Dissemination of a Regulatory Announcement that contains inside information according to REGULATION (EU) No 596/2014 (MAR).

30 January 2018

Newmark Security plc
("**Newmark**", the "**Company**" or the "**Group**")

Interim Results
for the six months ended 31 October 2017

Newmark Security plc (AIM: NWT), a leading provider of electronic and physical security systems, is pleased to announce its unaudited interim results for the six months ended 31 October 2017.

HIGHLIGHTS

Financials

- Revenue from continuing operations of £8.2m (HY 2016: £8.3m)
- Operating loss from continuing operations of £0.3m (HY 2016: £0.6m)
- Loss per share from continuing operations of 0.10 pence (HY 2016: 0.14 pence)
- Cash outflow from operating activities was £0.1m (HY 2016: £1.1m).
- Overall cash outflow in the period was £0.7m (HY 2016: £2.4m)
- Cash balance at 31 October 2017 of £0.6m (31 October 2016: £1.9m)

Asset Protection Division

- Revenue decreased by 7.6% from £4.6m to £4.3m, mainly as a result of the reduced contribution from sales of time delay cash handling equipment to the Post Office
- Trading conditions have continued to be adversely affected by the current economic uncertainty

Electronic Division

- Revenue increased by 5.9% from £3.74m to £3.96m
- Sateon revenue increased by 23% whilst JANUS revenues continued to decline in line with expectations
- New supply agreements signed after the period end with a leading global provider of cloud-based workforce management solutions headquartered in the US and a leading European workforce management provider which will boost revenue in future years
- In workforce management ("WFM") revenue increased by 21% to £2.0m (HY2016:£1.7m)

Commenting on the results, Maurice Dwek, Chairman of Newmark, said:
"The Group has continued to be affected by challenging market conditions during this period of economic uncertainty together with the anticipated decline in sales to the Post Office. The Directors reduced the Group's costs in the previous financial year and continue to review its cost structure to improve the financial position going forward.

"The Group was pleased to announce in November 2017 new ongoing supply agreements with WorkForce Software, LLC and its UK subsidiary. WorkForce Software is a leading global provider of cloud-based workforce management solutions headquartered in the US. Grosvenor Technology will supply WorkForce Software globally, through sales and leasing, with its IT51 Linux based workforce management terminal which is expected to benefit revenue in future years.

"Also in November it was announced that Grosvenor Technology had won a new contract with a leading European workforce management provider under which Grosvenor Technology will provide a Linux based OEM variant of its GT-10 workforce management terminal in addition to a range of cloud based support services on a SaaS basis. Grosvenor Technology will also provide an OEM variant of its Sateon Advance Access Control Hardware, to work with the partner's existing software platform.

"The Group anticipates making further announcements of similar new contracts in the near future, and these together with the two contracts referred to above are expected to improve results in future years."

Copies of the interim results for the six months ended 31 October 2017 will shortly be sent to shareholders and will shortly be available on the Company's website www.newmarksecurity.com.

For further information:

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(Nominated Adviser and Broker)
Jeremy Porter / James Reeve / Liz Kirchner

CHAIRMAN'S STATEMENT

The Board announces the Group's interim results for the six months ended 31 October 2017.

The consolidated income statement shows a reduction in revenue of 1.5% from £8,345,000 to £8,218,000. There was a reduction in sales within the asset protection division of 7.6% derived from the anticipated reduction in sales to the Post Office under their network transformation programme, together with the continuing deferral of orders by customers as a result of the current ongoing economic uncertainty. However revenue in the electronic division increased by 5.9% to £3,960,000 (HY2016:£3,738,000). The reduction in the loss from continuing operations to £328,000 (2016: £649,000) was in part as a result of the cost cutting exercises performed in the last financial year. Loss per share from continuing operations was 0.10 pence (2016: 0.14 pence).

A detailed review of the activities, results and future developments of each division is set out below.

