

# ANNUAL REPORT



# NT

NETWORK  
TECHNOLOGY  
P L C



## Annual Report 2014

**DIRECTORS**                    Klaus Bollmann                    (Chairman & Chief Executive)  
   Hannelore E. Bollmann            (Commercial Director & Finance Director)  
   Jan Bollmann                    (Director of Engineering & FollowMe Division)

**COMPANY SECRETARY**   Hannelore E. Bollmann

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   Kingston Upon Thames  
   Surrey  
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   Suite 2400  
   Austin  
   Texas 78701  
   USA

**COMPANY NUMBER**   3055360

Network Technology PLC is a privately held Public Limited Company registered in England and Wales with currently more than 700 shareholders

We operate in all major regions of the world selling products and services based on our Group's technology and know how, operating from offices in the UK, USA, Singapore and Japan. The products are designed, manufactured and marketed by group companies Ringdale®, the main brand of the Group and Nextus for Manufacturing and Design.

Due to the Group's vast variety of marketable technology sub-brands were created for major product lines of FollowMe® Printing and ActiveLED® lighting.

Future product groups of air-conditioning products will be marketed under the ActiveClimate® (World) and AktivKlima® (Germany), the Building Automation System will be marketed under ActiveBMS® and LightSpace®. Trademarks have been registered in USA, Japan and Europe.

Over the last 35 years the Group of Companies has consistently predicted and developed technologies for emerging markets in the technology sector. Some of the more significant products over time were:

- 1978 Word Processing
- 1984 Laser Printing Adapters for Wang
- 1988 Network Adapters for Printers
- 1989 100base T Ethernet Hubs, Screen Power Savers, Printer Power Savers
- 1992 TCP/IP based Biometric Access Control and Time and Attendance Systems
- 1996 FollowMe Printing System
- 1998 Token Ring to Ethernet Bridge
- 2000 Fax Receiver Appliance
- 2002 Electronic Ballast for Fluorescent Tubes
- 2004 Solar Battery Chargers
- 2007 LED Lighting Systems, Power Supplies and Communication
- 2009 Building and Process Automation Software
- 2011 48V DC Low Voltage Air Conditioning Systems
- 2013 Energy Monitoring Instrumentation and Software

In total the Group developed more than 600 products in that time mostly as a result of customer needs and feedback. Most of the products developed were marketed profitably.

Since 2007 several significant patents in the LED lighting space, LED power supply and communication space for lighting and electrical devices as well as low voltage air-conditioning systems have been applied for and some of them have now been granted.

## In Memory of Keith Larter

22<sup>nd</sup> August 1955 to 18<sup>th</sup> August 2014

Since 1995, Keith Larter had been part of our design team, as a stalwart Design Engineer initially in our UK Operation and for the last 12 years in our US Operation

Keith will be remembered as a husband, a father of two sons, a friend and a colleague

I have deep respect for the way Keith dedicated his life to his family, his animals, his job and recently his 'Will to Survive' It was particularly hard to see his brain cancer come back after he made a rare recovery to being almost fully restored only a year after major brain chemotherapy

Reliability and dependability was Keith's middle name combined with a rare ability to solve complex mathematical and computing problems. He contributed to many products that are in daily use by millions of people around the world. Just the kind of thing he liked doing, being a contributor to mankind and a good steward of the planet

He equally cared for his animals or those that were brought to him. He also spoke his mind, a quality I appreciated very much. He respected and helped everyone he worked with and was equally loved and respected by his colleagues

Keith was an orphan and only recently able to identify his birth mother who he did exchange letters with and I know a task he did want to achieve in his lifetime. He always wanted to live and work in the United States and when the opportunity came up he moved with our company to Austin, Texas. He was most concerned to provide his younger son with a good education and proud to see him graduate at San Marcos University

He got his own home in Cedar Park, the Chevy Camaro he always dreamt of, space for his animals and an interesting job where he could put his skill to work every day, providing his colleagues with a good sense of British humor and fine sarcasm

Farewell



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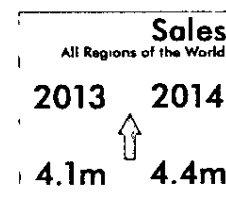
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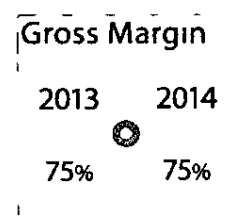
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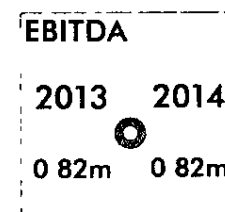
## KEY PERFORMANCE INDICATORS



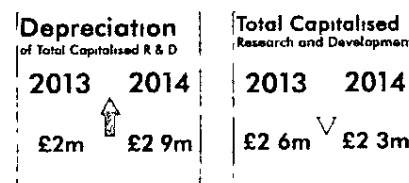
Sales improved due to increases in FollowMe sales worldwide and ActiveLED sales in USA



Gross margins remained, mainly as a result of high margin software sales and maturing lighting product lines



Earnings before interest, taxes, depreciation and amortization



Due to the nature of our business a large amount goes into the development of products where the benefits will come in the future, a part of the Research and Development cost as well as patent expenditure is therefore capitalized as well as depreciated each year

## Chairman's Statement

### Results

I am pleased to announce that despite a continued sluggish world economy and a stagnant US, a further profitable year, with profit before tax of £81,000 slightly down from a profit of £90,000 in 2013. Operating profit was £106,000 (2013 profit of £114,000) with continued investment in manufacturing equipment for LED Lighting, R&D as well as marketing activities mainly in USA, UK and Japan. We continue to assume significant growth in sales over the coming years from those investments.

Turnover (Sales) for the year amounted to £4.41 million, an improvement of 6.3% from the previous year (2013 £4.16 million) due to increased sales of our FollowMe product line as well as increased sales of our LED Light Fixture products and further reduction of legacy products and NRE charges. Gross margins remained at 75% (from 75% in 2013) assisting to cover operating costs which increased by 7% to £3.2 million. Earnings per share decreased to 1.55 pence (2013 earnings 3.11 pence).

The Company continued to focus on marketing activities and developing its channels for its key products. As a result, our order book at the end of July 2014 was US\$ 1.2 million compared to US\$ 0.6 million this time last year. Bank borrowings were at £116,000 at the year end due to repayment of financing for manufacturing machinery in US operations, compared to £161,000 at the previous year end.

### Dividends

The Directors are unable to recommend the payment of a final dividend for the year. However, the Directors are continuing to consider a share capital restructuring to permit the payment of dividends.

### Product Development

The Company has continued to generate further interest in its main product lines:

- FollowMe® Printing is a Printer Access Control and Accounting system which addresses issues like security, availability, print-data encryption, access to colour printers, copier fax and email facilities on Multi-Function Printers as well as ordinary printers and copiers.

The system is an important element in efficient routing of documents, reducing waste, managing energy use, protecting companies from leaks affecting many large corporate and government users based in, or doing business with, the US or Japan. FollowMe can integrate with most Document Management Systems.

- ActiveLED® is advanced LED lighting, currently the highest light output per watt of any peer. Can perform in industrial applications in excess of 10 years while maintaining 90% of its light output and color consistency.

With over 120 ActiveLED fixtures, Ringdale has the largest range of industrial LED fixtures in the industry today and is fast producing architectural fixtures to complete its range for any industrial, commercial and architectural application. The company has 4 granted patents and more than 10 patents applied for in this space with priority dates reaching back to 2007.

ActiveLED® and LioBrite® are registered trademarks of Ringdale.

- ActiveBMS and LightSpace® is an advanced Building Management System that can manage, control, enforce rules and report on all electrical devices such as Lighting, Battery Systems, Fans and Air Conditioning.

**New Product Development**

Renewable Energy and Power Saving Devices designed and manufactured by the Group are now being sold under the ActiveLED® and LightSpace® brand. Significant investment has been made in this area and the company has currently 4 Patents granted, 4 Patents pending relating to its LED Light Fittings, Power Supplies and Reflector and Heat Sink technology. As well as 3 patents pending relating to higher efficiency air conditioning systems.

**Corporate Activity**

During the year we have continued building our sales team in the US and the UK to better serve our prospects throughout the Group. We have now established Ringdale KK Japan to protect our brand and to better exploit our US and Japanese patents.

We keep shareholders informed of developments within the company through the Annual Report, the Annual General Meeting and data that is published through the Company's website [www.network-technology.com](http://www.network-technology.com).

Copies of the 2014 Report and Accounts will be sent to shareholders that requested a hard copy in due course, for all others the Annual Report is available as a printable PDF on the Company's website [www.network-technology.com](http://www.network-technology.com). The Notice of the AGM will be published on the Company Website.

Further copies will be available on a shareholder's request from the registered office of Network Technology PLC, 26 Victoria Way, Burgess Hill, West Sussex, RH15 9NF.

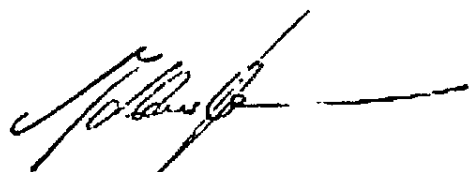
**Guidance to the Shareholders**

On July 1, 2014 the Company had firm orders of US\$ 1.2 million for delivery within the next 12 months or less.

A further 8% growth in FollowMe Printing and a 7% growth ActiveLED lighting products resulted in an overall sales growth of 6.3% compared to the last financial year (ending March 2013).

Our focus remains on the development of revenues from our current product base as well as the development of FollowMe printing and our new range of LED Fixture and related products. Current improvement and development of our product range is covered by cash generated within the Company.

The company is seeking to either secure a loan or an investment of around \$5,000,000 or may consider a debt restructuring to be secured on 9.9% of total issued shares from the remaining authorized (non-issued) share capital of the Company.



Klaus Bollmann  
Chairman, Network Technology Plc  
29 August 2014

## Operating and Financial Review

**Operating and Financial Review**

The Group achieved an operational profit of £106,000 (2013 profit of £114,000). Overall the group achieved a turnover of £4.41 million (£4.16 million in the previous period) as a result of FollowMe sales in the US, Germany, France and the UK and a slight increase in Lighting Sales in the US. See also additional information on Operating Review covered in the Chairman's Statement on pages 4 and 5.

