

Company Registration No. 01626825 (England and Wales)

REFLEXALLEN UK LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

FRIDAY



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REFLEXALLEN UK LIMITED

COMPANY INFORMATION

Directors	Mr R Gibellini Mr G Da Re
Company number	01626825
Registered office	Phoenix House Kinmel Park Abergele Road Bodelwyddan Rhyl LL18 5TY
Auditor	Harold Smith Unit 32, Llys Edmund Prys St Asaph Business Park St Asaph Denbighshire LL17 0JA

REFLEXALLEN UK LIMITED

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REFLEXALLEN UK LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present the strategic report for the year ended 31 December 2019.

Section 172 Statement

The decisions made by the directors are aimed at enabling the company to operate sustainably in the long term. The company seeks to put its customers' best interests first, invests in its employees, develop relationships with suppliers, support the community in which it operates and strives to generate sustainable profits.

The directors of the company have acted in accordance with their duties codified in law, which include their duty to act in the way in which they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, having regard to the stakeholders and matters set out in section 172(1) of the Companies Act 2006.

Section 172 considerations are embedded in decision making at board level and throughout the group. They consider the various issues, factors and stakeholders when discharging their duty under section 172(1).

Fair review of the business

The 2019 turnover was £50.3 million which has decreased from the 2018 turnover of £52 million.

The company's foreign turnover is mainly in Europe (81%) and conducted in Euro.

Principal risks and uncertainties

The principal risks associated with the company are retention of customers, securing raw materials, and in terms of cash, trade receivables and trade payables (financial instruments) our currency, interest, credit and liquidity. The board reviews and agrees policies for the prudent management of these risks as follows:

Currency risk

The company's foreign turnover is mainly in Europe and conducted in Euro. Input costs for the materials are also in Euro and hence the transaction risk is limited. Variances affecting operational activities in this regard are reflected in operating costs or in the cost of sales in the profit and loss account in the years in which they arise.

Interest rate risk

The company's borrowings from finance institutions are based on libor (or UK bank base rates) or in Euribor. No hedging or similar instruments are considered necessary by the board.

Liquidity risk

The company's policy is to ensure that sufficient resources are available from cash balances to ensure all obligations can be met when they fall due.

Credit risk

The company has no significant concentration of credit risk. Customers who wish to trade on credit terms are subject to strict verification procedures in advance of credit being awarded and are continually being monitored.

Key performance indicators

The company has established key performance indicators to measure the progress of the company on achieving both its business objectives and strategies. Performance is reviewed at monthly intervals. The principal performance measures are turnover and gross margin.

On behalf of the Board

Mr G Da Re
Director

24 June 2020

REFLEXALLEN UK LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their annual report and financial statements for the year ended 31 December 2019.

Principal activities

The principal activity of the company continued to be that of the manufacture, manipulation and assembly of tubing and cable for the commercial and specialist vehicle part of the automotive industry on an international basis. The products can be broken down into four divisions:

Reflexallen Pneumatic

An extensive piping range for the automotive industry designed and built to meet the quality standards required by both vehicle manufacturers and the spare parts market (aftermarket).

Reflexallen Electrical

An extensive range of cables and electrical coils for the vehicles industry (trucks and trailers) available for a diversity of applications 7- and 15-pole, EBS, ADR cables and adapters.

Reflexallen Fluid Power

Subsystems and components for the transmission of fluids and air used for engine powering, cooling systems, fuel systems, brake systems and for emission control.

Reflexallen Safety Devices

An extensive range of signage panels and tapes, ADR devices, and accessories for fitting out commercial vehicles in general.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr R Gibellini

Mr G Da Re

Results and dividends

The results for the year are set out on page 9.

Ordinary dividends were paid amounting to £830,938. The directors do not recommend payment of a final dividend.

Research and development

In 2019 the company continued its programme of developments with customers, particularly with regard to different structures of tube for air brakes. During 2019 the company has continued to invest a considerable amount of resources to support the development of new plastic materials in the pneumatic division and in the fluid power division.

