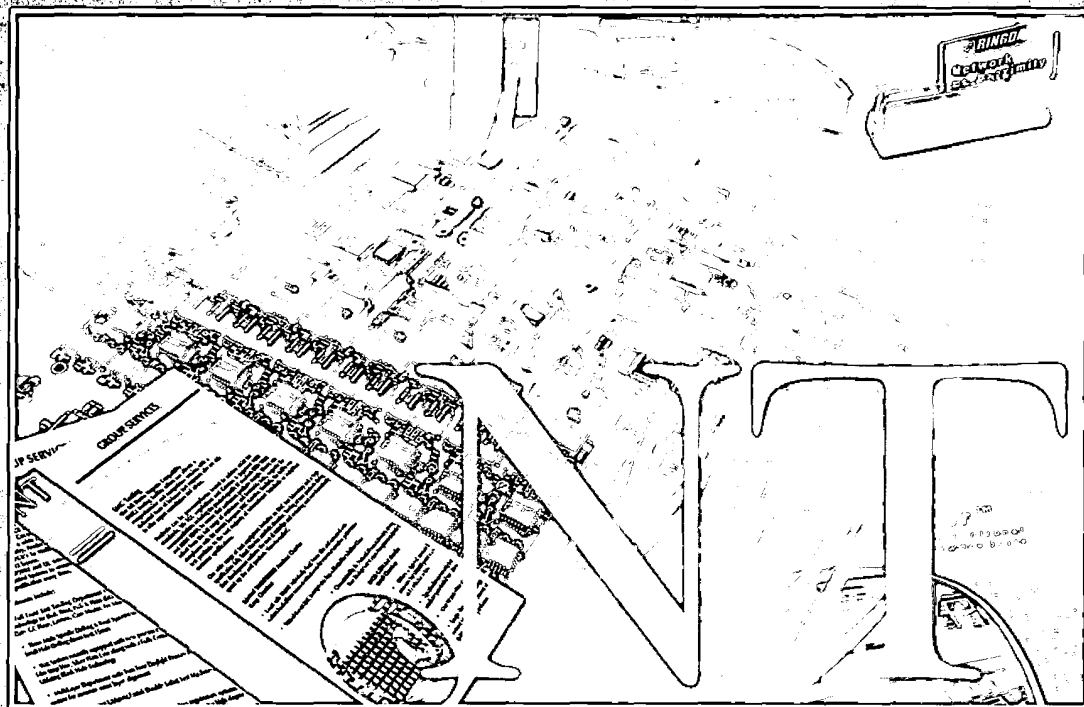


ANNUAL REPORT



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NETWORK
TECHNOLOGY
P L C



Annual Report 2018

DIRECTORS

Klaus Bollmann
Hannelore E. Bollmann
Jan Bollmann

(Chairman & Chief Executive)
(Commercial Director & Finance Director)
(Director of Engineering & FollowMe Division)

COMPANY SECRETARY Hannelore E. Bollmann

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RH15 9NF
Tel: 01444 870408
Fax: 01444 870452

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Statutory Auditor
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Hurstwood Grange
Hurstwood Lane
Haywards Heath
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RH17 7QX

BANKERS Barclays Bank PLC
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Ashford
Kent
TN24 8ZB

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1910 W. Braker Lane
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Chase Bank
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USA

SOLICITORS Hammond Suddards Edge
7 Devonshire Square
Cutlers Gardens
London
EC2M 4YH

Fulbright & Jaworski
600 Congress Avenue
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 600 shareholders.

We operate in all major regions of the world except China, 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 and manufactured by Nexus Inc. and marketed by group companies Ringdale®, the main brand of the Group.

Due to the Group's variety of marketable technology sub-brands were created for major product lines; FollowMe® Document and Print Output Management solutions 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 needs and 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 Solution
- 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
- 2015 Battery Fuel Gauge, DC-Motor Controller, 100A DC Solid State Relay, 100A Isolation Diode
- 2016 FollowMe version 6.2 release. Explosion Proof LED Lighting Fixtures, Stadium LED Lighting Fixtures, Energy Monitor and Automation Controller for Home and Industrial Use with built-in web server, 48 V-DC Condensation Pump, highly reliable and robust water and contaminated water level sensor system
- 2017 ActiveLED Marine Fixtures boasting 150lm/Watt initial lumens. New performance high bay series pushing 43,000 lumens at 288 Watt. New battery charging system for LiFePO₄ batteries. Performance Color LED lighting for monuments and building facia.
- 2018 High efficiency, scaleable Battery Cell Balancer and Charger for LiFePO₄ battery systems, Marine Search Light as well as High Power RGBW Lighting System.

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 USA and Japan.

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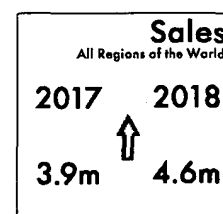
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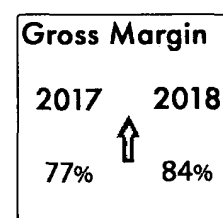
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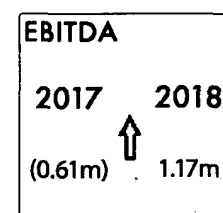
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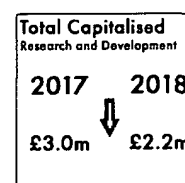
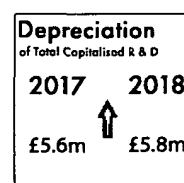
Sales increased overall by 20%, as a result of FollowMe sales moving up by 18% and ActiveLED sales increasing by 53%.



Gross margins improved by 7%, mainly as a result of high margin software sales and mature lighting product lines.



Earnings (Losses) before interest, taxes, depreciation and amortization.



Due to the nature of our business a large amount is re-invested 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.

Results

Measures taken to improve the Company's performance in August (2017) of the financial year resulted in a slightly better outcome for the year. Partly due to the vastly improved US economy, but still sluggish world economy and Europe, we have made a profit of £139,000 (2017: loss of 897,000). Operating profit was £162,000 (2017: loss of £872,000) with continued investment in manufacturing equipment for LED Lighting, R&D as well as marketing. We continue to assume significant growth in sales over the coming years from those investments.

