 April 2015.

Financial results and dividends

The Board is proposing a dividend of 0.10p per share (2014: 0.075p per share).

Directors

The Directors who served during the year were as follows:

M Dwek
M C Dwek
B Beecraft
M Rapoport
R Waddington

Details of the Directors' service contracts are shown in the Report of the Remuneration Committee on page 13.

Marie-Claire Dwek and Brian Beecraft retire in accordance with the articles of association. Marie-Claire Dwek and Brian Beecraft being eligible, offer themselves for re-election at the next annual general meeting.

Financial instruments

For full details of changes to the Group's management of its financial instruments and its general objectives, policies and processes in respect of financial instruments, please refer to note 18 to the financial statements on pages 35 to 37.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer fails to meet its obligations, and the Group is mainly exposed to credit risk from credit sales. It is Group policy to assess the credit risk of new customers before supplying goods or services with purchase limits established for each customer, which represents the maximum open amount they can order without requiring approval.

A monthly review of the trade receivables' ageing analysis is undertaken and customers' credit is reviewed continuously. Customers that become "high risk" are placed on a restricted customer list, and future credit sales are made only with the approval of the local management otherwise pro forma invoices are raised requiring payment in advance.

Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments 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 finance director receives daily reports of balances on all bank accounts. At the end of the financial year, the 12 month cash flow projections indicated that the Group expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances. The Group also seeks to reduce liquidity risk by fixing interest rates (and hence cash flows) on a portion of its long-term borrowings.

Market risk

Market risk arises from the Group's use of interest bearing, and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk).

Cash flow interest rate risk

Long term borrowings are all at fixed rates thus eliminating fully cash flow risk associated with variability in interest payments.

Foreign exchange risk

Foreign exchange risk arises when individual Group entities enter into transactions denominated in a currency other than their functional currency. Liabilities are settled with the cash generated from the individual group

entities' operations in that currency wherever possible, otherwise the liabilities are settled in the functional currency of the group entities.

Likely future developments in the business of the company

Information on likely future developments in the business of the Group has been included in the Strategic Report.

Directors

Directors' interests

The beneficial and other interests of the Directors in the shares of the Company as at 1 May 2014 (or the date of their appointment to the Board, if later) and 30 April 2015 were as follows:

	Percentage holding at 30 April 2015	30 April 2015	1 May 2014 (or date of appointment if later)
M Dwek ^(a)	12.8010	59,099,467	59,099,467
M Rapoport	3.3010	15,555,000	15,555,000

(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 1 May 2014 (or the date of their appointment to the Board, if later) and 30 April 2015 were as follows:

	Number of Ordinary Shares under the EMI Scheme 30 April 2015	Number of Ordinary Shares under the Approved Scheme 30 April 2015	Number of Ordinary Shares under the Unapproved Scheme 30 April 2015	Number of Ordinary Shares under the EMI Scheme 1 May 2014 (or date of appointment if later)	Number of Ordinary Shares under the Approved Scheme 1 May 2014	Number of Ordinary Shares under the Unapproved Scheme 1 May 2014
B Beecraft	5,000,000	–	–	5,000,000	–	3,000,000
M C Dwek	14,273,225	–	–	12,363,636	–	–
					Share Warrants 30 April 2015	Share Warrants 1 May 2014
M Dwek					21,750,000	21,750,000
M Rapoport					7,500,000	7,500,000

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 development costs capitalized in the year was £1,087,000 (2014: £997,000).

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 & Customs'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 25 to the financial statements on pages 41 and 42.

Corporate governance

The Group has not applied all the principles of the UK Corporate Governance Code as the Code only applies mandatorily to fully listed companies.

At 30 April 2015, the Board comprised a Non-Executive Chairman, two Executive Directors and two 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 Chief Executive Officer 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.

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 UK Corporate Governance Code requires proxy votes to be counted and announced after any vote on a show of hands.

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 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 the Remuneration Committees, comprising independent Non-Executive Directors. Each committee has written terms of reference.

The Audit Committee, now comprising R Waddington 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, now comprising M Rapoport, M Dwek and R Waddington 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 13.

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 strategic report, 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.

Approval

This Directors Report was approved by order of the Board on 7 August 2015.

By order of the Board

B BEECRAFT
Company Secretary

7 August 2015

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 2015 comprised three existing Non-Executive Directors, Maurice Dwek, Michel Rapoport and Robert Waddington.

Maurice Dwek was chairman of 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.

Robert Waddington is a chartered accountant who has worked for many years in investment banking and has experience of the betting and gaming, property investment and engineering industries through his past non-executive directorships.

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.

The Company entered into a service agreement on 12 April 2013 with Ms M C Dwek which may be terminated by either party serving twelve months' notice.

Director's emoluments

Emoluments of the directors (including pension contributions) of the Company during the year ended 30 April 2015 were as follows:

	Consultancy/ management agreement £'000	Salary £'000	Fees £'000	Other benefits £'000	Total £'000	Pension contributions £'000
Executive Directors						
M C Dwek ^(a)	–	191	–	27	218	21
B Beecraft	–	150	–	–	150	–
Non-Executive Directors						
M Dwek ^(b)	80	–	–	16	96	–
M Rapoport	–	–	25	–	25	–
R Waddington	–	–	25	–	25	–
	80	341	50	43	514	21
2014	80	434	54	38	606	23

The directors' share interests are detailed in the Report of the Directors on page 10.

(a) The emoluments of M C Dwek included a bonus of £17,000 (2014: £64,000).

(b) The Company paid a consultancy fee of £80,000 (2014: £80,000) to Arbury Inc., a company 51 per cent. owned by M Dwek.