Asset Protection Division
Revenue £4,258,000 (2016: £4,607,000)

Safetell revenue was 7.6% lower than the corresponding period last year, mainly as a result of reduced contribution from sales of time delay cash handling equipment to the Post Office as it enters the last year of its Network Transformation Programme, which resulted in overall sales of cash handling equipment fall by 67.4%. Trading conditions remained challenging whilst the continuing economic uncertainty has resulted in budget cuts and cancellation of planned work by several customers, including the government departments that we have traditionally supplied. The cost saving initiatives implemented in January 2017 are reflected in the results but further cuts have taken place in the second half of the current financial year.

Products Division revenue was 15.3% lower than the corresponding period last year but revenue of non-cash handling equipment increased by 56.7% as a result of renewed marketing and sales efforts to increase sales in various market sectors. Revenue from Eclipse Rising Screens was 27.7% higher than the corresponding period last year as a result of two programmes of work by long standing financial institutional customers. Revenue for Fixed Glazing products continued to decline as we see clients moving away from ballistic protection counters and screens to less secure, open counter trading, to improve customer relations. After a few years of decline we have seen a 44% increase in revenue for Secure Panel Systems after we obtained additional certification and made significant improvements to the product line. We continue to explore and develop other product offerings, and these will reduce our reliance on rising screen revenue streams in the future.

Service Division revenue was 14% higher than the corresponding period last year. Margins were maintained due to cost cutting efforts and improved mix of work, but revenue will remain challenging for the division as a result of the continued impact of branch closures that is occurring in the banking sector. As a result, there has been a migration away from traditional work and we are seeing improved opportunities in other markets. We are in the process of negotiating the renewal of some larger service contracts.

Electronic Division
Revenue £3,960,000 (2016: £3,738,000)

Access Control
The fall in revenue from the legacy JANUS range was more than offset by the growth in revenue from the Sateon range. Due to Microsoft's discontinued support for the 32-bit Windows operating systems on which JANUS runs, no new JANUS systems were installed and, as a consequence, JANUS sales declined by 35% versus HY2016 to £665k. A significant proportion of this remaining revenue is from recurring software service agreements for existing JANUS sites however, and therefore is expected to decline at a much less pronounced rate in future periods.

The demise of previous generation products has continued to help drive sales of the Sateon line as the Company continues to reap rewards from its JANUS-Sateon upgrade programme, which has been extended for a further year. This programme allows end users to seamlessly migrate their legacy JANUS access controls systems, including all database information, onto the Sateon platform.

Sateon access control revenue has continued the strong growth seen in prior years with an increase of 23% versus prior year to £1.3M. In the three years to 31 October 2017 Sateon overall has displayed CAGR of 59%, due in part to the significant investment in both the Sateon Advance hardware and Version 3 software that has been made in previous reporting periods.

Sateon Advance has continued to be well received by the market since its launch in November 2016. In the period, the quantity of new systems installed increased by 86% over the corresponding period last year with the average revenue per system also increasing by 21%.

Development work commenced in the period to create non-proprietary variants of the Sateon Advance range to allow the hardware to be integrated with third party vendors' software. By adopting an 'open protocol' approach, incremental revenue is being generated as new channels are developed. Within the period, a contract was won with a major European Workforce Management software provider to supply this hardware as an OEM product to integrate with their proprietary access control solution. Other negotiations are underway with major US and UK based third party access control providers with a view to supplying this line as OEM products.

Workforce Management

Across the UK and US based entities, sales of Workforce Management (increasingly referred to as Human Capital Management or HCM) grew overall by 21% to £1,980k for the period versus the corresponding period last year.

In the UK, the range of RS series products showed growth of 32% year-on-year largely driven by a requirement for access control products in the HCM sector. This trend further justifies the investment decision for the development of a non-proprietary variant of the Company's Sateon Advance hardware as detailed previously.

The Linux based IT series showed growth of 33% year-on-year, aided by a contract for one of the world's largest steel producers, which was completed in the period. The Group was pleased to announce in November 2017 new ongoing supply agreements for the IT51 Linux based workforce management terminal with Workforce Software, an HCM solution provider based in the UK and US. In addition to the hardware, a range of remote support tools on a SaaS basis are also being provided, furthering the Company's ambition to generate additional recurring revenues from SaaS.