Turnover (Sales) for the year amounted to £4.6 million, a increase of 20% from the previous year (2017: £3.88 million) due to increased sales of our FollowMe product line, and continued sales of our LED Light Fixture products and further reduction of legacy products and NRE charges. Gross margins increased to 84% (from 77% in 2017) assisting to cover operating costs which decreased by 4% to £3.7 million. Earnings per share increased to profit of £3.53 (2017: earnings loss of £48.37).

The Company continued to focus on marketing activities and developing its channels for its key products. Our order book at the end of July 2018 was US\$ 204,000 compared to US\$ 200,000 this time last year.

Bank borrowings were at £212,000 (see note 16) at the year end due to financing of operation expenses in US operations, compared to £174,000 (see note 15) at the previous year end.

Dividends

The Directors are unable to recommend the payment of a final dividend for the year.

Product Development

The Company has continued to focus on its main product lines:

- FollowMe® is the all-in-one solution for office printing environments, providing the widest range of functionality for cost control, security and mobile printing. Since launching the FollowMe technology, our solutions are trusted by organisations across all industries, including Finance, Healthcare, Education and Public Sector.
FollowMe works with output devices from any printer manufacturer and is available direct or via our global partner network. We have strategic relationships with the leading printer manufacturers including Canon, Hewlett Packard, Lexmark, Konica Minolta, Kyocera Mita, OKI, Ricoh, Samsung, Sharp, Toshiba and Xerox.
- ActiveLED® is advanced LED lighting, continues to have 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 180 ActiveLED fixtures, Ringdale has the largest range of industrial LED fixtures among its peers today. Recently adding Hazardous lighting and Vandal Resistant lighting to our portfolio. The company has seven granted patents in USA, four in Japan with 5 patents applied for in this space with priority dates reaching back to 2007.
ActiveLED® is a registered trademark 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. The system also allows mobile devices to control lighting and air conditioning with a LightSpace App now available on the Apple Store.
- ActiveClimate® air conditioning systems can be used as carbon neutral air conditioning (cool and heat) or as de-humidification or water-from-air systems for domestic, commercial or industrial applications.
- The Explorer Energy Usage Monitor range of products with Ethernet and WiFi connectivity, was added to Ringdale's and ActiveLED product lineup.

Chairman's Statement

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 7 Patents granted, 7 Patents pending relating to its LED Light Fittings, Power Supplies and Reflector and Heat Sink technology. As well as one patent granted for an Air Conditioning and Lighting Fixture and two more patents pending relating to higher efficiency air conditioning systems.

Corporate Activity

We are continuing to rebuild our sales team to better serve our prospects throughout the Group and some progress has been made reflected in higher sales, considering that the changes only happened in August 2017, already an improvement can be seen for the last 8 months of the financial year ending 31 March 2018.

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.

Copies of the 2018 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. 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.

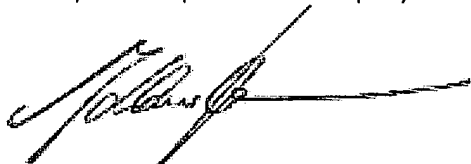
Guidance to the Shareholders

On July 1, 2018 the Company had firm orders of US\$204,000 for delivery within the next 12 months or less.

A 18% increase in FollowMe Printing and 53% higher ActiveLED lighting sales resulted in a significant increase in compound sales of 20% compared to the last financial year (ending March 2017).

Our focus remains on the development of revenues from our current product base as well as the development of FollowMe solutions 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 continues to consider whether to 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
5 September 2018

Operating and Financial Review

The Group had an operational profit of £162,000 (2017: loss of £872,000) Overall the group achieved a turnover of £4.64million (£3.88million in the previous period) as a result of increased FollowMe sales in all its markets and an increase in Lighting Sales in the US. See also additional information on Operating Review covered in the Chairman's Statement on pages 3 and 4.

Financial Review

Costs in the year to 31 March 2018 decreased due to a restructuring of the ActiveLED product sales and marketing in the USA.

The highlights of the year since the last report are:

1. The Group closed the year with a profit as a result of increased FollowMe and lighting sales.
2. Continued significant R&D investments for FollowMe and Lighting related product lines.
3. Combined Sales increased by 20% compared to last year.
4. FollowMe sales increased by 18% while LED Lighting sales increased by 53% compared to last year.
5. Overheads decreased by 4% to £3.7 million in the 12 month period to 31 March 2018.

Overheads

The decrease in overheads is due to cost reducing measures taken in August 2017. The effect of the changes implemented should have a larger positive impact on overheads in the current financial year. Although, additions to the sales force are anticipated.

Performance

The Group achieved a turnover of £4.64 million in the year ended 31 March 2018. The Group continued to focus on channel business via its Ringdale brand, direct and OEM sales under the ActiveLED brand. The increase in LED lighting products is due to the change in our sales approach to more direct and OEM customers.

Earnings per share and dividends

Basic profit per ordinary share was £3.53. The Directors are unable to recommend the payment of a final dividend.

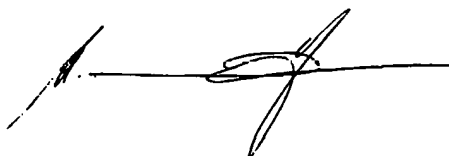
Cash flow

The cash inflow from operating activities was £653,000 compared to outflow of £4,000 in the 12 months to 31 March 2017.

Capitalising Significant R&D

A significant amount of new development for LED Lighting Fixtures, embedded FollowMe 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.

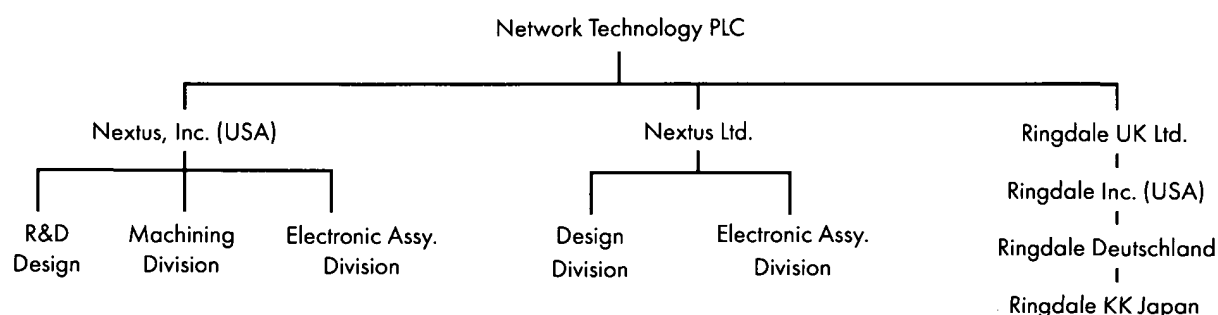


Hannelore E. Bollmann

Commercial Director

5 September 2018

Nextus Limited Profile



Nextus Limited, is 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.