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the company continues and that the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

REFLEXALLEN UK LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

Employee involvement

The company's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information about matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the company's performance.

There is no employee share scheme at present, but the directors are considering the introduction of such a scheme as a means of further encouraging the involvement of employees in the company's performance.

Post reporting date events

As explained in note 1.2 to the accounts, the company has the support of the ultimate parent company and the ultimate parent company has indicated that it will continue to support the company in the foreseeable future and provide additional finance if necessary in order that it can settle its liabilities as they fall due.

Additionally, the directors have considered the effects of COVID-19 and are satisfied that the virus will not have a material impact on the company's ability to continue as a going concern.

Future developments

The company is encouraged by the activity levels in the commercial vehicle market particularly at OEM. The aftermarket business, after big investments in the sales network, and in new products, is showing signs of growth. The company continues to develop in the higher added value 'fluid power' and has been awarded contracts and several OEMs. It is anticipated that further growth will be achieved in 2020 in this area. The commercial vehicle market remains fiercely competitive but with its spread of geographical manufacturing facilities, its expertise and reputation with the customer base, the company will continue to offer cost-effective solutions to its customers.

The companies moving into the car passenger market and has begun supplying high-end car producers in a view of future inroads into this market.

Auditor

The auditor, Harold Smith, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of credit risk and liquidity risk.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

REFLEXALLEN UK LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

On behalf of the board

Mr G Da Re
Director

24 June 2020

REFLEXALLEN UK LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

REFLEXALLEN UK LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF REFLEXALLEN UK LIMITED

Opinion

We have audited the financial statements of ReflexAllen UK Limited (the 'company') for the year ended 31 December 2019 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, 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 FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for 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 statements* section of our report. We are independent of the company 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 these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw attention to note 1.2 of the financial statements, which explains the effects of COVID-19 are difficult to quantify. However, the directors are confident that there is sufficient funding available to meet the company's trading requirements for the next 12 months and have prepared these accounts on a going concern basis accordingly. Our opinion is not modified in this respect.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise 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 in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

REFLEXALLEN UK LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF REFLEXALLEN UK LIMITED

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our 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 have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the 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 and 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 from 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 related 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 assurance 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

REFLEXALLEN UK LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF REFLEXALLEN UK LIMITED

Use of our report

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.

Simon Murray-Williams BA FCA (Senior Statutory Auditor)
for and on behalf of Harold Smith

24 June 2020

Chartered Accountants
Statutory Auditor

Unit 32, Llys Edmund Prys
St Asaph Business Park
St Asaph
Denbighshire
LL17 0JA

REFLEXALLEN UK LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £	2018 £
Turnover	3	50,315,722	52,057,745
Cost of sales		(43,332,635)	(44,434,349)
Gross profit		6,983,087	7,623,396
Distribution costs		(877,011)	(1,497,224)
Administrative expenses		(5,995,449)	(5,921,171)
Other operating income		179,894	126,479
Operating profit	4	290,521	331,480
Interest receivable and similar income	8	2,543,905	1,774,737
Interest payable and similar expenses	9	(184,901)	(168,902)
Amounts written off investments	10	(20,198)	-
Profit before taxation		2,629,327	1,937,315
Tax on profit	11	219,121	(50,420)
Profit for the financial year		2,848,448	1,886,895

The profit and loss account has been prepared on the basis that all operations are continuing operations.