**Financial Review**

Costs in the year to 31 March 2014 increased due to increasing our sales force in USA and UK and an increase in manufacturing personnel. The highlights of the year since the last report are:

- 1 The Group closed the year with a small profit as a result of steady sales of new product lines and despite a slow World economy.
- 2 Significant R&D investments for FollowMe and Lighting related product lines.
- 3 Our flagship FollowMe product line has significantly increased by 12.5%.
- 4 LED Lighting continues to have a significant impact on sales in the period and increased by 7.5%.
- 5 Overheads increased by 7% to £3.2 million in the 12 month period to 31 March 2014.

**Overheads**

The increase in overheads are due to the decision to build a stronger sales team which has the short term effect of higher operating costs as well as an increase in staffing in US manufacturing operations.

**Performance**

The Group achieved a turnover of £4.41 million in the year ended 31 March 2014. The Group continues to focus on channel business via its Ringdale brand. We have temporarily suspended our sales activities in Arabia and continue aggressive sales activities in the South American region. The Asia and Pacific regions have shown increased interest for our products. We continue to see significant impact from ActiveLED lighting products.

**Earnings per share and dividends**

Basic earnings per ordinary share was 1.55 pence. The Directors are unable to recommend the payment of a final dividend.

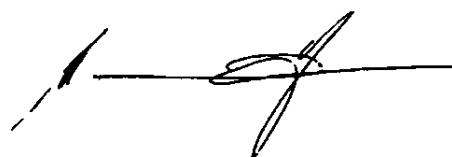
**Cash flow**

The cash inflow from operating activities decreased to £642,000 compared to inflow of £923,000 in the 12 months to 31 March 2014.

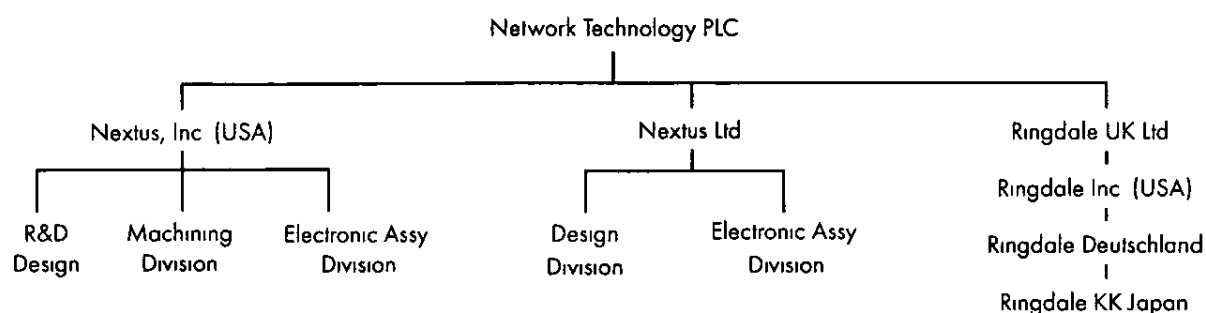
**Capitalising Significant R&D**

A significant new development of LED Lighting Fixtures, embedded FollowMe technology technology was capitalised.

The products are projected to yield significant revenues over the next 7 years and all investments in the technology will be written off over that period.



Hannelore E. Bollmann  
Commercial Director  
29 August 2014



Nextus Limited, established in 2002, is a technology company specialising in the design and manufacture of an extensive range of hardware and software products, including electromechanical systems. Its products are marketed through the Group's Ringdale brand or directly to the leading Original Equipment Manufacturers (OEMs) throughout the world. Nextus also designs for other OEMs and contract manufactures in Europe and Asia.

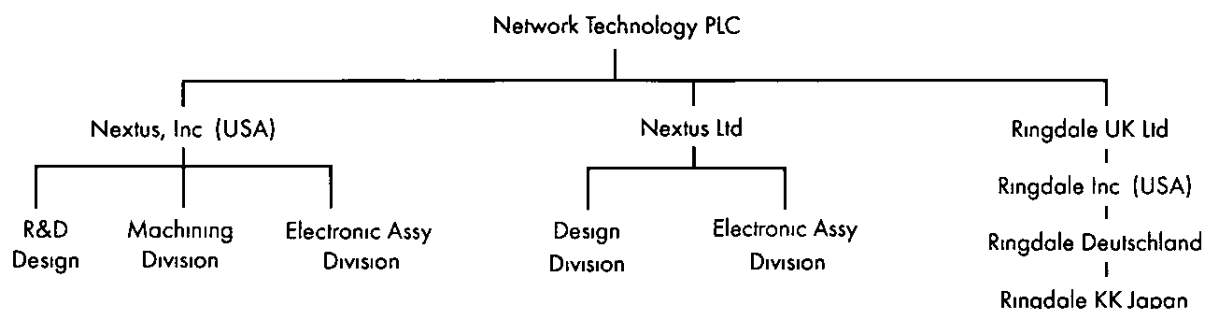
In addition to the manufacturing of Ringdale's new product ranges such as access control, LED lighting and FollowMe® (copying, fax and printing system), Nextus also offers Electronic and Electromechanical contract manufacturing to its customers in Europe and Asia.

New developments that were completed in the period are the ActiveBAS Building Automation System for management and auditing of energy use of lighting, air-conditioning and other electrical devices. The system is based on communication hardware based on modern ARM processor technology and server application software.

Further accomplishments included a range of Software Applications in conjunction with FollowMe, Access Control and Lighting Control Products from Ringdale as well as 20 new light fixtures.

All Nextus' products are manufactured within an ISO 9001:2008 Quality System and are code compliant with European CE, Japanese PSE, cUL, UL as well as US FCC emission standards.

Nextus manufactures in full compliance with the EU directive for the Reduction of Hazardous Substances (RoHS) as well as the directive dealing with Waste of Electronic and Electrical Equipment (WEEE). An environmental policy, compliance statement as well as a link to the directives in force is available on its website [www.nextus.co.uk](http://www.nextus.co.uk).



Founded originally in 1987 and acquired by the Group in 1997, Nextus Inc offers electronic and electromechanical manufacturing services to a wide range of customers in the form of turnkey or consigned manufacturing. These services range from printed circuit board assembly, cable, wire harness and fibre optics to hardware assemblies as well as Engineering/Prototyping services.

Nextus also provides a custom design service for electronic and mechanical designs to other OEMs and contract manufacturers, most recently the development of an absolute shaft encoder.

Nextus has developed a unique range of Access Control products to be sold under the Ringdale® brand. This includes Network Proximity ID Card Readers, Network Access Controllers and Pulse Operated Door Strike and Security Bolts for restricting and securing access to doorways.

Development for FollowMe® Printing, Access Control for printers and PC Access Readers has been continued by Nextus. Nextus has taken on the further development of the Group's mechanical design and manufacturing which is currently used for all Ringdale devices.

Nextus deals with North American OEM businesses and provides manufacturing and design resources to the Ringdale brand.

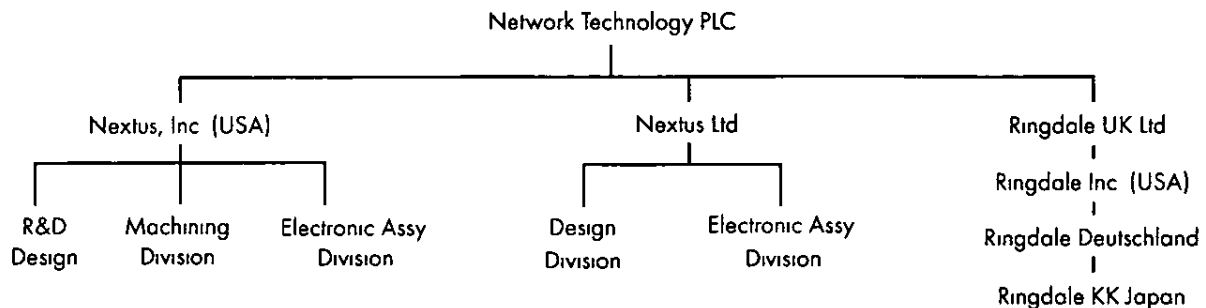
An environmental policy, compliance statement as well as a link to the RoHS and WEEE directives in force is available on our website [www.nextus.com](http://www.nextus.com).

Further design capabilities include:

- Development of alternative and renewable energy-enabling devices leading the field in new technology for LED lighting systems
- The development of Biometric technology for the Group's Access Control and Security products
- The development of networked process control technology with a number of USB connected analog-input, digital-input and relay output controllers

Nextus is the manufacturing and logistics centre for the Group's products in the North and South American markets.

Nextus Component Broker is part of the Nextus Inc website selling any excess component inventory resulting from discontinued manufacturing within the Group and spillover from contract manufacturing. The Group has therefore no obsolete inventory. Often those components can be sold at a premium.



The Ringdale® brand consists currently of four trading companies. Ringdale has been supplying network connectivity products from its European headquarters in West Sussex for more than 25 years. The North American headquarters are located in Georgetown, Texas with Sales and Logistics centres in Germany and Japan. Ringdale joined the NT Group in 1994. The Group's technology products are marketed to the end user via the Ringdale brand and sold through established distribution channels throughout the world.

With the level of interest growing for Ringdale's new product ranges, new strategic partnerships continue to be formed, notably for FollowMe®, Access Control, LioBrite and ActiveLED Lighting Fixtures.

The Group aggressively develops and brings new products to the market. Following are some of the significant product lines:

#### FollowMe®

FollowMe® was initially launched in 1997 to cater for an emerging need to provide accountability, secure printing and roaming printing across multiple printer models and manufacturers. The product is now in its sixth evolution having grown dramatically in functionality and adaptability in direct response to evolving requirements and technology.

#### FollowMe® Mobile Print

Most notably, FollowMe® now also permits printing from Mobile devices such as the iPad as well as the control of other functions present in many of today's MFPs. This includes restricting access to copier, scanning, email and fax functions.

FollowMe®, through the use of its Q-Server server software, provides a complete control and audit solution by managing and accounting for usage of all printer and MFP services.