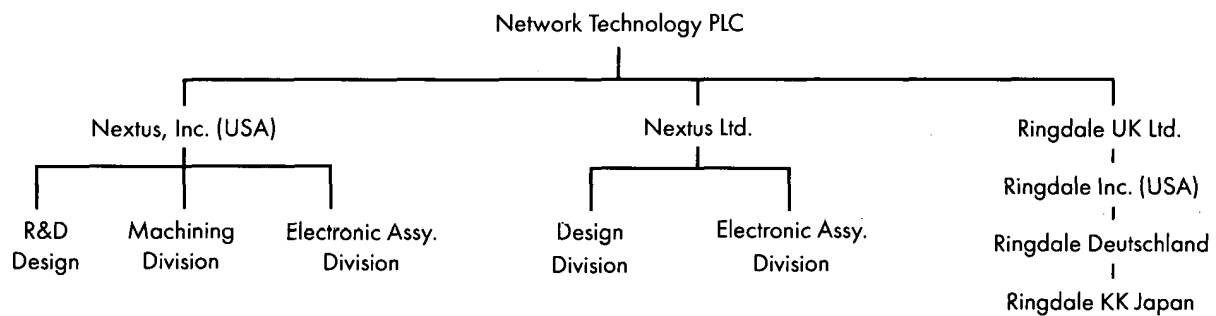
New developments that were completed in the period are the ActiveBAS Building Automation System for management and auditing of energy use of lighting, air-conditioning and other electrical devices. The system is based on communication hardware based on modern ARM processor technology and server application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

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

All Nextus' products are manufactured within an ISO 9001:2015 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

Nextus is the manufacturing and logistics centre for the Group's products in the EMEA markets.



Founded originally in 1987 and acquired by the Group in 1997, Nextus Inc. underwent facility upgrades during the year including in-house powder coating, a welding robot and design software upgrades.

The Company 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 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.

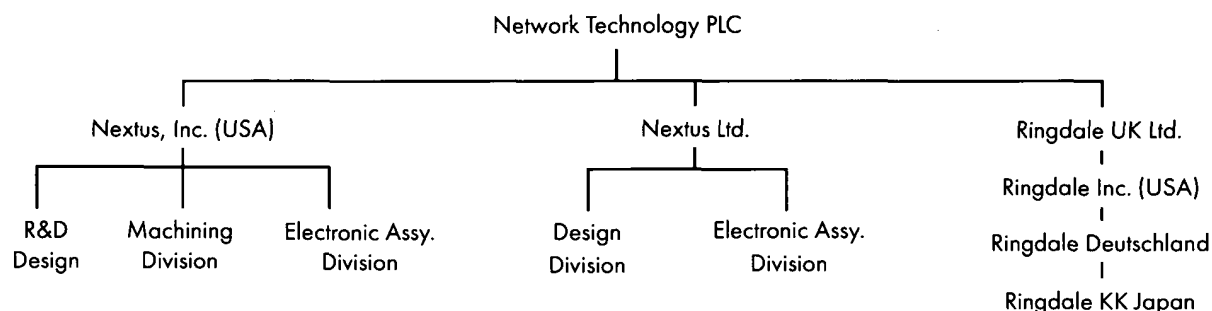
Nextus deals with North American OEM businesses and provides manufacturing and design resources to the Ringdale brand.

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

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
- The development of Battery Charger technology for LiFePO₄ battery systems that enhance battery life, and improve charge and cycle depth as well as significantly reducing cell failure.

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



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.

Ringdale continues to grow its global market presence within smart office and workplace solutions, through key strategic partnerships.

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

FollowMe®

FollowMe from Ringdale is the complete document output management solution, which provides unrivalled flexibility enabling organisations to reduce costs, increase security and improves the efficiency of their printing environments.

For many organisations waste from documents, left uncollected at the printer, can equate to 30% of all printing causing concern for revenue margins. By controlling waste and facilitating business process improvement, FollowMe helps organizations reduce costs by up to 60% and minimizes the time required to manage printing environments. It also provides Finance and IT managers with the reporting tools to identify savings or recover costs from departments or customers.

Whether operating a printing environment or implementing a Managed Print Service (MPS) strategy to optimize the IT infrastructure, FollowMe quickly enables organisations to maximize cost savings and increase security. FollowMe will grow with the needs of organisations, delivering continuous improvement to the productivity of document workflow, essential when competing within this tough economic climate.

As a highly scalable solution working with output devices from any printer manufacturer, FollowMe ensures usability and adaptability within diverse printing environments, supporting both host and office printing.

Since launching the FollowMe and the print roaming technology we have continued to be at the forefront of the industry for over three decades.

We currently maintain offices in the United States, United Kingdom, Singapore and Japan. We have built a strong global partner network and forged strong relationships with the world's leading printing manufacturers including Canon, Hewlett Packard, Lexmark, Konica Minolta, Kyocera Mita, OKI, Ricoh, Samsung, Sharp, Toshiba and Xerox.

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 180 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 and typically 30% compared to most other LED lighting.

We recently added world leading Red, Green, Blue and White High Performance lighting for monuments and large building structures that can reach hundreds of feet with a scotopic light output of up to 56,000 lumens per color or a 100 Watt RGBW fixture with scotopic 30,300 lumens. The light fixtures can be controlled remotely via ActiveLED control technology as well as as secure infrared remote control.

Ringdale LED light fixtures are now deployed for more than 10 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 84,000 running hours without failure of power supplies, reduction in light output or correlated colour temperature (CCT) shift.

In the Corporate Governance Section

There is a commitment to high standards of corporate governance throughout the Group. This corporate governance report intends to provide its shareholders with a clear view of the Group's governance arrangements and how it has operated during the year. The report is structured as follows:

Leadership	p. 10
Effectiveness	p. 12
Relations with Investors	p. 12
Relations with social and environmental stakeholders	p. 17
Accountability	p. 13
Remuneration	p. 14

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. 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.