REFLEXALLEN UK LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2019

	Notes	2019 £	£	2018 £	£
Fixed assets					
Tangible assets	13	6,432,369		3,997,132	
Investments	14	3,166,845		3,187,043	
		<u>9,599,214</u>		<u>7,184,175</u>	
Current assets					
Stocks	16	7,655,478		8,531,170	
Debtors falling due after more than one year	17	1,521,501		1,873,806	
Debtors falling due within one year	17	22,041,638		23,356,812	
Cash at bank and in hand		785,031		872,891	
		<u>32,003,648</u>		<u>34,634,679</u>	
Creditors: amounts falling due within one year	18	<u>(14,748,014)</u>		<u>(17,093,176)</u>	
Net current assets		<u>17,255,634</u>		<u>17,541,503</u>	
Total assets less current liabilities		<u>26,854,848</u>		<u>24,725,678</u>	
Creditors: amounts falling due after more than one year	19	(1,067,656)		(1,577,327)	
Provisions for liabilities	21	(137,597)		(168,266)	
Deferred income	23	(909,199)		(257,199)	
Net assets		<u>24,740,396</u>		<u>22,722,886</u>	
Capital and reserves					
Called up share capital	25	11,933		11,933	
Share premium account	26	244,930		244,930	
Capital redemption reserve	27	1,360		1,360	
Profit and loss reserves	28	24,482,173		22,464,663	
Total equity		<u>24,740,396</u>		<u>22,722,886</u>	

The financial statements were approved by the board of directors and authorised for issue on 24 June 2020 and are signed on its behalf by:

Mr G Da Re
Director

Company Registration No. 01626825

REFLEXALLEN UK LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Share capital £	Share premium account £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 January 2018		11,933	244,930	1,360	20,577,768	20,835,991
Year ended 31 December 2018:						
Profit and total comprehensive income for the year		-	-	-	1,886,895	1,886,895
Balance at 31 December 2018		11,933	244,930	1,360	22,464,663	22,722,886
Year ended 31 December 2019:						
Profit and total comprehensive income for the year		-	-	-	2,848,448	2,848,448
Dividends	12	-	-	-	(830,938)	(830,938)
Balance at 31 December 2019		11,933	244,930	1,360	24,482,173	24,740,396

REFLEXALLEN UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

Company information

ReflexAllen UK Limited is a private company limited by shares incorporated in England and Wales, company number 01626825. The registered office is Phoenix House, Kinnel Park, Abergele Road, Bodelwyddan, Rhyl, LL18 5TY.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The company was, at the year end, a wholly-owned subsidiary of another company incorporated in the EEA and in accordance with section 400 of the Companies Act 2006, is not required to produce, and has not published, consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

ReflexAllen UK Limited is a wholly owned subsidiary of Allmark Limited, a company incorporated in England & Wales, who is owned by Reflex s.r.l., a company incorporated in Italy.

The majority shareholder of Reflex s.r.l. is Finlite s.r.l., incorporated in Italy who is considered to be the ultimate controlling party. The results of ReflexAllen UK Limited are included in the consolidated financial statements of Finlite s.r.l. which are available from Via Luigi Valdrighi 101/2, Maderia, Italy 41124.

REFLEXALLEN UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.2 Going concern

These financial statements are prepared on the going concern basis. The directors have a reasonable expectation that the company will continue in operational existence for the foreseeable future.

Although the full effects of COVID-19 are difficult to quantify, the directors have considered the potential implications of the virus. The ultimate parent company has indicated it will continue to support the company and the company has been in receipt of grants and government schemes during the pandemic.

Additionally, the ultimate parent company has indicated that it will continue to support the company in the foreseeable future and provide additional finance in order that it can settle its liabilities as they fall due.

The directors also believe they will receive loan funding as well as funds from the sale of one of their premises in addition to a further grant.

In conclusion, in the opinion of the directors, there is sufficient funding available to meet the company's trading requirements for the foreseeable future and the effects of COVID-19 will not have a material impact on the company's ability to continue as a going concern. These financial statements do not include any adjustment that might be required if the application of the going concern basis proves to be inappropriate.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

1.4 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

REFLEXALLEN UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Land and buildings Freehold	2% straight line, freehold land is not depreciated
Plant and machinery	20% reducing balance
Fixtures, fittings & equipment	20% reducing balance and 33% straight line
Motor vehicles	33% reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.6 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Entities in which the company has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.7 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

REFLEXALLEN UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.8 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.9 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.10 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

REFLEXALLEN UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

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

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

REFLEXALLEN UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.11 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.12 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

1.13 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are 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. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.14 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

REFLEXALLEN UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.15 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.16 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

1.17 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

Government grants relating to turnover are recognised as income over the periods when the related costs are incurred. Grants relating to an asset are recognised in income systematically over the asset's expected useful life. If part of such a grant is deferred it is recognised as deferred income rather than being deducted from the asset's carrying amount.