FollowMe® works through attaching an authentication device to a printer, copier or MFP. When a user presents their ID at this device then all of the user's current print jobs are released to the printer or MFP. In the case of a copier or MFP, assuming the user has the required permission, then additional functions such as copying become available.

FollowMe® CopyPatrol™ provides a unit which plugs directly into a MFP's external control port allowing for the control of the copier and other functions. Ringdale has worked with a number of OEMs to provide this functionality, including HP®, Canon®, Kyocera®, Konica-Minolta®, OKI®, Ricoh®, Sharp®, Toshiba® and Xerox®.

## New Product Summary

### Access Control Products

Ringdale manufactures the most scalable, totally network-based access control systems obtainable in today's market. We were the first company to identify that security will be more and more managed by IT departments and that Access Control Systems need to be networked.

The Access Control ID reader range continues to grow to include a wide selection of readers, strikes, bolts and accessories. These encompass proximity readers (including Wiegand), magnetic swipe and fingerprint readers, key pads, pulse operated door strikes and security bolts.

An unsurpassed number of door controllers were developed driving our devices to unsurpassed performance in terms of our devices' capabilities, integration and affordability.

Consultancy is becoming an important part of this business, helping the customer to select the most appropriate Identification method for the environment and application.

## ActiveLED®

### ActiveLED® Lighting Fixtures

Ringdale's ActiveLED and LioBrite (USA, Japan and Europe) brand is a unique range of performance lighting fixtures that combine world leading LED technology based on granted Ringdale patents and further patents pending relating to Ringdale's power supply technology and networking capabilities.

Four significant patents relating to LED lighting technology were granted by the US Patent and Trademark Office.

This product line now counts more than 120 lighting fixtures which can save from 50% to 90% of energy producing the same or better light output compared to conventional technologies of Fluorescent, Induction, Incandescent or other Mercury vapor based technology.

Ringdale LED light fixtures are now deployed for more than 6 years and have experienced no light loss by its customers. Ringdale warrants the light loss and fixture for a minimum of 10 years and has not experienced any significant warranty claims (less than 2%).

LED technology is totally free from hazardous or poisonous substances unlike Fluorescent, Induction and High Pressure Sodium/Mercury lamps. Ringdale recycles obsolete products returned to one of its collection points.

Ringdale light fixtures have now demonstrated more than 60,000 running hours without failure of power supplies, reduction in light output or correlated colour temperature (CCT) shift.

*Network Technology Plc*

*Financial Statements for the year  
to 31st March 2014*

*Directors Reports  
and  
Corporate Governance*

## The Board

**Klaus Bollmann**

(Chairman & Chief Executive), aged 58, cofounded the Group in 1985. Previously, Mr Bollmann worked for OEM PLC in London where he designed hardware and software as well as being instrumental in the marketing and globalisation of OEM's products which were based on his technology. Mr Bollmann restructured the business in 1992, led an MBO in 1995, the AIM flotation of the Company in 1996 and finally the admission of its shares to the Official List in August 1997. Mr Bollmann has been responsible for the Group's vertical integration, product and acquisition strategies. Assisted the Group to orderly de-list from the London Stock Exchange on 1st October 2010 to continue as a private PLC.

**Hannelore E Schlieker-Bollmann**

(Commercial Director and Acting Finance Director), aged 55, co-founded the Group in 1985 and the largest shareholder in the Group. Mrs Bollmann is instrumental in the Group's cash and asset management, purchasing contracts, credit acquisition and management.

## Directors' Report

The Directors present their report together with the audited financial statements for the year ended 31 March 2014.

**Principal activity**

The Group's main strategy is to create premium technology in the USB and network connected appliance space as well as access control systems, renewable energy and energy saving systems. The Group's business focuses on the design, manufacture and marketing of hardware and software used in connecting all computer associated equipment in the modern business and domestic environment, such as PCs, workstations, printers, scanners, fax and vending machines to LANs, WANs and the Internet. In the last five years the Group has also engaged in additional fields, including custom electronic designs for rugged applications, security and access control devices for connection to computer networks, as well as security management software for use within organisations and their enterprise networks. The group's activities are conducted from branches in the UK, USA and Germany. The subsidiary undertakings principally affecting the profits and net assets of the group are listed in note 12.

**Results and dividends**

The financial results for the year appear on page 22.

**Dividends**

The Directors are unable to recommend the payment of a final dividend for the year. However, the Directors are continuing to consider a share capital restructuring to permit the payment of dividends.

**Directors and their interests**

The Directors who held office during the year were as follows:

K. Bollmann	Chairman & Chief Executive
H. Schlieker-Bollmann	Commercial Director & Acting Finance Director

The interests of the Directors in shares in the Company are disclosed in the Remuneration Report on pages 14 to 16. Other than set out in note 27, none of the Directors has or had any interest (direct or indirect) in any transactions effected by any company in the Group which remains outstanding or unperformed in any respect.

**Capital Structure**

Details of the authorised and issued share capital of the company are shown in note 19.

**Research and development**

The Group employs a number of product development and research staff and continues to be at the forefront of product development and market research in its core business

**Creditors payment policy**

The Group policy for the year ended 31 March 2014 for all suppliers was to fix terms of payment when agreeing the terms of each business transaction, to ensure the supplier is aware of those terms and to abide by the agreed terms of payment. The creditor payment days for the Group at 31 March 2014 was 39 days (57 days at 31 March 2013)

**Financial Risk Management**

As a matter of policy, the Group predominantly deals with Fortune 500 companies or with well established companies with very low risk of default. New customers are credit checked before credit is given. It is a constant process to evaluate any risk from increase of costs from raw materials or wages on the cost side as well as customers and contracts on the receivable side and bring any risks to the board's attention so that a decision can be made if the impact is significant and if shareholders need to be informed.

**Employees, disabled persons and minorities**

The skill and intellect of the people working for our Group are vital to achieve our goals. The Group's policy is to offer equal opportunities to disabled persons and minorities who apply for employment. In addition, employees who become disabled are given every opportunity and assistance to continue their employment or be trained if other suitable positions within the Group are available.

**Charitable and political contributions**

The Group made no charitable or political contributions during the year.

**Treasury policy**

The Board agrees and reviews policies for risk management as detailed further on page 26. The Group does not trade in financial instruments. There is no formal policy for matching foreign currency cash flows or matching exposure to foreign currency net assets, although the situation is monitored carefully. In planning the maturity of debt, the Group's policy is to ensure a balance between continuity of funding and flexibility.

**Health, Safety and Environment Policy**

Human health, safety and impact upon the environment are considered when the Group conducts its business. It is the Group's aim to provide a safe working environment for employees at all times. We operate in a socially and environmentally responsible manner, proactively seeking ways of reducing any adverse impact upon our surroundings through recycling schemes, making more efficient use of utilities and seeking ways to reduce waste.

As at 30 June 2014, there have been no accidents at any of our manufacturing sites in Burgess Hill or Texas.

**Environmental Performance**

In our US facility we deployed our own energy saving lighting systems and reduced the monthly use of electricity for lighting by 50%. The Group's policy when designing a new electronic device is to use the most energy efficient design possible. For more than a decade we have been leading our market segment with the most energy efficient devices saving significant amounts of energy throughout the world wherever our devices are deployed.

As part of our commitment to Quality and the Environment we continually improve our manufacturing processes to use less energy and to process orders in the most resource efficient way. All our Group Companies use state-of-the-art logistics systems developed by the Group as well as using our energy saving technology at all our plants.

The Group has recently developed a Building Energy Management System and related devices which will be deployed over the coming year to manage energy use and reduce electricity usage for heating air-conditioning and fans by another 30%.

The aim is to demonstrate in all our operations USA and UK, that light manufacturing can be more sustainable and totally carbon emission neutral while lowering the total amortised cost for energy.

## Directors' Report

**Auditors**

A resolution to re-appoint PRB Accountants LLP auditors for the ensuing year will be proposed at the Annual General Meeting in accordance with section 476 (2) of the Companies Act 2006

**Disclosure of information to auditors**

The directors in office on 29 August 2014 have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

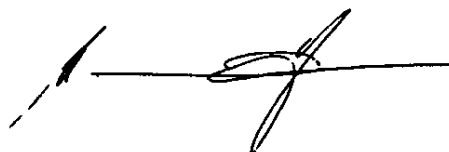
**Annual General Meeting**

Notice of the Annual General Meeting and explanatory notes of the business to be conducted will be published on the company website.

**Authority to allot shares**

At the Annual General Meeting in September 2013 the directors were given the power to make allotments of equity securities up to £407,000 as if the pre-emption rights attached to the Ordinary Shares of £200 each did not apply to any such allotments.

On behalf of The Board



Hannelore E. Bollmann  
Company Secretary

29 August 2014

**Directors' Remuneration Report**

This report is produced to comply with the Directors' Remuneration Report Regulations 2002 which covers both executive and non-executive directors.

The regulations require the Auditors to report to the Company's members on the "Auditable Part" of The Directors' Remuneration Report and to state whether in their opinion that part of the report has been properly prepared in accordance with the Companies Act 2006. The report has therefore been divided into two sections, audited and unaudited information.

As required by the Regulations, a resolution to approve the report will be proposed at the Annual General Meeting of the Company at which the financial statements will be adopted.