Also in November it was announced that Grosvenor Technology had won a new contract with a leading European workforce management provider for whom the OEM variant of Sateon Advance is being supplied. The client preferred the industrial design of the GT-10 Android based terminal, but wanted to take advantage of the hosted support services that Grosvenor Technology provides within the Linux based terminals' eco-system. As a consequence, a hybrid solution was developed and this unit will replace a competitor's product as their flagship hardware offering. Grosvenor Technology will also provide a Linux based OEM variant of its GT-10 workforce management terminal in addition to a range of cloud based support services on a SaaS basis.

U.S.

The US operation showed particularly encouraging results. Overall, sales in the period increased by 17% to $726k (HY2016:£450K). In previous periods it was reported that this area was seen as having the most potential for Workforce Management growth and that further business development activities were underway. Focus has remained in this line of business and a Vice President of Sales specifically dedicated to servicing existing customers and extending the client bank has been appointed.

Negotiations continued with a tier one HCM solutions provider with a view to Grosvenor Technology providing an OEM variant of the GT-10 Android based terminal. These discussions have been underway since the second half of the previous financial year and serve as an example of the long gestation periods that are a perpetual challenge to the business. It is felt however that these negotiations will conclude during the second half of the current financial year.

Negotiations are also now underway with a second tier one potential customer, again for an OEM variant of the GT-10. Early stage indications are that the proposition is well placed and thus the pipeline to enable future growth continues to be encouraging.

Balance sheet and cash flow

Cash outflow from operating activities was £104K compared to the corresponding period last year of £1,148K. Overall there was a cash outflow in the period of £725k (HY 2016: £2,397K). The outflow reflected the trading result for the period as well as a lower level of advance payments from customers.

Outlook

The Group has continued to be affected by challenging market conditions during this period of economic uncertainty together with the anticipated decline in sales to the Post Office. The Directors reduced the Group's costs in the previous financial year and continue to review its cost structure to improve the financial position going forward.

The Group was pleased to announce in November 2017 new ongoing supply agreements with WorkForce Software, LLC and its UK subsidiary (together, "Workforce Software"). WorkForce Software is a leading global provider of cloud-based workforce management solutions headquartered in the US. Grosvenor Technology will supply WorkForce Software globally, through sales and leasing, with its IT51 Linux based workforce management terminal which will benefit revenue in future years. Available as the WorkForce 5000, the IT51 data collection terminal will enable WorkForce Software customers to improve business efficiency and facilitate greater employee satisfaction through accurate time tracking. In addition, Grosvenor Technology will provide WorkForce Software with a range of remote support tools on an 'as a service' basis.

Also in November it was announced that Grosvenor Technology had won a new contract with a leading European workforce management provider under which Grosvenor Technology will provide a Linux based OEM variant of its GT-10 workforce management terminal in addition to a range of cloud based support services on a SaaS basis. Grosvenor Technology will also provide an OEM variant of its Sateon Advance Access Control Hardware, to work with the partner's existing software platform. The customer is funding development work value of €190k in the current financial year and revenues for the products and services are expected to come on stream in the second quarter of 2018. The contract value is expected to be around €3m over a 5 year period (being the initial term of the contract).

The Group anticipates making further announcements of similar new contracts in the near future, and these together with the two contracts referred to above are expected to improve results in future years.

M DWEK *Chairman*

30 January 2018

CONSOLIDATED INCOME STATEMENT
For the six months ended 31 October 2017

	Notes	Unaudited Six months ended 31 October 2017 £'000	Unaudited Six months ended 31 October 2016 £'000 (restated-note2))	Audited Year ended 30 April 2017 £'000
Revenue		8,218	8,345	16,036
Cost of sales (year ended 30 April 2017 Including £1,341,000 exceptional impairment of development cost)		(4,922)	(5,287)	(11,562)
Gross profit		3,296	3,058	4,474