1.18 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Stock provisions

Stock is provided against based on the date of last use on a % basis as follows:

- 9 - 12 months - 10%
- 12 - 18 months - 30%
- 18 - 24 months - 60%
- over 24 months - 90%

REFLEXALLEN UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2019 £	2018 £
Turnover analysed by class of business		
Maufacture of parts for the truck industry	50,315,722	52,057,745

	2019 £	2018 £
Other significant revenue		
Interest income	61,920	51,297
Dividends received	2,481,985	1,723,440
Grants received	123,000	80,375

	2019 £	2018 £
Turnover analysed by geographical market		
United Kingdom	5,701,194	7,053,908
Europe (EU & non-EU)	40,754,005	41,515,044
Rest of World	3,860,523	3,488,793
	50,315,722	52,057,745

4 Operating profit

	2019 £	2018 £
Operating profit for the year is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	241,972	(132,897)
Research and development costs	63,625	697,061
Government grants	(123,000)	(80,375)
Depreciation of owned tangible fixed assets	375,954	368,229
Profit on disposal of tangible fixed assets	-	(3,708)
Impairment of stocks recognised or reversed	21,002	38,861
Operating lease charges	188,062	160,833

REFLEXALLEN UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

5 Auditor's remuneration

	2019 £	2018 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	18,005	21,505
For other services		
Other assurance services	1,400	1,000
All other non-audit services	4,795	3,795
	6,195	4,795

6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2019 Number	2018 Number
Factory	262	194
Management	11	11
Administration	43	35
Total	316	240

Their aggregate remuneration comprised:

	2019 £	2018 £
Wages and salaries	10,736,508	11,378,383
Social security costs	650,817	535,316
Pension costs	208,014	111,566
	11,595,339	12,025,265

7 Directors' remuneration

	2019 £	2018 £
Remuneration for qualifying services	37,161	21,270
Company pension contributions to defined contribution schemes	1,800	600
	38,961	21,870

REFLEXALLEN UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

7 Directors' remuneration

(Continued)

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2018 - 1).

8 Interest receivable and similar income

	2019 £	2018 £
Interest income		
Interest on bank deposits	1,206	-
Interest receivable from group companies	60,714	51,297
Total interest revenue	61,920	51,297
Income from fixed asset investments		
Income from shares in group undertakings	2,481,985	1,723,440
Total income	2,543,905	1,774,737

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	61,920	51,297
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9 Interest payable and similar expenses

	2019 £	2018 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	184,901	159,827
Other finance costs:		
Other interest	-	9,075
	184,901	168,902

10 Amounts written off investments fixed asset investments

	2019 £	2018 £
Other gains and losses	(20,198)	-

11 Taxation

	2019 £	2018 £
Current tax		
UK corporation tax on profits for the current period	-	49,924
Adjustments in respect of prior periods	(188,452)	1,721
Total current tax	(188,452)	51,645

REFLEXALLEN UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

11 Taxation

(Continued)

	2019 £	2018 £
Deferred tax		
Origination and reversal of timing differences	(30,669)	(1,225)
	<u>(30,669)</u>	<u>(1,225)</u>
 Total tax (credit)/charge	 <u>(219,121)</u>	 <u>50,420</u>