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 2015, which comprise the consolidated statement of financial position and parent company balance sheet, the consolidated income statement, 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 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 Financial Reporting Council's (FRC'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 Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 2015 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006 In our

opinion:

- the information given in the strategic report and 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:

Under the Companies Act 2006 we are required 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.

Kevin Cook (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor

Gatwick
United Kingdom

7 August 2015

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

CONSOLIDATED INCOME STATEMENT
for the year ended 30 April 2015

	Note	2015 £'000	2014 £'000
Revenue	2	22,854	19,171
Cost of sales – (2014: including exceptional development cost impairment)		(13,142)	(11,741)
Gross profit		9,712	7,430
Administrative expenses		(7,444)	(6,446)
Profit from operations before exceptional items		2,268	1,836
Exceptional development cost impairment	10	–	(852)
Profit from operations	3	2,268	984
Finance costs	6	(16)	(78)
Profit before tax		2,252	906
Tax charge	7	(109)	(49)
Profit for the year	23	2,143	857
Attributable to:			
– Equity holders of the parent		2,143	857
Earnings per share			
– Basic (pence)	8	0.48p	0.19p
– Diluted (pence)	8	0.43p	0.18p

All amounts relate to continuing activities.

The notes on pages 21 to 42 form part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 April 2015

	2015 £'000	2014 £'000
Profit for the year	2,143	857
Items that will or may be reclassified to profit or loss:		
Foreign exchange gains/(losses) on retranslation of overseas operations	14	(28)
Total comprehensive income for the year	<u>2,157</u>	<u>829</u>
Attributable to:		
– Equity holders of the parent	<u>2,157</u>	<u>829</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 30 April 2015

Company number: 3339998

	Note	2015 £'000	2014 £'000
ASSETS			
Non-current assets			
Property, plant and equipment	9	905	872
Intangible assets	10	8,697	8,428
Total non-current assets		<u>9,602</u>	<u>9,300</u>
Current assets			
Inventories	13	1,440	1,647
Trade and other receivables	14	3,130	4,078
Cash and cash equivalents		4,202	1,441
Total current assets		<u>8,772</u>	<u>7,166</u>
Total assets		18,374	16,466
LIABILITIES			
Current liabilities			
Trade and other payables	15	3,990	4,148
Other short term borrowings	16	143	196
Corporation tax liability		1	16
Provisions	20	100	100
Total current liabilities		<u>4,234</u>	<u>4,460</u>
Non-current liabilities			
Long term borrowings	17	113	124
Provisions	20	100	84
Deferred tax	21	335	170
Total non-current liabilities		<u>548</u>	<u>378</u>
Total liabilities		4,782	4,838
TOTAL NET ASSETS		13,592	11,628
Capital and reserves attributable to equity holders of the company			
Share capital	22	4,602	4,504
Share premium reserve	23	549	502
Merger reserve	23	801	801
Foreign exchange difference reserve	23	(182)	(196)
Retained earnings	23	7,782	5,977
		<u>13,552</u>	<u>11,588</u>
Non-controlling interest		40	40
TOTAL EQUITY		13,592	11,628

The financial statements were approved by the Board of Directors and authorised for issue on 7 August 2015.

M Dwek
Director

The notes on pages 21 to 42 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 30 April 2015

	Note	2015 £'000	2015 £'000	2014 £'000	2014 £'000
Cash flow from operating activities					
Net profit after tax		2,143		857	
Adjustments for:					
Depreciation, amortisation and impairment	9 & 10	1,263		1,905	
Interest expense	6	16		78	
Income tax charge	7	109		49	
Operating cash flows before changes in working capital					
		3,531		2,889	
Decrease/(increase) in trade and other receivables		1,098		(1,492)	
Decrease/(increase) in inventories		220		(303)	
(Decrease)/increase in trade and other payables		(114)		1,084	
Cash generated from operations					
			4,735		2,178
Income taxes paid			(155)		(45)
Cash flows from operating activities					
			4,580		2,133
Cash flow from investing activities					
Payments for property, plant & equipment		(288)		(324)	
Sale of property, plant & equipment		-		40	
Capitalised development expenditure	10	(1,089)		(997)	
Cash flow from investing activities					
			(1,377)		(1,281)
Cash flow from financing activities					
Share issues		145		-	
Repayment of bank loans		(52)		(153)	
Repayment of finance lease creditors		(182)		(158)	
Dividends paid		(338)		(150)	
Interest paid	6	(16)		(78)	
Cash flow from financing activities					
			(443)		(539)
Increase in cash and cash equivalents					
	27		2,760		313

The notes on pages 21 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 2013	4,504	502	801	(168)	5,270	40	10,949
Dividends (note 23)	-	-	-	-	(150)	-	(150)
Total comprehensive income	-	-	-	(28)	857	-	829
30 April 2014	4,504	502	801	(196)	5,977	40	11,628
1 May 2014	4,504	502	801	(196)	5,977	40	11,628
Share issues in year	98	47	-	-	-	-	145
Dividends (note 23)	-	-	-	-	(338)	-	(338)
Total comprehensive income	-	-	-	14	2,143	-	2,157
30 April 2015	4,602	549	801	(182)	7,782	40	13,592

NOTES FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 April 2015

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 2015 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 46.

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 2014

The new standards, interpretations and amendments, effective from 1 May 2014, 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 an effective date on or after 1 May 2015 or later periods have not been adopted early by the Group and are not expected to materially affect the Group when they do come into effect. The directors are still assessing the impact, if any, of IFRS 15 on the financial statements. None of the other standards are expected to have a material impact.

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 Chief Executive Officer and Group Finance Director.