## Directors' Remuneration Report

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### Unaudited Information

#### The Remuneration Committee

The Committee consists of Mrs H Bollmann and is chaired by Klaus Bollmann

The remuneration committee is responsible for reviewing and determining the remuneration of Executive Directors and, within that overall remit, for establishing the individual arrangements appropriate to them. Its main role is to ensure that the executive remuneration arrangements within the Group are in line with best practice

#### Executive Directors' salaries

The Executive Directors received a salary in the period (see Directors' remuneration page 16). The compensation will be reviewed when appropriate. See also Remuneration Committee on page 17

#### Executive Directors' long term incentives

As reported previously, no long-term incentive plan exists for the benefit of the Executive Directors (or key Senior Employees) to provide a meaningful reward for achieving above average growth in shareholder value. It is proposed that this matter should be subject to review and further external advice taken and, if appropriate, to make recommendations to shareholders at a later date

#### Executive Directors' annual bonuses

As the Group is still in recovery mode no bonus is payable

#### Nonexecutive Director

The Board sets the level and form of compensation for any Nonexecutive directors

#### Share Option Plan

The Company's Share Option Plan has expired

#### Contracts

All Executive Directors have written service contracts dated 5th August 1997 containing provision for termination on giving twelve months' notice. The Nonexecutive Director had a letter of appointment with a review period of 6 months

#### Share price and Shareholders' return

The Company is no longer listed on the London Stock Exchange so no official share price will be published

## Directors' Remuneration Report

### Audited Information

#### Directors' remuneration including pension costs

	Salary/ Fees £'000	Year ended 31 March 2014 Benefits £'000	Pension Costs £'000	Total Costs £'000	Year to 31 3 13 £'000
<b>Executive Directors</b>					
K Bollmann	20	-	-	-	-
H Schlieker-Bollmann	-	-	-	-	-
<b>Total</b>	<b>20</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

#### Pensions

Except for any premiums payable to the Directors' pension scheme (the Woodgate Trust), which is a defined contribution scheme, Executive Directors do not participate in any other pension arrangements sponsored by the Company. K Bollmann and H Bollmann are members and trustees of the scheme. The total pension cost for the year ended 31 March 2014 was £Nil (year ended 31 March 2013 - £Nil). The pension cost for the highest paid employee was £Nil (year ended 31 March 2013 - £Nil).

#### Directors' interests

The beneficial interests of Directors in the Company's securities are set out below.

Name (see notes below)	As at 31 3 14 Ordinary £200 Shares	As at 31 3 13 Ordinary £200 Shares
K Bollmann and H Schlieker-Bollmann	11,298	11,291

#### Notes regarding holdings at 31 March 2014

- Of the ordinary shares in which K Bollmann and H Schlieker-Bollmann are interested, 8,772 are registered in the name of H Schlieker-Bollmann, 302 in the name of K Bollmann and 2,224 in the name of Woodgate Trust, a pension scheme in which Mr and Mrs Bollmann are interested as trustees and members.
- Full details of Directors' share holdings and options are contained in the Register of Directors' Interests which is kept by the Company and is open to inspection in accordance with the provisions of the Companies Act 2006.
- There have been no changes in the Directors' interests since the end of the financial year.



Klaus Bollmann  
Chairman of the Remuneration Committee  
29 August 2014

**Compliance**

Up to the 30th of September 2010, the listing period, the company committed to the principles of Corporate Governance contained in the combined Code on Corporate Governance that was issued in 2008 by the Financial Reporting Council ("the Code") for which the Board is accountable to shareholders. Going forward as a Private Public Company we will not duplicate information in the Corporate Governance section that are covered in other parts of the report, we will not make reference to Code sections, nor will we reference compliance or noncompliance with the Code.

**Principles of Good Governance**

While it is expected that a public company may use the Code's provisions as guidelines most of the time, it is recognised that departure from the provisions of the Code may be justified in particular circumstances. The Board has reviewed each provision carefully and will use the Code's provisions as guidelines for its conduct where appropriate.

**Role of Chairman & Chief Executive**

Since the Company entered into a re-structuring phase in 2000, the Chairman & Chief Executive positions are held by Klaus Bollmann.

**Independent Directors**

There were no Nonexecutive Directors in the period.

**The Board**

The Board had 3 formal Board Meetings via video conference or phone or email where all Board Members attended due to the fact that Klaus Bollmann is working from Texas, USA. The Board is responsible for adopting and implementing a strategy for the Group that is designed to deliver increasing value to shareholders. The implementation of the strategy and the management of the Group's operations are the responsibility of the Executive Directors, led by the Chairman. In order to effectively discharge these responsibilities the Board has reserved to itself a schedule of key matters and in addition has delegated certain authorities to Executive Directors. The Board also delegates particular matters to approved committees of the Board. No directors insurance cover has been purchased due to the high cost of insurance cover in respect of legal action against its directors. No Director is being presented for re-election. In the Board's view it is not appropriate to extend the Board at this time and it is impractical to carry out performance reviews.

**Remuneration Committee**

The Remuneration Committee is chaired by Klaus Bollmann and included Mrs H Bollmann. Klaus Bollmann is not an independent Nonexecutive. As the remaining Executive Directors received no remuneration, but have a controlling interest of more than 55% in the Company, their interests are totally aligned with that of the remaining shareholders.

**Audit Committee**

In the period reported, the directors met with the auditors. The Company did not have two independent nonexecutive directors. The functions of the Audit Committee have been restricted in the year to advising the Board on the appointment and re-appointment of auditors, determining their independence and meeting the auditors to agree the plan for the annual audit and to review with the auditors matters arising from their annual audit. The Audit Committee does not believe any further description of their work in discharging their responsibilities is useful. Due to the small size of the Company at this time, staff are invited to approach members of the Board should they wish to raise any matters in confidence. As to internal audit, as explained below, the size of the Company at this time does not make such a function feasible or affordable.

## Corporate Governance

### Nomination Committee

The Board currently takes on the function of the Nomination Committee. A call for nomination of Jan Bollmann as an additional director with the responsibility for Engineering and Marketing of the FollowMe product line were made in the period and form part of the resolutions for the forthcoming AGM.

### Internal Control

The Executive Directors are responsible for the Group's internal financial control system, which incorporates procedures designed to provide reasonable assurance that assets are safeguarded, proper accounting records are maintained and financial information is reliably reported, but any such system can only provide reasonable and not absolute assurance against misstatement or loss.

The Group's internal financial control and monitoring procedures include

- a) Clear responsibilities on the part of line and financial management for the maintenance of good financial controls and the production of accurate and timely financial management information,
- b) The control of key financial risks through clearly laid down authorisation levels and appropriate segregation of accounting duties,
- c) Detailed monthly budgeting and reporting of trading results, balance sheets and cash flows, with regular review by management of variances from budgets,
- d) Reporting on compliance with internal financial controls and procedures.

The Executive Directors have reviewed the effectiveness of the system of internal and financial, operational compliance controls and risk-management systems for the year covered by the Financial Statements. Given the size of the Group and the Executive Directors' daily involvement in the business, combined with state-of-the-art computer management systems, the Board does not consider that an internal audit function is required at present. The Company assesses its risks monthly and may change its policy in respect of financial internal audit functions when it deems this to be necessary. There was no formal review.

### Going concern

The ability of the Company to continue as a going concern is dependent upon the achievement of projected sales and profit margins and the maintenance of acceptable credit terms with suppliers and creditors and the continued support of related parties. On the basis of the current financial projections for the period to August 2015 and the cash balances and facilities available, the Directors have a reasonable expectation that the Company and the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

### Shareholder communications

The Group reports formally to shareholders twice a year. A full Annual Report and Accounts and a half-year Interim Statement are issued to all shareholders on the Company website only. In addition, as soon as they are announced, interim and final results are posted on the Group's web site ([www.network-technology.com](http://www.network-technology.com)) together with any other business information on the Group. The Group's Annual General Meeting ("AGM") is used as an opportunity to communicate with shareholders, will take place on Friday 26 September 2014. The Notice of Meeting contained herein is being published to the shareholders at least 21 days before the meeting. At the AGM, the level of proxy votes lodged on each resolution will be available. Each substantially separate issue is proposed in the Notice of AGM as a separate resolution and there is a separate resolution relating to the Annual Report and Accounts.

## Directors' Responsibilities

## Directors' Responsibilities

The director is responsible for preparing the Strategic Report, Director's Report and the financial statements in accordance with applicable law and regulations

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director 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 company and of the profit or loss of the company for that year.

In preparing these financial statements, the director is required to

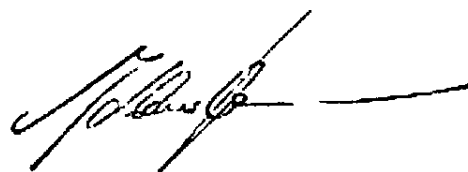
- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

The director at the date of the approval of this report confirms that

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

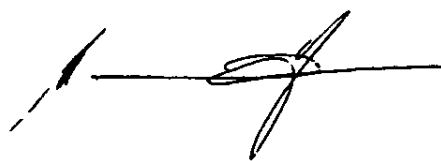
By the Order of the Board



Chief Executive Officer

Klaus Bollmann

29 August 2014



Chief Financial Officer

Hannelore E. Bollmann

29 August 2014

## Independent Auditors' Report to the Members of Network Technology PLC

We have audited the financial statements of Network Technology Plc for the year ended 31 March 2014. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's shareholders, as a body, in accordance with Sections 495 and 496 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's shareholders 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 shareholders 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 Directors' Responsibilities Statement set out on page 17, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### Scope of the Audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### Opinion

In our opinion the financial statements

- give a true and fair view of the state of the group and company's affairs as at 31 March 2014 and of its result for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Emphasis of matter - Going Concern

In forming our opinion, which is not qualified in respect of this matter, we have considered the adequacy of the disclosure made on page 26 of the financial statements concerning the company's ability to continue as a going concern. The group made a profit of £32,000 during the year ended 31st March 2014 and, at that date, the group's current liabilities exceeded its current assets by £1,119,000. The company is reliant upon continued support of related parties, as disclosed in note 27 of these financial statements and the achievement of projected sales and profit margins and the maintenance of acceptable credit terms with suppliers and other creditors. These conditions indicate the existence of a material uncertainty which may cast significant doubt upon the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

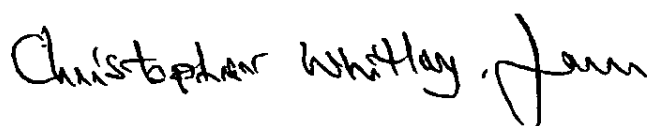
### Opinion on other matters prescribed in the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Matters on which we are required to report by exception**

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the 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,