Corporate Governance Report

Leadership

Leading the Company to the LSE in 1995 and exiting the Listed Market in 2010 while retaining the Group's purpose and outlook to return to the ability to return funds to shareholders has been challenging in an ever changing world economic model. Throughout the Company has maintained the highest standards possible, modelled on the UK Corporate Governance Code.

As we still have over 600 shareholders as a private public company, we will continue to maintain those high standards in the future, albeit we can only comply to the "Code" within its applicability and appropriateness for a small private public company. Maintaining compliance with the Code allows us to move fast into any corporate structure including a re-listing in the future.

In addition to our independently audited ISO-9001 Quality System, additional initiatives contribute to our aim of improving trust and transparency by ensuring that all colleagues understand their role and duties and by creating a culture where individuals feel empowered to speak up and voice concerns.

Succession planning is a key priority for the board as well as the promotion of succession planning in the middle management and individual departments of the various group companies. We had Jan Bollmann join the Board in 2014 and will continue to strengthen the Board as the company performance will allow or require.

Corporate Governance Report

Board of Directors**Klaus Bollmann**

(Chairman & Chief Executive), aged 62, cofounded the Group in 1985. Previously, Mr. Klaus 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 59, 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.

Jan Bollmann

Chief Information Officer and Executive Director of the FollowMe division, aged 36, joined the Board as a full Executive Director in 2014. Mr Jan Bollmann was instrumental in the re-building of the FollowMe solution in 1998, took on the role as Marketing Director of the division in 2002 and has since spearheaded the FollowMe division to become a leader in the field of Document and Print Output Management within the Enterprise Solution space. He is also the division's chief technologist and a thought leader in this field.

Corporate Governance Report

Effectiveness

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.

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 Non-executive Directors in the period.

The Board

The Board had 4 formal Board Meetings at their UK Headquarters where all Board Members attended. 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.

Relations with Investors

The Group reports formally to shareholders once a year. A full Annual Report and Accounts is issued to all shareholders on the Company website only. In addition, as soon as the Financials are announced, interim or final results are posted on the Group's web site (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 28 September 2018. 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.



Accountability

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.

Nomination Committee

The Board currently takes on the function of the Nomination Committee. No nominations were made in the period.

Directors' Remuneration Report

Directors' Remuneration Report

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 15). The compensation will be reviewed when appropriate.

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.

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.

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

Directors' remuneration including pension costs:

	Year ended 31 March 2018				
	Salary/ Fees £'000	Benefits £'000	Pension Costs £'000	Total Costs £'000	Year to 31.3.17 £'000
Executive Directors					
K. Bollmann	11	-	-	11	10
H. Schlieker-Bollmann	11	-	-	11	10
Total	22	-	-	22	20

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 2018 was £Nil (year ended 31 March 2017 - £Nil). The pension cost for the highest paid employee was £Nil (year ended 31 March 2017 - £Nil).


Directors' interests

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

Name (see notes below)	As at 31.3.18 Ordinary £200 Shares	As at 31.3.17 Ordinary £200 Shares
K. Bollmann and H. Schlieker-Bollmann	11,755	11,687

Notes regarding holdings at 31 March 2018:

- 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, 759 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
5 September 2018

Directors' Report

Directors' Report

The Directors present their report together with the audited financial statements for the year ended 31 March 2018.

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.

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. E. Bollmann	Commercial Director & Acting Finance Director
J. Bollmann	Chief Information Officer and Executive Director of the FollowMe Division

The interests of the Directors in shares in the Company are disclosed in the Remuneration Report on pages 14 to 15. Other than set out in note 22, 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 18.

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. Please refer to the Chairman's Statement and new product summary in the Strategic Report section.

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 2019 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.

Directors' Report

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 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 August 2018, there have been no serious accidents at any of our manufacturing sites in Burgess Hill or Texas.

Environmental Performance

In our US and UK 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 3 decades 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 years 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.

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.

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.

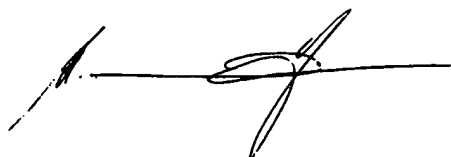
Authority to allot shares

At the Annual General Meeting in September 2018 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. The authority will expire at the next AGM, no shares were issued in the period. The directors intend to renew that authority at the upcoming AGM.

Directors' statement of disclosure of information to auditor

Having made the requisite enquiries, the Directors in office at the date of this Annual Report and Financial Statements have each confirmed that, so far as they are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Group's auditor is unaware, and each of the Directors has taken all the steps he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the Group's auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

On behalf of The Board



Hannelore E. Bollmann
Company Secretary

5 September 2018

Network Technology Plc

*Financial Statements for the year
to 31st March 2018*

Statement of Directors' Responsibilities

Statement of Directors' Responsibilities

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

Company law requires the director to prepare group 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 group 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.

Opinion

We have audited the financial statements of Network Technology Plc (the 'group' and the 'company') for the year ended 31st March 2018 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cashflows and related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the group and company's affairs as at 31st March 2018 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis of opinion

We conducted our audit in accordance with International Standards on auditing (UK)(ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statement section of our report. We are independent of the company and the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with the requirements. We believe the audit evidence we have obtained is sufficient and appropriate to provide the basis for our opinion.

Material uncertainty related to 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 28 of the financial statements concerning the company and group's ability to continue as a going concern. Although the group made a profit of £73,000 in the year ended 31st March 2018 the group's current liabilities exceeded its current assets by £2,238,000. The group and company is reliant upon continued support of related parties, as disclosed in note 22 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 group was unable to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial information does not cover the other information and, except to the extent explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement of the other information. If, based on the work we have performed, we conclude there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed in the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the strategic report and the directors report has been prepared in accordance with the applicable legal requirements.