Revenue

Revenue is stated net of value added tax. Sales of equipment including hardware and software are recognised when the customer takes legal ownership. Service, maintenance and licence revenue is spread evenly over the term of the contract and the proportion of such related to the period after 30 April is included within deferred income on the consolidated statement of financial position. Other sales include installation and refurbishment work which are recognised on completion of work.

Basis of consolidation

The group financial statements consolidate the results of the company and all of its subsidiary undertakings drawn up to 30 April 2015. Subsidiaries are entities controlled by the group. The company controls a subsidiary if all three of the following elements are present: power over the subsidiary; exposure to variable returns from the subsidiary; and the ability of the investor to use its power to affect those variable returns. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Business combinations

The consolidated financial statements incorporate the results of business combinations using the purchase method. 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.

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 cost of sales line item in the income statement for research and development and in the administration line for goodwill. 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

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.

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.

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.

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.

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, loan notes and invoice discounting arrangements 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.

Depreciation is provided on all 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:

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.

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.

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.

Dividends

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

2. Revenue

Revenue arises from:	2015 £'000	2014 £'000
Electronic division		
Sale of goods	7,157	6,818
Provision of services	420	416
Asset protection division		
Sale of goods	12,191	8,671
Provision of services	3,086	3,266
	22,854	19,171

3. Profit from operations

This has been arrived at after charging/(crediting):

	2015	2014
	£'000	£'000
Staff costs (note 4)	8,037	7,247
Depreciation of property, plant and equipment		
– owned assets	244	235
– leased assets	199	136
Amortisation of intangible assets	820	682
Impairment provision – cost of sales	–	852
Foreign exchange differences	(27)	(27)
Operating lease expense		
– Plant and machinery	46	54
– Property	279	297
Auditors remuneration:		
Audit fees payable to the company's auditor for the audit of:		
– Company annual accounts	9	8
– Group annual accounts	12	13
Other fees payable to the Company's auditors:		
– Subsidiary companies	41	39
– Tax compliance	50	45
(Profit) on disposal of tangible non-current assets	(10)	(29)

4. Staff costs

Staff costs (including the Executive Directors) comprise:

	2015	2014
	£'000	£'000
Wages and salaries	7,009	6,339
Defined contribution pension cost	254	217
Employer's national insurance contributions and similar taxes	774	691
Share based payments	60	–

The share based payments include a gain on exercise of options of £39,000 in respect of a director (2014: £Nil). The average numbers employed (including the Executive Directors) within the following categories were:

	2015	2014
	No.	No.
Management, sales and administration	52	51
Production	103	96

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

	2015	2014
	£'000	£'000
Salaries	905	1,041
Defined contribution pension costs	85	89
Employers national insurance contributions and similar taxes	94	119
Share based payments	60	–

The emoluments of the Directors of the parent company are set out in the Report of the Remuneration Committee on page 13.

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 WFM hardware only, for time-and-attendance, shop-floor data collection, and access control systems. This division contributed 33 per cent. (2014: 38 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 67 per cent. (2014: 62 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 2015 £'000	Asset Protection 2015 £'000	Total 2015 £'000
<i>Revenue</i>			
Total revenue	7,577	15,277	22,854
Revenue from external customers	7,577	15,277	22,854
Finance cost	–	13	13
Depreciation	133	283	416
Amortisation	820	–	820
Impairment	–	–	–
Segment profit before income tax	48	3,377	3,425
Additions to non-current assets	1,164	417	1,581
Reportable segment assets	7,071	6,155	13,226
Reportable segment liabilities	1,536	3,080	4,616
	Electronic 2014 £'000	Asset Protection 2014 £'000	Total 2014 £'000
<i>Revenue</i>			
Total revenue	7,234	11,937	19,171
Revenue from external customers	7,234	11,937	19,171
Finance cost	–	19	19
Depreciation	113	231	344
Amortisation	682	–	682
Impairment	–	852	852
Segment profit before income tax	212	1,841	2,053
Additions to non-current assets	1,111	375	1,486
Reportable segment assets	6,315	5,075	11,390
Reportable segment liabilities	1,054	3,559	4,613

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

	2015 £'000	2014 £'000
Revenue		
Total revenue for reportable segments	22,854	19,171
<hr/>		
	2015 £'000	2014 £'000
Profit or loss after income tax expense		
Total profit or loss for reportable segments	3,425	2,053
Corporation taxes	(109)	(49)
Unallocated amounts – other corporate expenses	(1,173)	(1,147)
Profit after income tax expense (continuing activities)	2,143	857
<hr/>		
	2015 £'000	2014 £'000
Assets		
Total assets for reportable segments	13,226	11,390
PLC	184	112
Goodwill on consolidation	4,964	4,964
Group's assets	18,374	16,466
<hr/>		
Liabilities		
Total liabilities for reportable segments	4,616	4,613
PLC	166	225
Group's liabilities	4,782	4,838
<hr/>		

	Reportable segment	Group totals	Reportable segment totals	Group totals	PLC 2014 £'000	Group totals 2014 £'000
	2015 £'000	2015 £'000	2014 £'000	2014 £'000		
Other material items						
Capital expenditure	1,581	7	1,588	1,486	2	1,488
Depreciation and amortisation	1,236	27	1,263	1,026	27	1,053
Impairment	–	–	–	852	–	852

Geographical information:

	External revenue by location of customers		Non-current assets by location of assets	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
UK	19,682	16,283	9,560	9,266
Netherlands	253	279	–	–
Sweden	364	290	–	–
Other Europe	698	579	–	–
USA	1,150	1,296	42	34
UAE	368	94	–	–
Other countries	339	350	–	–
	22,854	19,171	9,602	9,300
<hr/>				