**Christopher Whitley-Jones (Senior Statutory Auditor)**

**for and on behalf of PRB Accountants LLP, Statutory Auditor**

**Kingfisher House  
Hurstwood Grange  
Hurstwood Lane  
Haywards Heath  
West Sussex  
RH17 7QX**

**29 August 2014**

### Group Profit and Loss Account

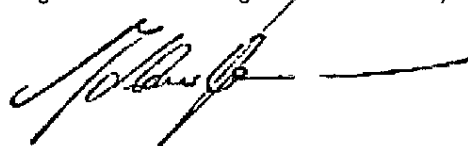
	Notes	Year to 31 March 2014 £'000	Year to 31 March 2013 £'000
Turnover	3, 4	4,420	4,155
Cost of sales		(1,113)	(1,062)
Gross profit		3,307	3,093
Other operating expenses	6	(3,201)	(2,979)
Operating profit/(loss)	6	106	114
Interest income		-	-
Finance cost	8	(25)	(24)
Profit/(Loss) on ordinary activities before taxation		81	90
Tax charge	9	(49)	(26)
Profit for year from continuing operations		32	64
Earnings per ordinary share in pence			
Basic and diluted	10	1.55	3.11

All amounts relate to continuing activities

## Group and Company Balance Sheet

	Notes	Group		Company	
		31.3.14 £'000	31.3.13 £'000	31.3.14 £'000	31.3.13 £'000
<b>Fixed Assets</b>					
Property, plant and equipment	11a, 11b	276	370	6	6
Investments	12	-	-	964	856
Development costs	13	2,288	2,641	-	-
		<u>2,564</u>	<u>3,011</u>	<u>970</u>	<u>862</u>
<b>Current Assets</b>					
Stock	14	938	997	-	-
Debtors	15	578	760	207	184
Cash at bank		179	87	-	2
		<u>1,695</u>	<u>1,844</u>	<u>207</u>	<u>186</u>
<b>Creditors</b>					
Amounts falling due within one year					
Trade and other payables	16	(2,631)	(3,076)	(917)	(786)
Bank overdrafts and loans	17	(143)	(76)	-	-
Obligations under finance leases	25	(40)	(49)	-	-
		<u>(2,814)</u>	<u>(3,201)</u>	<u>(917)</u>	<u>(786)</u>
<b>Net Current Assets/(Liabilities)</b>		<u>(1,119)</u>	<u>(1,357)</u>	<u>(710)</u>	<u>(600)</u>
<b>Creditors</b>					
Amounts falling due after more than one year					
Loans	17	(654)	(731)	-	-
Obligations under finance leases	25	(27)	(68)	-	-
		<u>(681)</u>	<u>(799)</u>	<u>-</u>	<u>-</u>
		<u>764</u>	<u>855</u>	<u>260</u>	<u>262</u>
<b>Capital and Reserves</b>					
Called up share capital	19	4,135	4,112	4,135	4,112
Share premium account		8,044	8,044	8,044	8,044
Currency Translation Reserve		86	232	-	-
Capital redemption reserve		12	12	12	12
Merger reserve		-	-	1,963	1,963
Revaluation Reserve		-	-	-	-
Retained loss		(11,513)	(11,545)	(13,894)	(13,869)
<b>Shareholders' Funds</b>		<u>764</u>	<u>855</u>	<u>260</u>	<u>262</u>

These Financial Statements on pages 22 to 39 were approved by the Board of Directors and authorised for issue on 29 August 2014 and are signed on its behalf by



Klaus Bollmann

COMPANY REGISTRATION NUMBER 3055360

## Group and Company Cash Flow Statement

	Notes	Group Year to 31.3.14 £'000	Group Year to 31.3.13 £'000	Company Year to 31.3.14 £'000	Company Year to 31.3.13 £'000
Net cash Inflow from operating activities	22	642	923	(25)	2
Investing activities					
Payments to acquire tangible fixed assets	11a	(38)	(33)	-	-
Development costs	13	(475)	(819)	-	-
Payments to acquire investments	12	-	-	-	-
Net cash outflow from investing		(513)	(852)	-	-
Financing activities					
Repayment of borrowings and finance leases		(121)	(37)	-	-
Proceeds from share issues		23	-	23	-
Increase/(Decrease) of bank overdrafts		61	(5)	-	-
Proceeds from borrowings and finance leases		-	-	-	-
Net cash Inflow/(outflow) from financing	23	(37)	(42)	23	-
Cash and cash equivalents at beginning of period	21	87	58	2	-
Cash and cash equivalents at end of period	21	179	87		2

# Group and Company Statement of Changes in Equity

# NT

## Group Statement of Changes in Equity

	Revaluation Reserve £'000	Share Capital £'000	Share Premium £'000	Other Reserves £'000	Foreign Currency Reserve £'000	Retained Loss £'000
<b>At 1.4.12</b>	-	<b>4,112</b>	<b>8,044</b>	<b>12</b>	<b>137</b>	<b>(11,609)</b>
<b>Retained Profit for the Year</b>	-	-	-	-	-	<b>64</b>
<b>Exchange Loss</b>	-	-	-	-	<b>95</b>	-
	-	4,112	8,044	12	232	(11,545)
<b>At 31 3 13</b>	-	4,112	8,044	12	232	(11,545)
<b>At 1.4.13</b>	-	<b>4,112</b>	<b>8,044</b>	<b>12</b>	<b>137</b>	<b>(11,595)</b>
<b>Retained Profit for the Current Year</b>	-	-	-	-	-	<b>32</b>
<b>Exchange Loss</b>	-	-	-	-	<b>(147)</b>	-
<b>Issue of Shares</b>	-	<b>23</b>	-	-	-	-
<b>At 31 3 14</b>	-	4,135	8,044	12	85	(11,513)

## Company Statement of Changes in Equity

	Revaluation Reserve £'000	Share Capital £'000	Share Premium £'000	Other Reserves £'000	Currency Reserve £'000	Retained Loss £'000
<b>At 1.4.12</b>	-	<b>4,112</b>	<b>8,044</b>	<b>1,963</b>	<b>12</b>	<b>(13,725)</b>
<b>Retained Loss for the Year</b>	-	-	-	-	-	<b>(144)</b>
	-	4,112	8,044	1,963	12	(13,869)
<b>At 31 3 13</b>	-	4,112	8,044	1,963	12	(13,869)
<b>At 1.4.13</b>	-	<b>4,112</b>	<b>8,044</b>	<b>1,963</b>	<b>12</b>	<b>(13,869)</b>
<b>Retained Loss for the Current Year</b>	-	-	-	-	-	<b>(25)</b>
<b>Issue of Shares</b>	-	<b>23</b>	-	-	-	-
<b>At 31 3 14</b>	-	4,135	8,044	1,963	12	(13,894)

## Notes to the Financial Statements

**1. GENERAL INFORMATION**

Network Technology Plc is a company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is given inside the front cover. The nature of the Company's and Group's operations and principal activities are set out in the Directors' Report. The name of the Company's ultimate controlling party is given in note 27. These financial statements are set out in pounds sterling because that is the currency of the primary economic environment in which the company operates. These financial statements were approved and signed by the Director and authorised for issue on 29 August 2014. The Company's shareholders do not have the power to amend the financial statements after issue.

**2. SIGNIFICANT ACCOUNTING POLICIES****Basis of accounting**

The financial statements comply with and have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice, but only those that were appropriate and in issue and effective at the time of signing the accounts. The financial statements have been prepared on the historical cost basis except for the revaluation of certain properties and financial instruments. The principal accounting policies are set out below.

**Basis of consolidation**

The Group financial statements include the financial statements of the Company and all the subsidiaries during the periods reported for the periods during which they were members of the Group. Inter-company balances between Group businesses are eliminated on consolidation. In accordance with section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account. The amount of profit for the financial year dealt with in the financial statements of Network Technology Plc is disclosed on page 23 to these financial statements.

**Going concern**

The ability of the Company to continue as a going concern is dependent upon the achievement of projected sales and profit margins and the maintenance of acceptable credit terms with suppliers and creditors and the continued support of related parties. On the basis of the current financial projections for the period to September 2015 and the cash balances and facilities available, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for at least 12 months from the date of signing these financial statements. For this reason they continue to adopt the going concern basis in preparing the financial statements.

**Revenue Recognition**

Revenue is measured at the fair value of the consideration received or receivable and represents amounts invoiced during the year, exclusive of Value Added Tax. Sales of goods are recognised when goods are delivered and invoice raised. The consolidated financial information incorporates the financial information of the Company and all its subsidiary undertakings (the "Group"). The acquisition method of accounting has been used to consolidate the results of the subsidiary undertakings in the Group's financial information.

**Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the cost of purchase. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

**Goodwill**

Goodwill recognised under UK GAAP arising on previous acquisitions has been written off to reserves and in accordance with FRS 10 will only be reinstated in the event of a disposal of the relevant subsidiary. Goodwill is not amortised but is reviewed for impairment annually as described below.

**Property, Plant and Equipment**

Fixtures and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. Depreciation is charged so as to write off the cost or valuation of assets, other than land and properties under construction, over their estimated useful lives, using the straight-line method, on the following bases:

Motors, Plant & Machinery	- 25% reducing balance
Computer Equipment	- 33 3% straight line
Fixtures & Fittings	- 15% reducing balance

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

**Impairment of assets**

Goodwill arising on acquisition is allocated to cash-generating units (equivalent to the reported primary business segments). The recoverable amount of the cash-generating unit to which goodwill has been allocated is tested for impairment annually or when events or changes in circumstance indicate that it might be impaired.

The carrying values of property, plant and equipment and intangibles with finite lives are reviewed for impairment when events or changes in circumstance indicate the carrying value may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss.

**Research and development expenditure**

The Group considers that the regulatory, technical and market uncertainties inherent in the experimental research of new products mean that internal development costs should not be capitalised as intangible fixed assets until, inter-alia, commercial viability of a project is demonstrable and appropriate resource is in place to launch the product and a reasonable forecast can be made that takes into account the amortisation of development costs. Those two ways of treating experimental research on one side and product development for market needs of established markets on the other side is essential as it highlights the need for economically efficient development of products to the research and development departments as well as satisfying the need for experimental developments that may result in significant advances or may end up being a failure. Amortisation is charged so as to write off the cost of development over its estimated useful life, to reflect the pattern in which the asset's future economic benefits are expected to be consumed by the entity from which the asset is available for use and the first material sales relating to the costs, on a 7 year straight line basis.