The actual (credit)/charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2019 £	2018 £
Profit before taxation	2,629,327	1,937,315
	<u>2,629,327</u>	<u>1,937,315</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	499,572	368,090
Tax effect of expenses that are not deductible in determining taxable profit	(48,598)	9,288
Tax effect of income not taxable in determining taxable profit	(23,370)	-
Unutilised tax losses carried forward	43,973	-
Other permanent differences	(30,669)	(1,225)
Under/(over) provided in prior years	(188,452)	1,721
Dividend income	(471,577)	(327,454)
	<u>(219,121)</u>	<u>50,420</u>
Taxation (credit)/charge for the year	<u>(219,121)</u>	<u>50,420</u>

12 Dividends

	2019 £	2018 £
Interim paid	830,938	-
	<u>830,938</u>	<u>-</u>

REFLEXALLEN UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

13 Tangible fixed assets

	Land and buildings Freehold	Assets under construction	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£	£
Cost						
At 1 January 2019	3,441,578	-	6,533,974	1,234,960	46,787	11,257,299
Additions	2,365,944	299,091	76,000	70,156	-	2,811,191
At 31 December 2019	5,807,522	299,091	6,609,974	1,305,116	46,787	14,068,490
Depreciation and impairment						
At 1 January 2019	879,548	-	5,503,967	837,148	39,504	7,260,167
Depreciation charged in the year	74,691	-	217,020	81,840	2,403	375,954
At 31 December 2019	954,239	-	5,720,987	918,988	41,907	7,636,121
Carrying amount						
At 31 December 2019	4,853,283	299,091	888,987	386,128	4,880	6,432,369
At 31 December 2018	2,562,030	-	1,030,007	397,812	7,283	3,997,132

The carrying value of land and buildings comprises:

	2019 £	2018 £
Freehold	4,853,283	2,562,030

14 Fixed asset investments

	Notes	2019 £	2018 £
Investments in subsidiaries	15	3,166,845	3,187,043

REFLEXALLEN UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

14 Fixed asset investments

(Continued)

Movements in fixed asset investments

	Shares in group undertakings £
Cost or valuation	
At 1 January 2019 & 31 December 2019	3,187,043
Impairment	
At 1 January 2019	-
Impairment losses	20,198
At 31 December 2019	20,198
Carrying amount	
At 31 December 2019	3,166,845
At 31 December 2018	3,187,043

15 Subsidiaries

Details of the company's subsidiaries at 31 December 2019 are as follows:

Name of undertaking	Address	Class of shares held	% Held Direct
Alien Industrial Limited		Ordinary Shares	100.00
Alien Wuxi CV Parts Co Limited	1	Ordinary Shares	100.00
Allmark (NI) Limited	2	Ordinary Shares	100.00
PACO Allen auto Private Limited	3	Compulsory Convertible Preference shares	100.00
PACO Allen auto Private Limited	3	Ordinary Shares	100.00
Polydynamics Limited		Ordinary Shares	100.00
Reflex&Allen Brazil	4	Ordinary Shares	1.00

Registered office addresses (all UK unless otherwise indicated):

- 1 China
- 2 Northern Ireland
- 3 India
- 4 Brazil

REFLEXALLEN UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

16 Stocks

	2019 £	2018 £
Raw materials and consumables	4,730,565	5,340,450
Work in progress	1,336,903	1,832,612
Finished goods and goods for resale	1,588,010	1,358,108
	<u>7,655,478</u>	<u>8,531,170</u>

17 Debtors

	2019 £	2018 £
Amounts falling due within one year:		
Trade debtors	3,255,308	4,931,301
Amounts owed by group undertakings	17,176,400	16,113,034
Other debtors	163,733	307,003
Prepayments and accrued income	1,446,197	2,005,474
	<u>22,041,638</u>	<u>23,356,812</u>

	2019 £	2018 £
Amounts falling due after more than one year:		
Amounts owed by group undertakings	<u>1,521,501</u>	<u>1,873,806</u>

Total debtors	<u>23,563,139</u>	<u>25,230,618</u>
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18 Creditors: amounts falling due within one year