6. Finance costs

	2015 £'000	2014 £'000
<i>Finance costs</i>		
Bank borrowings	–	56
Finance leases	16	22
	<u>16</u>	<u>78</u>

7. Tax expense

	2015 £'000	2015 £'000	2014 £'000	2014 £'000
<i>Current tax expense</i>				
<i>Continuing businesses</i>				
UK corporation tax on profits for the year	27		(67)	
Adjustment for over provision in prior periods	(19)		(15)	
		8		(82)
<i>Deferred tax expense</i>				
Origination and reversal of temporary differences	181		203	
Adjustment for over provision in prior periods	(80)		(72)	
		101		131
Total tax charge		<u>109</u>		<u>49</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:

	2015 £'000	2014 £'000
Profit before tax	2,252	906
Expected tax charge based on the standard rate of corporation tax in the UK of 20.92 per cent. (2014: 22.83 per cent.)	471	207
Research and development allowances	(287)	(357)
Effects on profits of other items not deductible for tax purposes	(6)	97
Utilisation and recognition of previously unrecognised tax losses	–	144
Losses carried forward	30	25
Change in tax rate	–	20
Adjustment to tax charge in respect of previous periods	(99)	(87)
Total tax charge	<u>109</u>	<u>49</u>

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

	2015 £'000	2014 £'000
Management expenses	786	911
Trading losses	2,187	1,670

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

	2015 £'000	2014 £'000
Management expenses	157	182
Trading losses	365	334

8. Earnings per share

	2015 £'000	2014 £'000
<i>Numerator</i>		
Earnings used in basic and diluted EPS – continuing operations	2,143	857
<i>Denominator</i>		
	No.	No.
Weighted average number of shares used in basic EPS – continuing operations	450,634,239	450,432,316
Weighted average number of dilutive share warrants	29,116,291	29,250,000
Weighted average number of dilutive share options	22,673,030	26,042,424
Weighted average number of shares for diluted EPS	502,423,560	505,724,740

The total number of options in issue is disclosed in note 25.

The basic earnings per share before impairment provisions 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:

	2015 pence	2014 pence
Basic earnings per share (pence) – basic	0.48	0.19
Impairment provision of development costs	–	0.19
Earnings per share before impairment provisions	0.48	0.38
	2015 £'000	2014 £'000
Reconciliation of earnings		
Profit used for calculation of basic earnings per share	2,143	857
Impairment provision of development costs	–	852
Earnings before impairment provisions	2,143	1,709

9. 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 2014</i>				
Cost	453	1,145	1,125	2,723
Accumulated depreciation	(250)	(749)	(852)	(1,851)
Net book value	203	396	273	872
<i>At 30 April 2015</i>				
Cost	551	1,197	1,273	3,021
Accumulated depreciation	(322)	(843)	(951)	(2,116)
Net book value	229	354	322	905

	Short leasehold improvements £'000	Plant, machinery and motor vehicles £'000	Computers, fixtures and fittings £'000	Total £'000
<i>Year ended 30 April 2014</i>				
Opening net book value	177	411	221	809
Additions	106	198	187	491
Disposals	(33)	(12)	(12)	(57)
Depreciation	(47)	(201)	(123)	(371)
Closing net book value	203	396	273	872
<i>Year ended 30 April 2015</i>				
Opening net book value	203	396	273	872
Translation differences	–	–	2	2
Additions	98	213	188	499
Disposals	–	(17)	(8)	(25)
Depreciation	(72)	(238)	(133)	(443)
Closing net book value	229	354	322	905

The net book value of property plant and equipment for the Group includes an amount of £284,857 (2014: £302,399) in respect of assets held under finance leases and hire purchase contracts. The related depreciation charge on these assets for the year was £198,790 (2014: £136,459).

10. Intangible assets

	Goodwill £'000	Development costs (internally generated) £'000	Licences, patents and copyrights £'000	Total £'000
<i>At 30 April 2014</i>				
Cost	6,872	7,175	37	14,084
Amortisation	–	(2,177)	(32)	(2,209)
Impairment provision	(1,908)	(1,539)	–	(3,447)
Net book value	4,964	3,459	5	8,428
<i>At 30 April 2015</i>				
Cost	6,872	8,262	39	15,173
Amortisation	–	(2,992)	(37)	(3,029)
Impairment provision	(1,908)	(1,539)	–	(3,447)
Net book value	4,964	3,731	2	8,697
<i>Year ended 30 April 2014</i>				
Opening net book value	5,081	3,999	12	9,092
Additions				
– Internally developed	–	997	–	997
– Amendment to deferred consideration	(97)	(30)	–	(127)
Amortisation	–	(675)	(7)	(682)
Impairment provision	(20)	(832)	–	(852)
Closing net book value	4,964	3,459	5	8,428
<i>Year ended 30 April 2015</i>				
Opening net book value	4,964	3,459	5	8,428
Additions				
– Internally developed	–	1,087	2	1,089
Amortisation	–	(815)	(5)	(820)
Closing net book value	4,964	3,731	2	8,697

This impairment in 2014 of £852,000 represents internally generated development costs which no longer satisfy the criteria for capitalisation under IAS38 as listed on page 23 as a consequence of the redevelopment of the product design.

The Group has no contractual commitments for development costs (2014: £Nil). All development costs have a finite useful economic life.

11. Goodwill and impairment

The carrying amount of goodwill is allocated to the cash generating units (CGU's) as follows:

	Goodwill carrying amount	
	2015 £'000	2014 £'000
Electronic division	4,003	4,003
Asset protection division	961	961
	4,964	4,964

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 2020. The discount rate that was applied was 16 per cent. and 13 per cent. for the electronic division and asset protection division respectively (2014: 13 per cent. for both), representing the pre-tax discount rate that reflects the current market assessment of the time value of money and risk specific to the asset.