**Leasing**

Leases are classified as finance leases whenever the terms of the lease transfer substantively all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Rentals payable under operating leases are charged to income on a straight-line basis over the period of the lease. Assets held under finance leases are recognised as assets of the group at their fair value or if lower at the present value of the minimum lease payments determined at the inception of the lease. The corresponding liability is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the liability. Finance charges are charged directly against income.

**Borrowing Costs**

All borrowing costs, as not directly attributable to the acquisition, construction or production of qualifying assets are recognised in profit or loss in the period in which they are incurred.

**Taxation**

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or covered) using the tax rates and laws that have been enacted by the balance sheet date. Deferred tax is accounted for using the balance sheet liability method in respect of temporary timing differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary difference can be utilised. Their carrying amount is reviewed at each balance sheet date on the same basis. Deferred tax is measured on a non-discounted basis, and at the tax rates that are expected to apply in the period in which the asset or liability is settled. It is recognised in the income statement except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

## Notes to the Financial Statements

### Post-retirement benefits

The Group operates a defined contribution pension scheme for certain key executives and the amount charged to the income statement in respect of pension costs is the contribution payable in the year. Differences between contributions payable in the year and contributions actually paid are shown either as accruals or prepayments in the balance sheet. The contributions are administered by trustees in a fund independent from the Group's assets.

### Foreign Currencies

Transactions of Group companies denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date or, if appropriate, at the forward contract rate. The results of overseas operations are translated at the average rates of exchange during the period and their balance sheets at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets and results of operations and on foreign currency borrowings are reported in the foreign currency translation reserve. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. All other exchange differences are included in the income statement.

### Financial Instruments

Financial assets and financial liabilities are recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

### Cash and Cash Equivalents

Cash comprises of cash in hand and at bank.

### Trade Debtors and Trade Creditors

Trade debtors do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. Trade creditors are not interest bearing and are stated at their nominal value.

### Financial Liability and Equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

### Bank Borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accrual basis to the profit and loss account using effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

### Equity Instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

### Financial Risk Management

As a matter of policy, the Group predominantly deals with Fortune 500 companies or with well established companies with very low risk of default. New customers are credit checked before credit is given. It is a constant process to evaluate any risk from increase of costs from raw materials or wages on the cost side as well as customers and contracts on the receivable side and bring any risks to the Board's attention so that a decision can be made if the impact is significant and if shareholders need to be informed.

3. Turnover	Year to 31.3.14 £'000	Year to 31.3.13 £'000
Sales of goods	4,420	4,155
	4,420	4,155

Turnover is recognised as set out in Note 2.

**4. SEGMENTAL INFORMATION**

For management purposes the Group is currently organized into one business segment, which is computer products and services. Since this is the only primary reporting segment no further information has been shown. The following table provides an analysis of the Group's revenue by Geographical market, irrespective of the origin of the goods and services.

<b>Revenue by geographical market</b>	<b>Year to 31.3.14 £'000</b>	<b>Year to 31.3.13 £'000</b>
United Kingdom	379	448
EC and other European Countries	1,740	1,192
United States of America	1,668	1,961
Japan & Asia Pacific	125	90
Rest of world	<u>508</u>	<u>464</u>
	4,420	4,155

The following is an analysis of the carrying amount of segment assets, and additions to property, plant and equipment and intangible assets, analysed by the geographical area in which the assets are located.

	<b>Carrying amount of segment assets</b>		<b>Additions to property, plant and equipment and intangible assets</b>	
	<b>31.3.14 £'000</b>	<b>31.3.13 £'000</b>	<b>31.3.14 £'000</b>	<b>31.3.13 £'000</b>
United Kingdom	902	795	38	9
United States of America	3,350	4,039	475	843
Germany	<u>7</u>	<u>21</u>	<u>-</u>	<u>-</u>
	4,259	4,855	513	852

	<b>Carrying amount of segment liabilities</b>		<b>Depreciation and amortisation charge by segment</b>	
	<b>31.3.14 £'000</b>	<b>31.3.13 £'000</b>	<b>31.3.14 £'000</b>	<b>31.3.13 £'000</b>
United Kingdom	1,082	1,059	25	31
United States of America	2,409	2,936	686	674
Germany	<u>4</u>	<u>5</u>	<u>-</u>	<u>-</u>
	3,495	4,000	711	705

**Results by segment**

	<b>31.3.14 £'000</b>	<b>31.3.13 £'000</b>
United Kingdom	(8)	(2)
United States of America	40	66
Germany	<u>-</u>	<u>-</u>
	32	64

## Notes to the Financial Statements

### 5. WRITE DOWN OF INVENTORY (PREVIOUS YEARS)

The write down of inventory relates to obsolete, slow-moving and brockage stock in previous years

### 6. PROFIT/(LOSS) FROM OPERATIONS

The operating loss has been arrived at after charging/crediting

	Year to 31.3.14 £'000	Year to 31.3.13 £'000
Directors Remuneration	20	-
Staff costs (note 7)	1,807	1,586
Depreciation of tangible assets (note 11)	108	168
Amortisation of development costs (note 13)	603	537
Auditors' remuneration		
- audit services	34	34
- non-audit services	2	6
Operating lease costs		
- land and buildings	126	126

### 7. STAFF COSTS

	Year to 31.3.14 £'000	Year to 31.3.13 £'000
Wages and salaries	1,972	1,717
Social security costs	73	69
	2,045	1,786

The average monthly number of employees during the year, including Directors, was 54 (year to 31 March 2013: 51). Analysed by category

	Year to 31.3.14 number	Year to 31.3.13 number
Production	19	19
Distribution	19	15
Management and administration	6	6
Research, development and technical support	10	11
	54	51

Full details of the Directors' remuneration and details of share options are shown in the Remuneration Report on pages 14 to 16

### 8. FINANCE COSTS

	Year to 31.3.14 £'000	Year to 31.3.13 £'000
Interest payable on bank overdrafts and loans	18	15
Interest payable on other loans	7	9
	25	24

The weighted average interest rate paid on borrowings was 9.5% (2013: 2.96%). The Directors consider the carrying amount of borrowings to approximate their fair value

<b>9. TAXATION</b>	<b>Year to 31.3.14 £'000</b>	<b>Year to 31.3.13 £'000</b>
UK corporation tax	-	-
Research and Development Credit	-	-
Overseas taxes	57	26
Deferred tax asset movement	<u>(8)</u>	-
	49	26
The charge can be reconciled to the profit per the income statement as follows		
Profit/(Loss) before tax	81	90
Tax of UK corporate rate of 23% (2013 24%)	18	22
Effects of		
Expenses not deductible for tax	-	-
Capital allowances in deficit of depreciation	-	-
Utilisation of losses brought forward	-	-
Overseas taxes	57	26
Research and Development uplift	(18)	(22)
Deferred tax asset movement	<u>(8)</u>	-
	49	26

#### **10. PROFIT/LOSS PER ORDINARY SHARE**

The calculations of basic earnings per ordinary share is based on the profit for the year after tax of £32,000 (year to 31 March 2013 £64,000)

Earnings per share has been calculated using the weighted average number of ordinary shares in issue during the year  
The weighted average number of equity shares in issue is 20,674 (2013 20,559)

The Basic and Diluted earnings per share figures are the same because the average market price of the ordinary shares during the period did not exceed the exercise price of the equity options in existence at the balance sheet date

## Notes to the Financial Statements

### 11.a) PROPERTY, PLANT AND EQUIPMENT to 31 March 2014

#### Group:

	1.4.13 £'000	Additions £'000	Exchange Differences £'000	Disposals £'000	31.3.14 £'000
<b>Cost</b>					
Plant and equipment	1,822	18	(108)	-	1,732
Motor vehicles	41	-	(4)	-	37
Fixtures and fittings	<u>128</u>	<u>20</u>	<u>(9)</u>	<u>-</u>	<u>139</u>
	1,991	38	121	-	1,908

	1.4.13 £'000	Charge £'000	Exchange Differences £'000	Disposals £'000	31.3.14 £'000
<b>Accumulated Depreciation</b>					
Plant and equipment	1,467	101	(86)	-	1,482
Motor vehicles	38	-	(4)	-	34
Fixtures and fittings	<u>116</u>	<u>7</u>	<u>(7)</u>	<u>-</u>	<u>116</u>
	1,621	108	(97)	-	1,632

	31.3.13 £'000	31.3.14 £'000
<b>Net book value</b>		
Plant and equipment	355	250
Motor vehicles	3	3
Fixtures and fittings	<u>12</u>	<u>23</u>
	370	276

Company:	1.4.13 £'000	Additions £'000	Disposals £'000	Charge £'000	31.3.14 £'000
<b>Cost</b>					
Plant and equipment	<u>6</u>	-	-	-	<u>6</u>
Depreciation					
Plant and equipment	-	-	-	-	-
	31.3.13 £'000				31.3.14 £'000
<b>Net book value</b>					
Plant and equipment	<u>6</u>	-	-	-	<u>6</u>

At the Balance Sheet date there was £166,915 (31 March 2013: £182,000) amount of Property, Plant and Equipment and Inventory pledged to security for bank loans.

The Group's obligations under finance leases (see note 25) are served by the lessor's title to the leased assets, which have a carrying amount of £109,446.

At the Balance Sheet date there was no amount of contractual commitments for acquisition of Property, Plant and Equipment. At the Balance sheet date there is no compensation for impairment. At the Balance Sheet date there is no idle Property, Plant and Equipment, or any fully depreciated Plant, Property and Equipment still in use, or any Property, Plant and Equipment retired from active use.