Independent Auditor's Report to the Members of Network Technology PLC

Matters on which we are required to report by exception

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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;

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

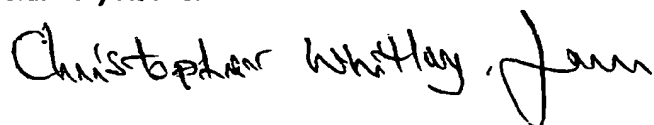
Our objectives are to obtain reasonable assurances about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of the users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide the basis of our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the internal control.
- Evaluate the appropriateness of the accounting policies used and the reasonableness of the accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, amongst other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Christopher Whitley-Jones (Senior Statutory Auditor) for and on behalf of PRB Accountants LLP,
Statutory Auditor**



5 September 2018

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

Group Consolidated Income Statement

GROUP CONSOLIDATED INCOME STATEMENT

	Notes	Year to 31 March 2018 £'000	Year to 31 March 2017 £'000
Turnover	5	4,641	3,881
Cost of sales		<u>(734)</u>	<u>(861)</u>
Gross profit		3,907	3,020
Administrative expenses		<u>(3,745)</u>	<u>(3,892)</u>
Operating profit/loss		162	(872)
Interest receivable and other income		2	-
Interest payable and similar charges		<u>(25)</u>	<u>(25)</u>
Profit/loss on ordinary activities before taxation	6	139	(897)
Tax on profit on ordinary activities	8	<u>(66)</u>	<u>(103)</u>
Profit for the financial year		73	(1,000)
Profit for the financial year attributable to:			
Owners of the parent		73	(1,000)
Non-controlling interests		-	-

GROUP CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year to 31 March 2018 £'000	Year to 31 March 2017 £'000
Profit/loss for the financial year	73	(1,000)
Currency translation differences on foreign currency net investments	(70)	137
Total comprehensive income for the financial year	<u>3</u>	<u>(863)</u>
Total comprehensive income for the financial year attributable to:		
Owners of the parent	3	(863)
Non-controlling interests	-	-

Group and Company Statement of Financial Position

	Notes	Group		Company	
		31.3.18 £'000	31.3.17 £'000	31.3.18 £'000	31.3.17 £'000
Fixed Assets					
Intangible Assets	10	2,192	2,995	-	-
Tangible Assets	11	231	262	-	6
Investments	12		-	181	187
		<u>2,423</u>	<u>3,257</u>	<u>181</u>	<u>193</u>
Current Assets					
Stock	13	1,058	1,149	-	-
Debtors	14	651	503	108	117
Cash at bank		408	110	4	-
		<u>2,117</u>	<u>1,762</u>	<u>112</u>	<u>117</u>
Creditors					
Amounts falling due within one year	15	(4,355)	(5,002)	(1,408)	(1,269)
		<u>(2,238)</u>	<u>(3,240)</u>	<u>(1,296)</u>	<u>(1,152)</u>
Total current liabilities					
		<u>185</u>	<u>17</u>	<u>(1,115)</u>	<u>(959)</u>
Total assets less current liabilities					
Creditors					
Amounts falling due after more than one year	16	(156)	-	-	-
Provisions		(9)	-	-	-
		<u>20</u>	<u>17</u>	<u>(1,115)</u>	<u>(959)</u>
Net Assets					
		<u>20</u>	<u>17</u>	<u>(1,115)</u>	<u>(959)</u>
Capital and Reserves					
Called up share capital	18	4,135	4,135	4,135	4,135
Share premium account	19	8,044	8,044	8,044	8,044
Foreign exchange translation reserve	19	185	255	-	-
Capital redemption reserve	19	12	12	12	12
Merger reserve		-	-	1,963	1,963
Profit and loss account	19	(12,356)	(12,429)	(15,269)	(15,113)
		<u>20</u>	<u>17</u>	<u>(1,115)</u>	<u>(959)</u>

These Financial Statements were approved by the Board of Directors and authorised for issue on the 5th of September 2018 and are signed on its behalf by:



Klaus Bollmann

COMPANY REGISTRATION NUMBER 3055360

Group Consolidated Statement of Cash Flows

	Group Year to 31.3.18 £'000	Group Year to 31.3.17 £'000
Cash flows from operating activities		
Profit /loss for the financial year	73	(1,000)
Adjustments for:		
Amortisation of intangible assets	903	857
Depreciation of tangible assets	109	101
Interest paid	25	25
Interest received	(2)	-
Taxation	66	103
Decrease/(increase) in trade and other debtors	(149)	173
Decrease/(increase) in stock	91	(25)
(Decrease)/increase in trade creditors	(459)	(235)
Cash from operations	657	(1)
Income taxes paid	(4)	(3)
Net cash generated from operating activities	653	(4)
Cash flows from investing activities		
Proceeds from sale of tangible assets	-	-
Purchases of tangible assets	(98)	(59)
Proceeds of intangible assets	(411)	(924)
Interest received	2	-
Net cash from investing activities	(507)	(983)
Cash flows from financing activities		
Proceeds of related party transactions	(42)	478
Proceeds of bank loans	219	129
Proceeds of finance lease obligations	55	-
Interest paid	(25)	(25)
Dividends paid	-	-
Net cash used in financial activities	207	582
Net increase in cash and cash equivalents	353	(405)
Foreign exchange translation adjustments	(55)	84
Cash and cash equivalents at the beginning of the year	110	379
Cash and cash equivalents at the end of the year	408	110

Group and Company Consolidated Statement of Changes in Equity



Group Statement of Changes in Equity

	Called-up Share Capital £'000	Share Premium £'000	FX Translation Reserve £'000	Profit and Loss Account £'000	Other Reserves £'000	Non controlling interests £'000	Total £'000
At 1.4.2016	4,135	8,044	141	(11,429)	12	-	880
Loss for the year	-	-	-	(1,000)	-	-	(1,000)
Other comprehensive income	-	-	-	-	-	-	-
Foreign exchange translation difference	-	-	137	-	-	-	137
Share of other comprehensive income of associates	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	137	(1,000)	-	-	(863)
Issue of Shares	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-
At 31.3.2017	4,135	8,044	255	(12,429)	12	-	17
Profit for the year	-	-	-	73	-	-	73
Other comprehensive income	-	-	-	-	-	-	-
Foreign exchange translation difference	-	-	(70)	-	-	-	(70)
Share of other comprehensive income of associates	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	(70)	73	-	-	3
Issue of Shares	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-
At 31.3.2018	4,135	8,044	185	(12,356)	12	-	20

Company Statement of Changes in Equity

	Called-up Share Capital £'000	Share Premium £'000	Profit and Loss Account £'000	Other Reserves £'000	Total £'000
At 1.4.2017	4,135	8,044	(14,101)	1,475	53
Profit and total comprehensive loss for the year	-	-	(1,012)	-	(1,012)
Issue of Shares	-	-	-	-	-
Dividends paid	-	-	-	-	-
At 31.3.2017	4,135	8,044	(15,113)	1,475	(959)
Profit and total comprehensive loss for the year	-	-	(156)	-	(156)
Issue of Shares	-	-	-	-	-
Dividends paid	-	-	-	-	-
At 31.3.2018	4,135	8,044	(15,269)	1,475	(1,115)

Notes to the Financial Statements

1. COMPANY 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 22.

2. BASIS OF PREPARATION

Basis of accounting

These financial statements comply with and have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and the Companies Act 2006. The financial statements have been prepared on the historical cost basis except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below.