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 average revenue growth rate for cash flows from operating activities for the electronic division for the period within the formal budgets is 20 per cent. (2014: 16.4 per cent.). The average revenue assumption for cash flows from operating activities for the asset protection division for the period within the formal budget is actually a decline of 1 per cent. (2014: growth rate 3.5 per cent.). The projected cash flows beyond the formal budgeted period are based on an extrapolation of the budgeted cash flows at a growth rate of 1 per cent. for both divisions (2014: 1 per cent.). The growth rate for the electronic division reflects the introduction of new products to new geographical markets.

If the growth rate for the electronic division was to reduce from 20 per cent. to 13 per cent. the carrying amount and the recoverable amount would be equal. If revenue for the asset protection division declined further from 1 per cent. to 2.5 per cent. the carrying amount and the recoverable amount would be equal.

12. Subsidiaries

The 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. The Netherlands ^(2b)		98%	Dormant
Vema UK Limited ^(2c)	Great Britain	100%	Dormant
Grosvenor Technology Limited	Great Britain	100%	Trading
Grosvenor Technology Hong Kong Limited	Hong Kong	100%	Trading
Newmark Group Limited	Great Britain	100%	Dormant
Sateon Limited	Great Britain	100%	Dormant
ATM Protection (UK) Limited ^(2d)	Great Britain	86.7%	Trading
ATM Protection Limited ^(2e)	Great Britain	86.7%	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 per cent. Owned by ATM Protection (UK) Limited

13. Inventories

	2015 £'000	2014 £'000
Raw materials and consumables	676	731
Work-in-progress	312	129
Finished goods and goods for resale	452	787
	<u>1,440</u>	<u>1,647</u>

Finished goods include an amount of £Nil (2014: £Nil) carried at fair value less costs to sell. The amount of inventories consumed in the year was £8,513,000 (2014: £6,783,000). The amount of inventory write downs in the year was £22,000 (2014: £Nil). There are no inventories recoverable after 12 months (2014: £Nil).

14. Trade and other receivables

	2015 £'000	2014 £'000
Trade receivables	2,605	3,462
Less: provision for impairment of trade receivables	(24)	(17)
Trade receivables (net)	<u>2,581</u>	<u>3,445</u>
Other receivables	44	116
Accrued income	63	186
Prepayments	319	331
Corporation tax	123	-
	<u>3,130</u>	<u>4,078</u>

At 30 April 2015 trade receivables of £1,195,000 (2014: £1,671,000) were past due but not impaired. The ageing analysis of these receivables is as follows:

	2015 £'000	2014 £'000
Current	1,410	1,791
30 days past due	674	1,202
60 days past due	521	469
	2,605	3,462

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

	2015			2014		
	Gross Value £'000	Provision £'000	Net Carrying Amount £'000	Gross Value £'000	Provision £'000	Net Carrying Amount £'000
UK	2,187	(20)	2,167	3,075	(17)	3,058
USA	229	(4)	225	313	-	313
Europe	189	-	189	74	-	74
Total	2,605	(24)	2,581	3,462	(17)	3,445

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:

	2015 £'000	2014 £'000
Opening balance	17	52
Increase/(decrease) in provisions	8	(35)
Receivable written off during the year	(1)	-
Closing balance	24	17

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 receivables.

15. Trade and other payables – current

	2015 £'000	2014 £'000
Trade payables	1,494	1,516
Other tax and social security taxes	665	701
Other payables	99	74
Deferred income	963	1,026
Accruals	769	831
	3,990	4,148

16. Other short term borrowings

	2015 £'000	2014 £'000
Bank loans		
– secured	–	52
Finance lease creditor (note 24)	143	144
	<u>143</u>	<u>196</u>

UK subsidiaries of the Group use the same principal banker. The bank overdraft facility provided is a Group composite facility comprising of current account and/or overdraft facility.

The Board reviews cash on a net basis in line with this facility.

The bank loan was fully repaid in the year. Interest was payable at 2.5 per cent. above base rate.

Information about fair values on the financial liabilities is given in note 19.

17. Long term borrowings

	2015 £'000	2014 £'000
Finance lease creditor (note 24)	113	124
	<u>113</u>	<u>124</u>

Information about fair values on the financial liabilities is given in note 19.

18. 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 financial risks the details of which are disclosed in the directors report on page 9.

Financial Instruments

Categories of financial assets and financial liabilities are detailed below

	Loans and receivables	
	2015 £'000	2014 £'000
Current financial assets		
Trade and other receivables	2,811	3,747
Cash and cash equivalents	4,202	1,441
Total current financial assets	<u>7,013</u>	<u>5,188</u>

	Financial liabilities measured at amortised cost	
	2015 £'000	2014 £'000
Current financial liabilities		
Trade and other payables	3,990	4,148
Loans and borrowings	143	196
Total current financial liabilities	4,133	4,344
Non-current financial liabilities		
Loans and borrowings	113	124
Total non-current financial liabilities	113	124
Total financial liabilities	4,246	4,468

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
- term loans
- 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.

Borrowing facilities

The Group had undrawn committed borrowing facilities available at 30 April 2015 in which all conditions have been met.

	Floating rate £'000	Fixed rate £'000	2015 Total £'000	2014 Total £'000
Expiry within 1 year	750	–	750	750
	<u>750</u>	<u>–</u>	<u>750</u>	<u>750</u>

The Group also has term loans of £Nil (2014: £52,000). The interest rate payable on the term loans was base rate plus 2.5 per cent. The loan was repayable in monthly instalments.