	Notes	2019 £	2018 £
Bank loans and overdrafts	20	4,663,630	2,815,826
Trade creditors		4,338,940	5,025,906
Amounts owed to group undertakings		4,319,080	5,901,801
Corporation tax		-	93,639
Other taxation and social security		143,217	163,375
Government grants	23	227,299	64,299
Dividends payable		525,000	2,176,047
Other creditors		45,950	41,937
Accruals and deferred income		484,898	810,346
		<u>14,748,014</u>	<u>17,093,176</u>

REFLEXALLEN UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

19 Creditors: amounts falling due after more than one year

	Notes	2019 £	2018 £
Bank loans and overdrafts	20	1,067,656	1,577,327

20 Loans and overdrafts

	2019 £	2018 £
Bank loans	1,493,007	1,802,730
Bank overdrafts	4,238,279	2,590,423
	<u>5,731,286</u>	<u>4,393,153</u>
Payable within one year	4,663,630	2,815,826
Payable after one year	<u>1,067,656</u>	<u>1,577,327</u>

The bank loans and overdrafts are not secured by any fixed charges.

The loan facility utilised was Euro 2,000,000. It is repayable in sixteen equal quarterly instalments of Euro 125,000. The first instalment was paid on 30 July 2019. The last instalment will become due on the termination date of 30 April 2023. The company may not re-borrow any part of the facility which is repaid. The interest rate payable on the loan is 1.3%.

21 Provisions for liabilities

	Notes	2019 £	2018 £
Deferred tax liabilities	22	137,597	168,266

22 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2019 £	Liabilities 2018 £
Balances:		
Accelerated capital allowances	177,579	168,266
Tax losses	(39,982)	-
	<u>137,597</u>	<u>168,266</u>

REFLEXALLEN UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

22	Deferred taxation	(Continued)
		2019 £
	Movements in the year:	
	Liability at 1 January 2019	168,266
	Credit to profit or loss	(30,669)
	Liability at 31 December 2019	<u>137,597</u>

23 Government grants

Deferred income is included in the financial statements as follows:

	2019 £	2018 £
Current liabilities	227,299	64,299
Shown as deferred income on the face of the balance sheet	909,199	257,199
	<u>1,136,498</u>	<u>321,498</u>

The company have five government grants included in creditors. They relate to grants received from the welsh government in 2012, 2013, 2015, 2016 and 2019 at contributions of £350,000, £400,000, £300,000, £180,000 and £938,000. Grants towards capital expenditure are released to the profit and loss account over the expected useful life of the asset.

24 Retirement benefit schemes

	2019 £	2018 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>208,014</u>	<u>111,566</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

25 Share capital

	2019 £	2018 £
Ordinary share capital		
Issued and fully paid		
11,933 Ordinary Shares of £1 each	<u>11,933</u>	<u>11,933</u>

The company has one class of ordinary shares which carry full voting, dividend and capital rights.

REFLEXALLEN UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

26 Share premium account

Consideration received for shares issued above their normal value net of transaction costs.

27 Capital redemption reserve

The nominal value of shares repurchased and still held at the end of the reporting period.

28 Profit and loss reserves

Cumulative profit and loss net of distributions to owners.

29 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2019 £	2018 £
Within one year	38,234	55,800
Between two and five years	58,329	64,908
	<u>96,563</u>	<u>120,708</u>

Lessor

The operating lease represents the lease of land to third parties. The lease is negotiated over terms of 1 year and rentals are fixed for 1 year.

At the reporting end date the company had contracted with tenants for the following minimum lease payments:

	2019 £	2018 £
Within one year	-	19,998

30 Related party transactions

Reflexallen Srl have provided a guarantee for the bank loan. The amount of the loan was Euro 2,000,000 and is due to be repaid by 30 April 2023.

The directors have taken advantage of the exemption in accordance with FRS102 not to disclose related party transactions with companies included within the Reflex s.r.l. group accounts.