The financial statements are set out in pounds sterling because that is the currency of the primary economic environment in which the company operates.

Basis of consolidation

The Group financial statements consolidate the financial statements of Network Technology Plc and all its subsidiary undertakings drawn up to 31 March each year.

The parent company has taken advantage of section 408 of the Companies Act 2006 and has not included its own Profit and Loss Account in these financial statements. The individual accounts of Network Technology Plc have also adopted the disclosure exemption to present a statement of cash flows and financial investment disclosures. The parent company's loss for the year was £156,000 (2017: (£1,012,000)).

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 2019 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.

3. SIGNIFICANT JUDGEMENTS AND ESTIMATES

In the preparation of the financial statements, management makes significant judgements and estimates. Capitalized R&D and Patents are capitalized at cost and depreciated over the time they will benefit the business. The lifetime of the benefits from capitalized R&D and Patents is a significant estimate.

4. PRINCIPAL ACCOUNTING POLICIES

Investment in subsidiaries

The consolidated financial statements incorporate the financial statements of the company and entities (including special purpose entities) controlled by the group (its subsidiaries). Control is achieved where the group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in total comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate using accounting policies consistent with those of the parent. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

Notes to The Financial Statements

Intangible assets

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

Software and product development costs are recognised as an intangible asset when all of the following criteria are demonstrated:

- The technical feasibility of completing the software so that it will be available for use or sale.
- The intention to complete the software and use or sell it.
- The ability to use the software or to sell it.
- How the software will generate probable future economic benefits.
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the software.
- The ability to measure reliably the expenditure attributable to the software during its development.

Amortisation is charged so as to allocate the cost of intangibles less their residual values over their estimated useful lives, using the straight-line method. The intangible assets are amortised over the following useful economic lives:

- Software development costs 5 to 7 years

If there is an indication that there has been a significant change in amortisation rate or residual value of an asset, the amortisation of that asset is revised prospectively to reflect the new expectations.

Tangible assets

Tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets, other than freehold land, over their expected useful lives, using the straight-line method. The rates applicable are:

- Plant and machinery 25%
- Computer hardware 3 years
- Furniture and equipment 15%
- Motor vehicles 25%

Impairment of assets

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carry amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Stocks

Stock are stated at the lower of cost, using the first in first out method, and selling price less costs to complete and sell.

Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Creditors

Short term trade creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Notes to the Financial Statements

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the group. All other leases are classified as operating leases.

Assets held under finance leases are recognised initially at the fair value of the leased asset (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation using the effective interest method so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are deducted in measuring profit or loss. Assets held under finance leases are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the lease term, unless the rental payments are structured to increase in line with expected general inflation, in which case the group recognises annual rent expense equal to amounts owed to the lessor. The aggregate benefit of lease incentives are recognised as a reduction to the expense recognised over the lease term on a straight line basis.

Provisions for liabilities

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

The group recognises a provision for annual leave accrued by employees as a result of services rendered in the current period, and which employees are entitled to carry forward and use within the next 12 months. The provision is measured at the salary cost payable for the period of absence unless the amount is considered to be insignificant. The directors consider the amount to be insignificant for the financial year.

Taxation

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

If and when all conditions for retaining tax allowances for the cost of a fixed asset have been met, the deferred tax is reversed.

Deferred tax is recognised when income or expenses from a subsidiary or associate have been recognised, and will be assessed for tax in a future period, except where:

- the group is able to control the reversal of the timing difference; and
- it is probable that the timing difference will not reverse in the foreseeable future.

A deferred tax liability or asset is recognised for the additional tax that will be paid or avoided in respect of assets and liabilities that are recognised in a business combination. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

With the exception of changes arising on the initial recognition of a business combination, the tax expense (income) is presented either in profit or loss, other comprehensive income or equity depending on the transaction that resulted in the tax expense (income).

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors. Deferred tax assets and deferred tax liabilities are offset only if:

- the group has a legally enforceable right to set off current tax assets against current tax liabilities, and
- the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously.

Notes to the Financial Statements

Turnover

Turnover is measured at the fair value of the consideration received or receivable, net of discounts and value added taxes. Turnover includes revenue earned from the sale of goods and from the rendering of services.

Sale of Goods

Sales of goods are recognised when goods are delivered and invoice raised.

Rendering of services

Turnover from the rendering of services is recognised by reference to the stage of completion of the contract. The stage of completion of a contract is measured by comparing the costs incurred for work performed to date to the total estimated contract costs. Turnover is only recognised to the extent of recoverable expenses when the outcome of a contract cannot be estimated reliably.

Employee benefits

Short-term employee benefits and contributions to defined contribution plans are recognised as an expense in the period in which they are incurred. The company operates a defined contribution scheme. The assets of the scheme are administered by trustees in a fund independent to the group's assets.

Foreign currency translation

Functional currency and presentation currency

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position are presented in Sterling (£).

Transactions and balances

In preparing the financial statements of the individual entities, transactions in currencies other than the functional currency of the individual entities (foreign currencies) are recognised at the spot rate at the dates of the transactions, or at an average rate where this rate approximates the actual rate at the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise. However, in the consolidated financial statements exchange differences arising on monetary items that form part of the net investment in a foreign operation are recognised in other comprehensive income and are not reclassified to profit or loss.