The bank loan was secured by a debenture over the assets of the Group and the Company.

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

	2015 £'000	2014 £'000
Up to 3 months	4,252	4,226
3 to 6 months	37	53
6 to 12 months	64	79
Later than 1 year and not later than 5 years	111	136
	4,464	4,494

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	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Pound sterling	6,561	5,414	3,770	4,105
US dollar	345	162	28	166
Euro	104	274	416	197
Other	3	–	32	–
	7,013	5,850	4,246	4,468

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 £5,000 (2014: £7,000). A 10 per cent. weakening in the exchange rates would, on the same basis, have decreased pre-tax profit and decreased net assets by £6,000 (2014: £8,000).

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.

The cash-to-adjusted-capital ratios at 30 April 2015 and at 30 April 2014 were as follows:

	2015 £'000	2014 £'000
Loans and borrowings	256	320
Less: cash and cash equivalents	(4,202)	(1,441)
Net cash	(3,946)	(1,121)
Total equity	13,552	11,588
Cash to adjusted capital ratio	29.1%	9.67%

19. 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 2015 %	Period 2015 Years	Rate 2014 %	Period 2014 Years
Sterling	3.2	1.0	3.2	0.9

Fair values

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

	Book value 2015 £'000	Fair value 2015 £'000	Book value 2014 £'000	Fair value 2014 £'000
Bank loans	–	–	52	52
Finance lease creditor	256	235	268	242
	256	235	320	294

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 2015 and 2014 are equal to their book value.

20. Provisions

	Leasehold dilapidations £'000	Holiday pay £'000	Total £'000
At 30 April 2014	84	100	184
Due within one year or less	–	100	100
Due after more than one year	84	–	84
	84	100	184
At 30 April 2015	100	100	200
Due within one year or less	–	100	100
Due after more than one year	100	–	100
	100	100	200

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.

21. Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 20 per cent. (2014: 20 per cent.).

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

	Group	
	2015 £'000	2014 £'000
Liability		
At 1 May	170	200
Income statement	101	131
Other	–	(97)
Transfer (to)/from corporation tax recoverable	64	(64)
At 30 April	<u>335</u>	<u>170</u>

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) 2015 £'000	Charged/ (credited) to income 2015 £'000
Accelerated capital allowances	(104)	(17)
Other temporary and deductible differences	680	98
Available losses	(241)	20
	<u>335</u>	<u>101</u>

	Liability/ (Asset) 2014 £'000	Charged/ (credited) to income 2014 £'000
Accelerated capital allowances	(87)	(37)
Other temporary and deductible differences	582	304
Available losses	(325)	(136)
	<u>170</u>	<u>131</u>

22. Share capital

	Number	£
<i>Ordinary shares of 1p each</i>		
Issued and fully paid		
At beginning of year	450,432,316	4,504,323
Exercise of share options in year	9,750,000	97,500
At end of year	<u>460,182,316</u>	<u>4,601,823</u>

In November 2011, the Company raised a facility of up to £300,000 through the issue of a 10% secured loan note ("Loan Note") with certain Directors of the Company. The Loan Notes actually issued were subsequently repaid in full during the year ended 30 April 2012. In addition to the Loan Note, the Company entered into a warrant instrument with the Loan Note holders whereby the Company granted to the Loan Note holders 30,000,000 warrants to subscribe for 30,000,000 new ordinary shares of 1 pence each in the Company at any time until 25 November 2016 at an exercise price of 1 pence ("the Warrants") either for cash or in exchange for the release of some or all of the debt owed to the Loan Note holders under the Loan Note instrument. As at 30 April 2015 there were 29,250,000 warrants outstanding, Michel Rapoport, Non-Executive Director, has 7,500,000 warrants, and Maurice Dwek, Non-Executive Chairman, has 21,750,000 warrants outstanding (2014: same).

23. Reserves

	Share premium £'000	Merger reserve £'000	Retained earnings £'000	Foreign exchange reserve £'000
At 30 April 2013	502	801	5,270	(168)
Translation differences on overseas operations	-	-	-	(28)
Profit for the year	-	-	857	-
Dividends paid	-	-	(150)	-
At 30 April 2014	502	801	5,977	(196)
At 30 April 2014	502	801	5,977	(196)
Translation differences on overseas operations	-	-	-	14
Shares issued in year	47	-	-	-
Profit for the year	-	-	2,143	-
Dividends paid	-	-	(338)	-
At 30 April 2015	549	801	7,782	(182)

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

	2015 £'000	2014 £'000
Final dividend of 0.075 pence (2014: 0.0333 pence) per ordinary share paid during the year relating to the previous year's results	338	150

The directors are proposing a final dividend of 0.10 pence per ordinary share (2014: 0.075 pence) totalling £460,000 (2014: £338,000).

24. Leases

Finance leases

Future lease payments are due as follows:

	Minimum lease payments 2015 £'000	Interest 2015 £'000	Present value 2015 £'000
Not later than one year	156	13	143
Later than one year and not later than five years	121	8	113
	<u>277</u>	<u>21</u>	<u>256</u>

	Minimum lease payments 2014 £'000	Interest 2014 £'000	Present value 2014 £'000
Not later than one year	158	14	144
Later than one year and not later than five years	136	12	124
	<u>294</u>	<u>26</u>	<u>268</u>

The present value of future lease payments are analysed as:

	2015 £'000	2014 £'000
Current liabilities	143	144
Non-current liabilities	113	124
	<u>256</u>	<u>268</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.