Administrative expenses (including exceptional items)	**3**	(3,624)	(3,707)	(9,707)
Loss from operations before exceptional items		(328)	(649)	(1,378)
Exceptional impairment provision of goodwill		-	-	(2,229)
Exceptional impairment provision of development costs		-	-	(1,341)
Exceptional redundancy costs		-	-	(285)
Loss from operations		(328)	(649)	(5,233)
Interest received		-	4	5
Finance costs		(25)	(4)	(13)
		(353)	(649)	(5,241)
Tax (charge)/credit	**4**	(96)	-	141
Loss for the period /year from continuing operations		(449)	(649)	(5,100)
Loss of discontinued operation net of tax	**2**	-	(167)	(136)
Loss for the period/year		(449)	(816)	(5,236)
Attributable to:				
– Equity holders of the parent		(449)	(816)	(5,236)
Loss per share				
– Basic (pence)	**5**	(0.10p)	(0.17p)	(1.11p)
– Diluted (pence)	**5**	(0.10p)	(0.17p)	(1.11p)
Loss per share from continuing operations				
– Basic (pence)	**5**	(0.10p)	(0.14p)	(1.08p)
– Diluted (pence)	**5**	(0.10p)	(0.14p)	(1.08p)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 31 October 2017

	Unaudited Six months ended 31 October	Unaudited Six months ended 31 October	Audited Year ended 30 April

	2017	2016	2017
	£'000	£'000	£'000
Loss for the period/year	(449)	(816)	(5,236)
Foreign exchange gains on retranslation of overseas operation	(15)	45	48
Total comprehensive income for the period/year	(464)	(771)	(5,188)
Attributed to:			
- Equity holders of the parent	(464)	(771)	(5,188)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 October 2017

	Unaudited	Unaudited	Audited
	31 October	31 October	30 April
	2017	2016	2017
	£'000	£'000	£'000
ASSETS			
Non-current assets			
Property, plant and equipment	522	764	656
Intangible assets	5,777	8,965	5,598
Total non-current assets	6,299	9,729	6,254
Current assets			
Inventory	1,538	1,775	1,646
Trade and other receivables	3,315	3,575	3,286
Cash and cash equivalents	641	1,902	1,370
Total current assets	5,494	7,252	6,302
Total assets	11,793	16,981	12,556
LIABILITIES			
Current liabilities			
Trade and other payables	2,932	3,180	3,282
Other short term borrowings	81	78	79
Provisions	100	-	100
Total current liabilities	3,113	3,258	3,461
Non-current liabilities			
Long term borrowings	51	81	98
Provisions	100	100	100
Deferred tax	193	325	97

Total non-current liabilities	344	506	295
Total liabilities	3,457	3,764	3,756
TOTAL NET ASSETS	8,336	13,217	8,800
Capital and reserves attributable to equity holders of the company			
Share capital	4,687	4,687	4,687
Share premium reserve	553	553	553
Merger reserve	801	801	801
Foreign exchange difference reserve	(140)	(128)	(125)
Retained earnings	2,395	7,264	2,844
	8,296	13,177	8,760
Minority interest	40	40	40
TOTAL EQUITY	8,336	13,217	8,800

CONSOLIDATED CASH FLOW STATEMENT
For the six months ended 31 October 2017

	Unaudited Six months ended 31 October 2017 £'000	Unaudited Six months ended 31 October 2016 £'000	Audited Year ended 30 April 2017 £'000
Cash flow from operating activities			
Net loss after tax from ordinary activities	(449)	(816)	(5,236)
Adjustments for:			
Depreciation, amortisation and impairment	505	648	4,848
Interest expense	25	-	8
Income tax expense	96	-	(230)
Operating profit/(loss) before changes in working capital and provisions	177	(168)	(610)
(Increase)/decrease in trade and other receivables	(28)	163	458
Decrease/(increase) in inventories	103	(363)	(232)
(Decrease) in trade and other payables	(356)	(780)	(586)
Cash generated from operations	(104)	(1,148)	(970)
Income taxes paid	-	-	(5)
Cash flows from operating activities	(104)	(1,148)	(975)
Cash flow from investing activities			
Payment for property, plant and equipment	(1,548)	(81)	(211)
Sale of property, plant and equipment	1,472	-	15
Research and development expenditure	(475)	(644)	(1,182)
	(551)	(725)	(1,378)
Cash flow from financing activities			
Bank loan received	990	-	-
Bank loan repaid	(990)	-	-
Repayment of finance lease creditors	(45)	(55)	(108)
Dividend paid	-	(469)	(469)
Interest paid	(25)	-	(8)
	(70)	(524)	(585)
(Decrease) in cash and cash equivalents	(725)	(2,397)	(2,938)
Cash and cash equivalents at beginning of period/year	1,370	4,299	4,299
Exchange difference on cash and cash equivalents	(4)	-	9
Cash and cash equivalents at end of period/year	641	1,902	1,370

STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Merger reserve	Foreign exchange reserve	Retained earnings	Non-controlling interest	Total
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
At 1 May 2017	4,687	553	801	(125)	2,844	40	8,800
Loss for the period	–	–	–	–	(449)	–	(449)
Other comprehensive income	–	–	–	(15)	–	–	(15)
Total comprehensive income for the period	–	–	–	(15)	(449)	–	(464)
As at 31 October 2017	4,687	553	801	(140)	2,395	40	8,336
At 1 May 2016	4,687	553	801	(173)	8,549	40	14,457
Loss for the period	–	–	–	–	(816)	–	(816)
Other comprehensive income	–	–	–	45	–	–	45
Total comprehensive income for the period	–	–	–	45	(816)	–	(771)
Total contributions by and distributions to owners	–	–	–	–	(469)	–	(469)
As at 31 October 2016	4,687	553	801	(128)	7,264	40	13,217

NOTES TO THE UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 OCTOBER 2017

1. **BASIS OF ACCOUNTS**

The financial information for the six months ended 31 October 2017 and 31 October 2016 does not constitute the Group's statutory financial statements for those periods within the meaning of Section 434(3) of the Companies Act 2006 and has neither been audited or reviewed pursuant to guidance issued by the Auditing Practices Board. The annual financial statements of Newmark Security PLC are prepared in accordance with IFRS as adopted by the European Union. The principal accounting policies used in preparing the interim results are those that the Group expects to apply in its financial statements for the year ended 30 April 2018 and are unchanged from those disclosed in the Group's Annual Report for the year ended 30 April 2017.

The comparative financial information for the year ended 30 April 2016 included within this report does not constitute the full statutory accounts for that period. The statutory Annual Report and Financial Statements for 2017 have been filed with the Registrar of Companies. The Independent Auditors' Report on that Annual Report and Financial Statement for 2017 was unqualified, did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their report and did not contain a statement under section 498(2)-498(3) of the Companies Act 2006.

After making enquiries, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the half-yearly condensed consolidated financial statements.

2. **PRIOR YEAR FIGURES**

The figures for the six months ended 31 October 2016 have been restated to include the loss of the Group's operation in Hong Kong within discontinued operations following its closure.

	Unaudited Six months ended 31 October 2017 £'000	**Unaudited Six months ended 31 October 2016 £'000**	**Audited Year ended 30 April 2017 £'000**
Revenue	-	23	26
Costs	-	(190)	(251)
Tax credit	-	-	89
Loss for the period	-	(167)	(136)

3. **ADMINISTRATIVE EXPENSES**

	Unaudited Six months ended 31 October 2017 £'000	**Unaudited Six months ended 31 October 2016 £'000**	**Audited Year ended 30 April 2017 £'000**
Exceptional redundancy costs	-	-	285
Exceptional impairment provision of goodwill	-	-	2,229
Other	3,624	3,707	7,193
	3,624	3,707	9,707

4. **TAXATION**

The tax charge includes the partial write off of deferred tax assets.

5. **EARNINGS PER SHARE**

Earnings per share has been calculated based on the weighted average number of shares in issue during the period, which was 468,732,316 shares (2016: 468,732,316).

6. **DIVIDENDS**

No interim dividend is proposed (2016: Nil).