Translation of group companies

For the purpose of presenting consolidated financial statements, the assets and liabilities of the group's foreign operations are translated from their functional currency to Sterling (£) using the closing exchange rate. Income and expenses are translated using the average rate for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising on the translation of group companies are recognised in other comprehensive income and are not reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Notes to the Financial Statements

5. TURNOVER

Turnover, analysed geographically between markets, was as follow:

	Year to 31.3.18 £'000	Year to 31.3.17 £'000
Europe	1,932	1,703
Rest of world	<u>2,709</u>	<u>2,178</u>
	4,641	3,881

6. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The profit on ordinary activities before taxation is stated after:

	Year to 31.3.18 £'000	Year to 31.3.17 £'000
Auditor's Remuneration:		
Fees payable to the company's auditor for the audit of the company's annual accounts	34	34
Fees payable to the company's auditor and its associates for other services:	2	2
Audit of the accounts of subsidiaries	-	-
Tax compliance service	2	2
Foreign exchange losses	(24)	(11)
Operating lease rentals: Buildings	144	145
Operating lease rentals: Equipment	21	6
Research and development expensed	35	45

7. DIRECTORS AND EMPLOYEES

	Year to 31.3.18 £'000	Year to 31.3.17 £'000
Wages and salaries	1,853	2,915
Social security costs	62	67
Pension costs	<u>3</u>	<u>1</u>
	1,918	2,983

The average number of employees of the group during the year was:

	Year to 31.3.18 number	Year to 31.3.17 number
Production	11	13
Distribution	15	16
Management and administration	4	4
Research, development and technical support	<u>7</u>	<u>12</u>
	37	45

Remuneration of the directors are found on page 15.

The amount recognised in the profit and loss as an expense in relation to deferred contribution plans was £3,000 (2017: £1,000).

Notes to the Financial Statements

8.	TAX ON PROFIT ON ORDINARY ACTIVITIES	Year to 31.3.18	Year to 31.3.17
		£'000	£'000
	UK corporation tax	-	-
	Research and Development Credit	-	-
	Overseas taxes	4	3
	Deferred tax asset movement	<u>62</u>	<u>100</u>
		66	103
	The charge can be reconciled to the profit per the income statement as follows:		
	Profit/(Loss) before tax	139	(897)
	Tax of UK corporate rate of 19% (2017: 20%)	26	(179)
	Effects of:		
	Expenses not deductible for tax	6	6
	Losses carried forward	(23)	174
	Overseas taxes	4	3
	Research and Development uplift	(9)	(1)
	Deferred tax asset movement	<u>62</u>	<u>100</u>
		66	103
9.	DIVIDEND	Year to 31.3.18	Year to 31.3.17
		£'000	£'000
	Paid during the year	<u>-</u>	<u>-</u>
	Total	-	-
10.	INTANGIBLE FIXED ASSETS		
	The Group		
	Cost	1.4.17	31.3.18
		£'000	£'000
		Additions	Exchange
		£'000	Adjustments
			£'000
	Development Costs	<u>8,614</u>	<u>(991)</u>
		411	8,034
	Amortisation	Charge	Exchange
		for the year	Adjustments
		£'000	£'000
		5,619	(680)
		903	5,842
	Net Book Amount	31.3.17	31.3.18
		£'000	£'000
		<u>2,995</u>	<u>2,192</u>

Amortisation of intangible fixed assets is included in administrative expenses.

The net book value consists of FollowMe Software £55k, ActiveLED £1,878k and ActiveClimate £178k and patents £81k.

Notes to the Financial Statements

11. TANGIBLE FIXED ASSETS

The Group

Cost	1.4.17 £'000	Additions £'000	Exchange Adjustments £'000	Disposals £'000	31.3.18 £'000
Plant and hardware	2,317	98	(204)	-	2,211
Motor vehicles	56	-	(1)	-	55
Furniture and equipment	<u>188</u>	<u>-</u>	<u>(6)</u>	<u>-</u>	<u>182</u>
	2,561	98	(211)	-	2,448

	1.4.17 £'000	Provided in the year £'000	Exchange Adjustments £'000	Disposals £'000	31.3.18 £'000
Depreciation					
Plant and hardware	2,070	102	(160)	-	2,012
Motor vehicles	56	-	(1)	-	55
Furniture and equipment	<u>173</u>	<u>7</u>	<u>(30)</u>	<u>-</u>	<u>150</u>
	2,299	109	(191)	-	2,217

	31.3.17 £'000	31.3.18 £'000
Net book amount		
Plant and hardware	247	199
Motor vehicles	-	-
Furniture and equipment	<u>15</u>	<u>32</u>
	262	231

Tangible fixed assets with a carrying value of £117,000 (2017: £174,000) are pledged as a security for the group's bank loan.

The Company

Cost	1.4.17 £'000	Additions £'000	Disposals £'000	Provided in the year £'000	31.3.18 £'000
Plant and hardware	<u>6</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6</u>
Depreciation					
Plant and hardware	<u>-</u>	<u>-</u>	<u>-</u>	<u>6</u>	<u>6</u>
	31.3.17 £'000				31.3.18 £'000
Net book amount					
Plant and equipment	<u>6</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

12. INVESTMENTS

The following were the subsidiary undertakings of the Company at 31 st March 2018. 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
Lingdale (registered in Singapore)	Brand for Lighting, Network & Security
Ringdale K.K. Japan	Brand for Lighting, Network & Security
ActiveLED Inc.	Brand for Lighting
International Technology Consultants Limited	Intermediate holding company
Megaswitch Limited	Dormant
Ncryption PLC	Dormant
AB Semicon Inc. (incorporated in the USA)	Dormant
PC Card Technology PLC	Dormant
Ringdale Instruments Limited	Dormant
Solarplant Technology Ltd	Dormant

The Company

	Year to 31.03.18 £'000	Year to 31.03.17 £'000
Cost at 1 April 2017 and 31 March 2018	4,417	4,417
Accumulated impairment at 1 April 2017	(4,230)	(3,375)
Impairment in year at 31 March 2018	(6)	(855)
	<u>(4,236)</u>	<u>(4,230)</u>
Net book amount at 31 March 2018	181	187

Notes to the Financial Statements

13. STOCK

The Group (The Company:nil)

	Group 31.3.18 £'000	Group 31.3.17 £'000	Company 31.3.18 £'000	Company 31.3.17 £'000
Manufacturing Raw materials and consumables	998	1,090	-	-
Finished goods	<u>60</u>	<u>59</u>	<u>-</u>	<u>-</u>
	1,058	1,149	-	-

Stock recognised in cost of sales during the year as an expense was £567,000 (2017:£458,000) .

14. DEBTORS

	Group 31.3.18 £'000	Group 31.3.17 £'000	Company 31.3.18 £'000	Company 31.3.17 £'000
Trade debtors	633	386	-	-
Amounts owed to subsidiary undertaking	-	-	106	106
Other debtors	18	59	2	11
Deferred tax asset	-	55	-	-
Amounts owed by related parties	-	-	-	-
Prepayments and accrued income	<u>-</u>	<u>3</u>	<u>-</u>	<u>-</u>
	651	503	108	117

An impairment loss of £34k (2017 £49k) is recognised against trade debtors.

15. CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 31.3.18 £'000	Group 31.3.17 £'000	Company 31.3.18 £'000	Company 31.3.17 £'000
Bank overdrafts	-	28	-	4
Bank loans and finance leases	56	174	-	-
Director's loans	699	729	-	-
Trade creditors	2,720	2,825	95	126
Amounts owed to subsidiary undertakings	-	-	1,232	1,075
Amounts owed to related parties	546	558	-	-
Taxation and social security	81	306	-	-
Corporation tax	-	-	-	-
Other creditors	-	10	-	-
Accruals & deferred income	<u>253</u>	<u>372</u>	<u>81</u>	<u>64</u>
	4,355	5,002	1,408	1,269

Notes to the Financial Statements

16. CREDITORS AMOUNTS FALLING AFTER MORE THAN ONE YEAR

	Group 31.3.18 £'000	Group 31.3.17 £'000	Company 31.3.18 £'000	Company 31.3.17 £'000
Finance lease obligations	30	-	-	-
Bank loans and finance leases	<u>126</u>	<u>-</u>	<u>-</u>	<u>-</u>
	156	-	-	-

Bank loans and finance leases are repayable as follows:

	31.3.18 £'000	31.3.17 £'000	31.3.18 £'000	31.3.17 £'000
Within one year	56	-	-	-
Between one and years	56	-	-	-
Between two and five years	100	-	-	-
More than 5 years	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	212	-	-	-

The Bank loan has been arranged at fixed interest rates and is repayable at 5.75% and is secured on company property, plant and equipment.

Related party and director's loans are only repayable at the discretion of the directors when the group has the liquidity to make such repayments but as such loans have no repayment schedule and no interest due, they have been classified as due within one year.

17. DEFERRED TAXATION

Deferred taxation provided for at 19% (2017: 15%) in the financial statements is set out below:

	Group 2018 £'000	Group 2017 £'000
Accelerated capital allowance	(9)	-
Tax losses	<u>-</u>	<u>55</u>
	(9)	55

A deferred tax asset is recognised for losses brought forward which are being utilised against group profits. The group has unused tax losses at the year end of £3,441,000 (2016 £2,797,000). A deferred tax asset is only recognised for those losses where it is probable that they will be utilised against future profits.

Notes to the Financial Statements

18. CALLED UP SHARE CAPITAL

	31.3.18 £'000	31.3.17 £'000
Authorised		
26,500 Ordinary Shares of £200 each	5,300	5,300
Authorised, issued and fully paid:		
20,674 Ordinary Shares of £200 each	4,135	4,135

Consideration received for the allotment of ordinary shares during the year was £nil.

19. RESERVES

Called up share - represents the normal value of shares that have been issued.

Share premium account - includes premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Foreign exchange translation reserve - comprises translation differences arising from translation of financial statements of the the Group's foreign entities into Sterling (£).

Profit and loss account - includes all current and prior period retained profits and losses.

20. CAPITAL COMMITMENTS

The group has no capital commitments for plant and machinery at the year end.

21. LEASING COMMITMENTS

At 31 March 2018, the balance sheet date, the Group had commitments for future minimum lease payments under non-cancellable operating leases as set out below:

	31.3.18 Land & buildings £'000	Other £'000	31.3.17 Land & buildings £'000	Other £'000
Within one year	144	21	146	6
In the second to fifth years	576	84	584	6

The group's future minimum finance lease payments are as follows:

	2018 £'000	2017 £'000
Within one year	25	-
Between one and five years	30	-

The company's future minimum finance lease payments are as follows:

	2018 £'000	2017 £'000
Within one year	-	-
Between one and five years	-	-

Notes to the Financial Statements

22. TRANSACTIONS WITH RELATED PARTIES

Transactions between the companies and its subsidiaries, which are wholly owned, 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 2017: £39,600) in respect of rent and the amount of £94,000 was outstanding at 31 March 2018. This amount is shown in trade creditors in Note 15. The group made sales of £nil to Woodgate Trust during the year (2017: £125,000).

WPM Internet Limited is considered to be a related party as it is controlled by close family of K. Bollmann and Mrs H. Bollmann including Mr. J. Bollmann. At 31 March 2018 £2,357,763 (2017: £2,360,561) was outstanding to WPM Internet Limited. This amount is shown in trade creditors in Note 15.

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 £104,150 in respect of rent during the year. (2017: £105,585)

Unsecured loans outstanding from related parties	Group Year to 31.3.18 £'000	Group Year to 31.3.17 £'000
Woodgate Trust	258	206
Woodgate Property Inc	52	116
Woodgate FURBS	236	236
Loan outstanding to Mr. and Mrs Bollmann	699	729

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.

23. FINANCIAL RISK MANAGEMENT

Please refer to director's report on page 17.

24. FINANCIAL ASSETS AND LIABILITIES

The group has no derivative financial assets or liabilities that are measured at fair value through the profit and loss.

25. 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.

Notice of the Annual General Meeting

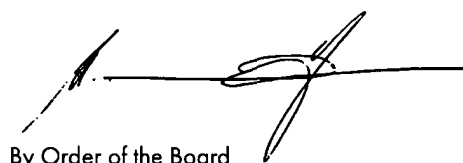
NOTICE IS HEREBY GIVEN that an ANNUAL GENERAL MEETING of the Company will be held at 26 Victoria Way, Burgess Hill, West Sussex on Friday, 28th September 2018 at 12.00 noon, for the purpose of considering and if thought for, passing the following resolutions of which resolutions 1 to 3 will be proposed as ordinary resolutions and resolution 4 will be proposed as a special resolution.

Ordinary Resolutions

1. DEALS with the receipt of the financial statements for the year ended 31st March 2018 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 2018 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.

Special Resolutions

4. 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

5 September 2018

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

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.

Notice of the Annual General Meeting Explanatory Notes

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 2018 and the balance sheet of the Company as at 31st March 2018 be received and each of them is hereby adopted.

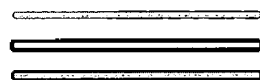
Resolution 2 - To re-appoint PRB Accountants LLP to continue as Auditors to the Company to hold office until the conclusion of the next Annual General Meeting at which accounts are laid before the Company and the Directors are hereby authorised to fix the Auditors' remuneration.

Resolution 3 and Special Resolution 4 - 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.

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TECHNOLOGY
P L C**



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