The total future value of minimum lease payments due is as follows:

	2015 £'000	2014 £'000
Not later than one year	422	389
Later than one year and not later than five years	797	1,010
Later than five years	361	329
	<u>1,580</u>	<u>1,728</u>

25. 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	2015 Approved	2015 Unapproved	2014 Approved	2014 Unapproved
October 2005	1.5p	–	500,000	5,000,000	4,000,000

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 Nil and 0.4 years respectively (2014: 1.4 and 1.4).

Of the total number of options outstanding at the end of the year 500,000 Unapproved (2014: 5,000,000 Approved and 4,000,000 Unapproved respectively) had vested at the end of 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 Customs 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.

Date of Grant	Subscription Price payable	No. of options
October 2007	1.425p	1,050,000
August 2013	1.375p	12,363,636
November 2013	1.45p	6,000,000
August 2014	1.825p	1,909,589

The remaining weighted average contractual lives for both Approved and Unapproved Options under this scheme were 8.1 years (2014: 7.8 years).

The share based remuneration expense for equity settled schemes was £Nil (2014: £Nil).

26. Related party transactions

Details of directors' remuneration are given in the Report of the Remuneration Committee on page 13.

27. Notes supporting cash flow statement

Cash and cash equivalents for purposes of the statement of cash flow comprises:

	2015	2014
	£'000	£'000
Cash available on demand	4,202	1,441

Cash and cash equivalents comprises:

	2015	2014
	£'000	£'000
Net cash increase in cash and cash equivalents	2,760	313
Exchange difference	1	-
Cash and cash equivalents at beginning of year	1,441	1,128
Cash and cash equivalents at end of year	4,202	1,441

Significant non-cash transactions are as follows:

Financing activities

Assets acquired under finance leases	170	153
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COMPANY BALANCE SHEET
30 April 2015 – UK GAAP Financial Statements
Company number: 3339998

	Note	2015 £'000	2015 £'000	2014 £'000	2014 £'000
Fixed assets					
Investment in subsidiaries	3		18,428		18,428
Tangible assets	4		26		46
			<u>18,454</u>		<u>18,474</u>
Current assets					
Debtors	5	3,602		3,454	
Cash and cash equivalents		145		14	
		<u>3,747</u>		<u>3,468</u>	
Creditors: amounts falling due within one year	6	<u>(11,953)</u>		<u>(12,961)</u>	
Net current liabilities			<u>(8,206)</u>		<u>(9,493)</u>
Total assets less current liabilities			<u>10,248</u>		<u>8,981</u>
Accruals and deferred income			<u>(96)</u>		<u>(175)</u>
Net assets			<u>10,152</u>		<u>8,806</u>
Capital and reserves					
Called up share capital	7		4,602		4,504
Share premium account	8		549		502
Merger reserve	8		801		801
Profit and loss account	8		4,200		2,999
Shareholder's funds-Equity	9		<u>10,152</u>		<u>8,806</u>

The notes on pages 44 to 46 form part of these financial statements.

These financial statements were approved by the Board of Directors and authorised for issue on 7 August 2015.

M Dwek
Director

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS for
the year ended 30 April 2015**

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 profit for the year ended 30 April 2015 is disclosed in note 9.

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	– 33 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 paid. In the case of final dividends, this is when approved by the shareholders at the AGM.

2. Employees and staff costs

	2015 Number	2014 Number
The average number of employees, including directors, during the period was:		
Office and management	3	3

3. Investment in subsidiary

	£'000
Cost	
At 1 May 2013 and 30 April 2015	18,428
Net book value at 30 April 2015	18,428
Net book value at 30 April 2014	18,428

The subsidiaries of Newmark Security PLC are listed in note 12 of the Group financial statements.

4. Tangible assets

	Short Leasehold improvements £'000	Motor vehicles £'000	Computers Fixtures & Fittings £'000	Total £'000
<i>Cost</i>				
At 1 May 2014	10	43	21	74
Additions in the year	2	–	5	7
At 30 April 2015	12	43	26	81
<i>Depreciation</i>				
At 1 May 2014	4	15	9	28
Charge for the year	4	15	8	27
At 30 April 2015	8	30	17	55
<i>Net book value</i>				
At 30 April 2015	4	13	9	26
At 30 April 2014	6	28	12	46

5. Debtors

	2015 £'000	2014 £'000
Amount due from group undertakings	3,563	3,402
Other debtors	14	23
Prepayments	25	29
	3,602	3,454

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

6. Creditors: amounts falling due within one year

	2015 £'000	2014 £'000
Loan	–	52
Amount due to group undertakings	11,925	12,885
Other taxation and social security	19	24
Other payables	9	–
	11,953	12,961

The bank loan was fully repaid in the year to August 2014. Interest was payable at 2.5 per cent. above base rate.

7. Share capital

	Number	£
Allotted, called up and fully paid:		
Beginning of year	450,432,316	4,504,323
Share options exercised in year	9,750,000	97,500
	460,182,316	4,601,823

In November 2011, the Company raised a facility of up to £300,000 through the issue of a 10% secured loan note ("Loan Note") with certain Directors of the Company. The Loan Notes actually issued were subsequently repaid in full during the year ended 30 April 2012. In addition to the Loan Note, the Company entered into a warrant instrument with the Loan Note holders whereby the Company granted to the Loan Note holders 30,000,000 warrants to subscribe for 30,000,000 new ordinary shares of 1 pence each in the Company at any time until 25 November 2016 at an exercise price of 1 pence ("the Warrants") either for cash or in exchange for the release of some or all of the debt owed to the Loan Note holders under the Loan Note instrument. As at 30 April 2015 there were 29,250,000 warrants outstanding, Michel Rapoport, Non-Executive Director, has 7,500,000 warrants, and Maurice Dwek, Non-Executive Chairman, has 21,750,000 warrants outstanding (2014: same).