## 11.b) PROPERTY, PLANT AND EQUIPMENT to 31 March 2013

Group	1.4.12 £'000	Additions £'000	Exchange Differences £'000	Disposals £'000	31.3.13 £'000
<b>Cost</b>					
Plant and equipment	1,738	21	63	-	1,822
Motor vehicles	28	11	2	-	41
Fixtures and fittings	<u>122</u>	<u>1</u>	<u>5</u>	<u>-</u>	<u>128</u>
	1,888	33	70	-	1,991
	1.4.12 £'000	Charge £'000	Exchange Differences £'000	Disposals £'000	31.3.13 £'000
<b>Depreciation</b>					
Plant and equipment	1,284	136	47	-	1,467
Motor vehicles	15	21	2	-	38
Fixtures and fittings	<u>102</u>	<u>11</u>	<u>3</u>	<u>-</u>	<u>116</u>
	1,401	168	52	-	1,621
	31.3.12 £'000				31.3.13 £'000
Net book value					
Plant and equipment	454				355
Motor vehicles	13				3
Fixtures and fittings	<u>20</u>				<u>12</u>
	487				370
<b>Company:</b>	1.4.12 £'000	Additions £'000	Disposals £'000	Charge £'000	31.3.13 £'000
<b>Cost</b>					
Plant and equipment	<u>5</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>6</u>
<b>Depreciation</b>					
Plant and equipment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	31.3.12 £'000				31.3.13 £'000
<b>Net book value</b>					
Plant and equipment	<u>5</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6</u>

## Notes to the Financial Statements

### 12. INVESTMENT IN SUBSIDIARIES

Company	Year to 31.03.14 £'000	Year to 31.03.13 £'000
Cost at 1 April 2013 and 31 March 2014	4,417	4,417
Impairment		
at 1 April 2013	(3,561)	(3,651)
Revaluation in year	108	-
at 31 March 2014	(3,453)	(3,561)
Net book value	964	856

#### Principal Group Investments

The following were the subsidiary undertakings of the Company at 31 March 2014. The subsidiaries operate in their country of incorporation and unless otherwise stated are incorporated in England and Wales. All subsidiaries are 100% owned by the Company. Ringdale UK Limited and Nextus Limited are 100% owned by International Technology Consultants Limited.

#### Continued Operations

Name	Principal activity
Nextus Limited	Design House & Manufacturer
Nextus Inc (incorporated in the USA)	Design House & Manufacturer
Ringdale UK Limited	Brand for Lighting, Network & Security
Ringdale Inc (incorporated in the USA)	Brand for Lighting, Network & Security
Ringdale GmbH (incorporated in Germany)	Brand for Lighting, Network & Security
Ringdale Deutschland Limited	Brand for Lighting, Network & Security
Ringdale (registered in Singapore)	Brand for Lighting, Network & Security
Lingdare (registered in Singapore)	Brand for Lighting, Network & Security
Ringdale K K Japan	Brand for Lighting, Network & Security
International Technology Consultants Limited	Intermediate holding company
Megaswitch Limited	Dormant
Ncrypton PLC	Dormant
AB Semicon Inc (incorporated in the USA)	Dormant
PC Card Technology PLC	Dormant
Ringdale Instruments Limited	Dormant
Solarplant Technology Ltd	Dormant

### 13. DEVELOPMENT COSTS Group (Company £Nil)

Cost	1.4.13 £'000	Additions £'000	Exchange Differences £'000	31.3.14 £'000
	4,673	475	(427)	4,721
Amortisation	1.4.13 £'000	Charge £'000	Exchange Differences £'000	31.3.14 £'000
	2,032	603	(202)	2,933
Net Book Value	31.3.13 £'000			31.3.14 £'000
	2,641			2,288

The development cost refer to developments that have not converted into sales but are likely to in 2014/15 and subsequent years. The net book value consists of FollowMe Software £1,209k, ActiveLED £693k and ActiveClimate £386k.

## Notes to the Financial Statements

**14. STOCKS****Group (Company £Nil)**

	<b>31.3.14</b>	<b>31.3.13</b>
	<b>£'000</b>	<b>£'000</b>
Brokerage Stock	-	-
Manufacturing Raw materials and consumables	873	957
Work in progress	-	-
Finished goods	<u>65</u>	<u>40</u>
	<b>938</b>	<b>997</b>

**15. DEBTORS**

	<b>Group</b>	<b>Group</b>	<b>Company</b>	<b>Company</b>
	<b>31.3.14</b>	<b>31.3.13</b>	<b>31.3.14</b>	<b>31.3.13</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Trade debtors	413	572	-	-
Other debtors	33	58	-	2
Value added tax	10	12	-	-
Prepayments	6	-	-	-
Related party debtors	-	-	207	182
Deferred tax	<u>116</u>	<u>118</u>	<u>-</u>	<u>-</u>
	<b>578</b>	<b>760</b>	<b>207</b>	<b>184</b>

The average credit period taken on sales of goods is 34 days (2013 50 days) No interest is charged on the trade debtors An allowance is made for estimated irrecoverable amounts of £27,000 (2013 £26,000) Other debtors comprise transactions with non-related parties The director considers that the carrying amount of trade and other debtors approximates their fair value

**Credit Risk**

The Company's principal financial assets are trade and other debtors, which represent the company's maximum exposure to credit risk in relation to financial assets The Company's credit risk is primarily attributable to its trade debtors The amounts presented in the balance sheet are net of allowances for doubtful debtors, estimated by the Company's management based on prior experience and their assessment of the current economic environment The Company has no significant concentration of credit risk, with exposure spread over a large number of counter parties and customers The credit risk on liquid funds is limited because the counter parties are banks with high credit ratings assigned by international credit-rating agencies

**16. TRADE AND OTHER CREDITORS**

	<b>Group</b>	<b>Group</b>	<b>Company</b>	<b>Company</b>
	<b>31.3.14</b>	<b>31.3.13</b>	<b>31.3.14</b>	<b>31.3.13</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Trade creditors	1,913	2,240	-	-
Taxation and social security	248	281	-	-
Value Added Tax	34	10	1	1
Other creditors and accruals	277	408	45	52
Related party creditors	<u>159</u>	<u>139</u>	<u>871</u>	<u>733</u>
	<b>2,631</b>	<b>3,076</b>	<b>917</b>	<b>786</b>

Trade creditors principally comprise amounts outstanding for trade purchases and ongoing costs The average credit period taken for trade purchases is 39 days (2013 57 days) Other creditors comprise transactions with non-related parties The Directors consider that the carrying amount of trade and other creditors approximates to their fair value

## Notes to the Financial Statements

## 17. BANK OVERDRAFTS AND LOANS

	Group 31.3.14 £'000	Group 31.3.13 £'000	Company 31.3.14 £'000	Company 31.3.13 £'000
Bank overdrafts	81	20	-	-
Bank loans	116	161	-	-
Related Party loans	<u>600</u>	<u>626</u>	<u>-</u>	<u>-</u>
	797	807	-	-

The borrowings are repayable as follows

	31.3.14 £'000	31.3.13 £'000	31.3.14 £'000	31.3.13 £'000
On demand or within one year	143	76	-	-
In the second year	54	56	-	-
In the third to fifth year inclusive	<u>600</u>	<u>675</u>	<u>-</u>	<u>-</u>
	797	807	-	-

Amounts falling due in

Amounts due for settlement within 12 months as shown under current liabilities	143	76	-	-
Amounts due for settlement after 12 months	<u>654</u>	<u>731</u>	<u>-</u>	<u>-</u>
	797	807	-	-

Bank loans of £116,000 (2013 £161,000) were arranged at fixed interest rates and expose the Company to fair value interest rate risk. Other borrowings are arranged at floating rates and expose the Company to cash flow interest rate risk. The Director considers that the carrying amount of bank overdrafts and loans approximates their fair value.

The other principal features of the Company's borrowings are as follows:

Bank overdrafts are repayable on demand. No overdrafts have been secured on the Group's assets. The average effective interest rate on bank overdrafts is determined based on 7.5 per cent plus base rate. A US dollar bank loan of \$318,060 was taken out on 30/08/2010. Repayments commenced on the 30/09/2010 and will continue to 30/08/2015. The loan is repayable at 6.5 per cent above the US base rate and is secured on property, plant and equipment purchased via the loan.

## 18. DEFERRED TAX

The following are the major deferred tax liabilities and assets recognised by the Group and movements thereof:

	Tax losses £'000	Accelerated Capital allowances £'000	Group Total £'000
At 1 April 2012	121	(2)	119
Charge to Income Statement			
Exchange Differences	(1)	-	(1)
At 1 April 2013	<u>120</u>	<u>(2)</u>	<u>118</u>
Charge to Income Statement	6	2	8
Exchange differences	(10)	-	(10)
At 31 March 2014	<u>116</u>	<u>-</u>	<u>116</u>

## Notes to the Financial Statements

**18. DEFERRED TAX (continued)**

Certain deferred tax asset and liabilities have been offset. The following is the analysis of the deferred tax balances

	<b>Group 2014 £'000</b>	<b>Group 2013 £'000</b>
Deferred tax liabilities	-	(2)
Deferred tax assets	<u>116</u>	<u>120</u>
	116	118

At the balance sheet date, the Group had unused tax losses of £1,886,000 (2013: £1,010,000) available for offset against future profits. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary difference can be utilised. Their carrying amount is reviewed at each balance sheet date on the same basis.

**19. SHARE CAPITAL (Group and Company)**

	<b>31.3.14 £'000</b>	<b>31.3.13 £'000</b>
<b>Authorised</b>		
26,500 Ordinary Shares of £200 each	5,300	5,300
<b>Allotted, issued and fully paid</b>		
20,674 Ordinary Shares of £200 each	4,135	-
20,559 Ordinary Shares of £200 each	-	4,112

The Company has one class of ordinary shares which carries no right to fixed income.

**20. SHARE OPTIONS**

Under the share option schemes operated by the Company, at 31 March 2014, all share options have expired.

No share options have been granted since December 1998.