8. Reserves

	Share premium account £'000	Merger reserve £'000	Profit and loss account £'000
At 1 May 2014	502	801	2,999
Share options exercised in year	47	–	–
Profit for the year	–	–	1,539
Dividends paid	–	–	(338)
At 30 April 2015	549	801	4,200

9. Reconciliation of movements in shareholder's funds

	2015 £'000	2014 £'000
Opening shareholder's funds	8,806	8,713
Share options exercised in year	145	–
Profit for the year	1,539	243
Dividends paid	(338)	(150)
Closing shareholder's funds	10,152	8,806

10. Commitments under operating leases

At 30 April 2014 the company had annual commitments under non-cancellable operating leases as follows:

	2015 Land and buildings £'000	2014 Land and buildings £'000
Expiring within one year	53	–
Expiring within one to two years	–	49

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 58 Grosvenor Street, London W1K 3JB on 17 September 2015 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 15 September 2015.

Notice is hereby given that the Annual General Meeting of the above-mentioned company ("**the Company**") will be held at 58 Grosvenor Street, London W1K 3JB on 17 September 2015 at 11.00 a.m.

You will be asked to consider and pass the resolutions below. Resolutions 7 and 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 2015 together with the reports of the directors and auditors thereon.

2. Rotation and retirement of directors

To re-elect Marie-Claire Dwek and Brian Beecraft as directors of the Company, who are retiring by rotation in accordance with the articles of association of the Company.

3. Appointment of auditors

To re-appoint BDO LLP of 2 City Place, Beehive Ring Road, Gatwick, West Sussex RH6 0PA 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 2015 of 0.10 pence per ordinary share of 1 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 2015.

6. Adoption of FRS 101 – Reduced Disclosure Framework

Following the publication of FRS 100 'Application of Financial Reporting Requirements' by the Financial Reporting Council, the Company is required to change its accounting framework for its entity financial statements for its financial year commencing 1 May 2015. The Directors consider that it is in the best interests of the Group for the Company to adopt FRS 101 'Reduced Disclosure Framework'. No disclosures in the current UK GAAP financial statements would be omitted on adoption of FRS 101. A shareholder or shareholders holding in aggregate 5% or more of the total allotted shares in the Company may serve objections to the use of the disclosure exemptions on the Company in writing, to its registered office, not later than 31 October 2015.

Special Resolutions

7. 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 £1,500,000, being equal to approximately 33 per cent of the nominal amount of ordinary shares of the Company in issue on the latest practicable date prior to the printing of the Notice of the Annual General Meeting, save that in the case of the cancellation and re-grant of options under the terms of an employee share scheme or otherwise, the cancelled options shall not be counted so that the aggregate nominal amount of equity securities which the directors are empowered to allot shall be reduced only by the number of any unexercised options in existence from time to time, any shares acquired on the exercise of options and any shares allotted under the authority of this resolution 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 resolution revokes and replaces all unexercised authorities previously granted to the directors to allot shares or grant rights to subscribe for or to convert any security into shares, but without prejudice to any allotment of shares or grant of rights already made, offered or agreed to be made pursuant to such authorities.

8. Disapplication of pre-emption rights

THAT, subject to the passing of the resolution 7 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 7, as if section 561(1) of the 2006 Act did not apply to any such allotment, provided that this power shall:

- 8.1. be limited to the allotment of equity securities up to an aggregate nominal amount of £450,000;
- 8.2 save that in the case of the cancellation and re-grant of options under the terms of an employee share scheme or otherwise, the cancelled options shall not be counted so that the aggregate nominal amount of equity securities which the directors are empowered to allot shall be reduced only by the number any unexercised options in existence from time to time, any shares acquired on the exercise of options and any shares allotted during the period set out in paragraph 7.3 below; and
- 8.3. 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.

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

Registered in England and Wales No. 3339998 7

August 2015

Notes to the Notice of Annual General Meeting

1. Members that are entitled to attend and vote at the Annual General Meeting as set out in paragraph 6, 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 15 September 2015.
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. 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 those paragraphs can only be exercised by shareholders of the Company.
5. 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.
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 15 September 2015 (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 6 August 2015 (being the last business day prior to the publication of this Notice) the Company's issued share capital consists of 460,182,316 ordinary shares of 1p each, carrying one vote each. Therefore, the total voting rights in the Company as at 6 August 2015 are 460,182,316.
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 (ID RA10) by 11.00 a.m. on 15 September 2015. 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 its 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 its 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.
13. A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.
14. Voting on all resolutions will be conducted by way of a show of hands unless otherwise required.
15. The following documents will be available for inspection at 58 Grosvenor Street, London W1K 3JB from 6 August 2015 until the time of the Meeting and at the Meeting venue itself for at least 15 minutes prior to the Meeting until the end of the Meeting:
 - (a) Copies of the service contracts of executive directors of the Company.
 - (b) Copies of the letters of appointment of the non-executive directors of the Company.
 - (c) Copies of the letter of appointment of the auditors of the Company.
 - (d) Copies of the annual report and financial statements.

16. Except as provided above, members who have general queries about the Meeting should use the following means of communication (no other methods of communication will be accepted):
- (a) by post to Newmark Security PLC 58 Grosvenor Street London VV1K 3JB.
- You may not use any electronic address provided either:
- (a) in this notice of annual general meeting; or
 - (b) any related documents (including the chairman's letter and proxy form), to communicate with the Company for any purposes other than those expressly stated.