**21. ANALYSIS OF NET FUNDS AND RECONCILIATION OF NET CASH OUTFLOW TO MOVEMENT IN NET FUNDS**

	<b>At 1.4.13 £'000</b>	<b>Cash flow £'000</b>	<b>At 31.3.14 £'000</b>
Cash at bank and in hand	87	92	179
Overdraft	(20)	(61)	(81)
Bank Loan and Obligations under finance leases	(278)	95	(183)
Related Party Loans	<u>(626)</u>	<u>26</u>	<u>(600)</u>
	(837)	152	(685)

## Notes to the Financial Statements

### 22. NET CASHFLOW FROM OPERATING ACTIVITIES

	Group Year to 31.3.14 £'000	Group Year to 31.3.13 £'000	Company Year to 31.3.14 £'000	Company Year to 31.3.13 £'000
Profit/(Loss) from operations	106	114	(25)	(142)
Depreciation of property, plant and equipment	108	168	-	-
Amortisation development costs	603	537	-	-
Impairment of investments	-	-	(108)	-
Exchange gain/(loss)	103	(55)	-	-
Operating cash flow before movement in working capital	920	764	(133)	(142)
Decrease/(Increase) in stocks	59	83	-	-
Decrease/(Increase) in debtors	182	34	(23)	(13)
(Decrease)/Increase in creditors	(445)	92	131	159
Cash generated by operations	716	973	(25)	4
Interest income	-	-	-	-
Interest paid	(25)	(24)	-	(2)
Income tax paid	(49)	(26)	-	-
R&D tax credit	-	-	-	-
Net cash from operating activities	642	923	(25)	2

### 23. FINANCING ACTIVITIES

	Group Year to 31.3.14 £'000	Group Year to 31.3.13 £'000	Company Year to 31.3.14 £'000	Company Year to 31.3.13 £'000
(Repayment)/Proceeds of Loans and finance leases	(121)	37	-	-
Increase/(Decrease) in bank overdraft	61	(5)	-	-
Share Issue	23	-	23	-
Net cash inflow/(outflow) from financing	(37)	32	23	-

### 24. OPERATING LEASE ARRANGEMENTS

At 31 March 2014, the balance sheet date, the Group had commitments for future minimum lease payments under non-cancellable operating leases as set out below

	31.3.14 Land & buildings £'000	Other £'000	31.3.13 Land & buildings £'000	Other £'000
Within one year	126	-	126	-
In the second to fifth years	378	-	378	-
	504	-	504	-

**25. OBLIGATIONS UNDER FINANCE LEASES**

	<b>Minimum Lease Payments</b>	
	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Within one year	40	49
in the second to fifth year	27	68
After 5 years	-	-
Present value of lease obligations	67	117

It is the group policy to lease certain of its assets under finance leases. The average lease term is 5 years. The effective borrowing rate is 3.5%. Interest rates are fixed at the contract date. All leases are on fixed repayment basis and no arrangements have been entered into for contingent rental payments. All lease obligations are denominated in US dollars. The fair value of the lease obligations approximates their carrying amount. The group's obligations under finance leases are secured by the lessors rights over the leased assets. Future finance charges amount to £11,620.

**26. CONTINGENT LIABILITIES AND CHARGES**

There is a fixed charge over the fixed assets and a floating charge over the other assets of Network Technology plc, Ringdale UK Limited and Nextus Limited in favour of Barclays Bank by way of two debentures dated 8th November 2002 and 24th September 2001. These registered charges cross guarantee the debts of each of these companies. Personal guarantees of £50,000 each have been provided by K & H Bollmann on behalf of Nextus Limited.

**27. RELATED PARTY TRANSACTIONS**

Transactions between the companies and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. The following transactions took place during the period at arms length. Woodgate Trust charged £39,600 (year to 31 March 2013: £39,600) in respect of rent and the amount of £158,947 was outstanding at 31 March 2014. This amount is shown in related party payables in Note 16.

WPM Internet Limited is considered to be a related party as it is controlled by close family of K. Bollmann and Mrs H. Bollmann. During the year, purchases of £100,390 (year ended 31 March 2013: £523,066) were made from this company. At 31 March 2014 £1,727,322 (2013: £2,026,770) was outstanding to WPM Internet Limited. This amount is shown in trade payables in Note 16.

Woodgate Property Inc is considered to be a related party as it is controlled by K. Bollmann and Mrs H. Bollmann. Woodgate Property Inc charged the group £86,897 in respect of rent during the year (2013: £88,501).

<b>Unsecured loans outstanding from related parties</b>	<b>Group Year to 31.3.14 £'000</b>	<b>Group Year to 31.3.13 £'000</b>
Woodgate Trust	43	54
Woodgate Property Inc	23	35
Woodgate FURBS	236	236
Loan outstanding to Mr. and Mrs Bollmann	298	301

The ultimate controlling party is K. Bollmann and Mrs H. Bollmann via their shareholdings and as trustees of The Woodgate Trust which also hold shares in the Company.

Woodgate FURBS is considered to be a related party as K. Bollmann and Mrs H. Bollmann are Trustees.

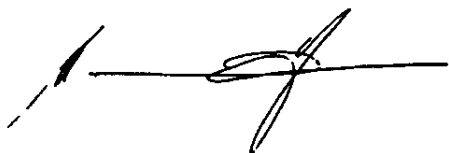
NOTICE IS HEREBY GIVEN that an ANNUAL GENERAL MEETING of the Company will be held at 26 Victoria Way, Burgess Hill, West Sussex on Friday, 26th September 2014 at 12 00 noon, for the purpose of considering and if thought for, passing the following resolutions of which resolutions 1 to 4 will be proposed as ordinary resolutions and resolution 5 will be proposed as a special resolution

### Ordinary Resolutions

- 1 DEALS with the receipt of the financial statements for the year ended 31 st March 2014 which the Directors are required to present to the shareholders in the General Meeting
- 2 DEALS with the appointment and remuneration of the Auditors A public company must appoint Auditors Their appointment is renewed each year at the Annual General Meeting The Directors wish to appoint PRB Accountants LLP In accordance with common practice, the resolution also authorises the Directors to fix the Auditors' remuneration
- 3 THE Directors feel that they may need the flexibility to be able to finance business opportunities, as they arise, by the possible issue of equity in the Company The Company has granted such authority to the Directors already which expires at the 2014 Annual General Meeting The authority is for 9.9% of the issued Share Capital of the company
  - (i) this authority shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution unless renewed, varied or revoked by the Company in general meeting save that the Company may before such expiry make offers or agreements which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired, and
  - (ii) that this authority shall be to the exclusion of and in substitution of any such earlier authority to the extent unused
- 4 DEALS with the confirmation of the appointment of Jan Bollmann as an Executive Director to the Board of the Company

### Special Resolutions

- 5 TO give the Directors the power to make allotments of equity securities up to £407,000 as if the pre-emption rights attached to the Ordinary Shares of £200 each did not apply to any such allotments
  - (i) Be limited to the allotment of equity securities up to an aggregate nominal amount of £407,000 (representing 9.9% of the then existing issued ordinary share capital of the Company),
  - (ii) Expire at the conclusion of the next Annual General Meeting of the Company (unless previously renewed, varied or revoked by the Company),
  - (iii) Allow and enable the Directors to make offer or agreement before any such expiry which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired, and
  - (iv) Shall be in substitution for any authority previously conferred by the Directors pursuant to section 95 of the Act



By Order of the Board  
Hannelore E. Bollmann  
Company Secretary  
29 August 2014

Registered Office Ringdale House, 26 Victoria Way, Burgess Hill, West Sussex, RH15 9NF

## Notice of the Annual General Meeting

The logo consists of the letters 'NT' in a white, serif font, set against a solid black rectangular background.

### NOTES

- 1 A member is entitled to attend and vote at the above Meeting and is entitled to appoint a proxy to attend and (on a poll) vote instead of him. A proxy need not be a Member of the Company.
- 2 If you wish to appoint some person of your own choosing as your proxy, you must complete in block capitals his/her name and (where declared) delete the words 'or failing him/her, the Chairman of the meeting' and initial the alteration.
- 3 Please indicate with an 'X' how you wish your vote to be cast. On receipt of this form duly signed without any specific directions, the proxy will vote or abstain at his/her discretion.

## Explanatory Notes

Shareholders may find it useful to have some explanatory notes in connection with the documentation and business to be conducted at the forthcoming Annual General Meeting

The notice of the Annual General Meeting - this sets out the business that will be dealt with at the meeting. Ordinary Resolutions are passed by a simple majority of shareholders voting in person or by proxy. A Special Resolution requires 75% of the shareholders voting in favour (in person or by proxy) for it to be adopted.

Proxy cards - allow a shareholder to appoint a proxy to vote if he/she is unable to attend the meeting in person. A proxy holder at the meeting may not address the meeting. However, if he/she does not appoint a proxy, a shareholder may also vote in a poll vote if he/she does not wish to appoint a proxy holder by completing and returning the proxy card. It is normal custom for the Chairman of the meeting to be appointed the proxy holder who will vote as instructed if a poll vote is called. The proxy card must reach the Registrars of the Company, Network Technology Plc, 26 Victoria Way, Burgess Hill, West Sussex, RH15 9NF, by not less than 48 hours before the time for holding the meeting.

Resolution 1 - THAT the reports of the Directors and Auditors, the audited profit and loss account of the Company for the year ended 31st March 2014 and the balance sheet of the Company as at 31st March 2014 be received and each of them is hereby adopted.

Resolution 2 - To re-appoint PRB Accountants LLP to continue as Auditors to the Company to hold office until the conclusion of the next Annual General Meeting at which accounts are laid before the Company and the Directors are hereby authorised to fix the Auditors' remuneration.

Resolution 3 and Special Resolution 5 - THAT the Directors, pursuant to section 570 of the Act, are hereby given power to allot equity securities (within the meaning of section 560 of the Act) for cash as if sub-section 561 of the Act did not apply to any such allotment, PROVIDED THAT the power conferred hereby shall

(i) Be limited to the allotment of equity securities up to an aggregate nominal amount of £407,000 (representing 9.9% of the then existing issued ordinary share capital of the Company),

(ii) Expire at the conclusion of the next Annual General Meeting of the Company (unless previously renewed, varied or revoked by the Company),

(iii) Allow and enable the Directors to make offer or agreement before any such expiry which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired, and

(iv) Shall be in substitution for any authority previously conferred by the Directors pursuant to section 95 of the Act.

Resolution 4 - To confirm the appointment of Jan Bollmann as Executive Director to the Board of the Company. His current responsibilities are all aspects related to the FollowMe product line as well as being the CIO to the Group.

# NT

NETWORK  
TECHNOLOGY  
P L C

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