REFLEXALLEN UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

31 Ultimate controlling party

The parent company is Allmark Limited, a company incorporated in England & Wales, who is owned by Reflex s.r.l. , a company incorporated in Italy.

The majority shareholder of Relex s.r.l. is Finite s.r.l. incorporated in Italy. This is considered to be the ultimate controlling company. Finite s.r.l. is 99% owned by Mr R Gibellini, director, who is considered to be the ultimate controlling party. Copies of the group accounts are available at the company's registered office, Via Luigi Valdrighi 101/2, Maderia, Italy 41124.

REFLEXALLEN UK LIMITED

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2019

		2019		2018
	£	£	£	£
Turnover				
Sales		5,479,802		7,015,465
Scrap Sales		31,787		38,443
Sales - Europe		40,754,005		41,343,247
Sales - Rest of world		3,860,523		3,488,793
Other operating income receivable		189,605		171,797
		<u>50,315,722</u>		<u>52,057,745</u>
Cost of sales				
Opening stock of finished goods	8,531,170		6,268,360	
Raw materials purchases	32,154,168		35,470,613	
Write down of stock	21,002		38,861	
Closing stock of finished goods	(7,676,479)		(8,531,170)	
Wages and salaries	5,668,820		4,380,942	
Social security costs	465,156		388,264	
Temporary staff costs	3,431,584		5,652,472	
Subcontract labour	186,031		194,189	
Staff pension costs defined contribution	144,414		75,761	
Equipment repairs	406,769		496,057	
		<u>(43,332,635)</u>		<u>(44,434,349)</u>
Gross profit	13.88%	6,983,087	14.64%	7,623,396
Other operating income				
Government grants receivable and released	123,000		80,375	
Other operating income	56,894		46,104	
		<u>179,894</u>		<u>126,479</u>
Distribution costs	877,011		1,497,224	
Administrative expenses				
Wages and salaries	1,600,104		1,323,969	
Social security costs	181,586		145,138	
Staff recruitment costs	59,167		124,328	
Staff welfare	63,121		47,187	
Staff training	77,662		85,901	
Staff pension costs defined contribution	61,800		35,205	
Directors' remuneration	36,000		21,000	
Directors' social security costs	4,075		1,914	
Directors' pension costs - defined contribution scheme	1,800		600	
Commissions payable	14,576		20,691	
Management charge	578,563		752,401	
Rent re operating leases	32,435		43,466	
Rates	384,738		338,692	
Security costs	42,056		70,315	
Cleaning	96,463		76,475	
Waste disposal	75,216		63,237	
Power, light and heat	828,057		752,066	

REFLEXALLEN UK LIMITED

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

	£	2019 £	£	2018 £
Property repairs and maintenance	56,974		102,677	
Premises insurance	175,959		221,364	
Computer running costs	30,542		17,352	
Hire of equipment (not operating lease)	128,438		145,778	
Leasing - plant and machinery	123,532		93,900	
Leasing - motor vehicles	32,095		23,467	
Motor running expenses	74,557		85,086	
Travelling expenses	128,166		138,210	
Legal and professional fees	55,897		103,822	
Consultancy fees	83,871		282,047	
Accountancy	4,795		4,795	
Audit fees	18,005		21,505	
Charitable donations	204		1,888	
Bank charges	26,145		28,010	
Bad and doubtful debts	(5,921)		(3,610)	
Printing and stationery	65,286		97,192	
Books, periodicals, reference materials	16,498		7,621	
Advertising	72,450		236,526	
Telecommunications	36,984		37,141	
Research and development costs	63,625		95,379	
Sundry expenses	52,002		46,812	
Depreciation	375,954		368,229	
Profit or loss on sale of tangible assets (non exceptional)	-		(3,708)	
Profit or loss on foreign exchange	241,972		(132,897)	
		(5,995,449)		(5,921,171)
Operating profit		290,521		331,480
Investment revenues				
Interest receivable from group companies	60,714		51,297	
Bank interest received	1,206		-	
Dividends receivable from group companies	2,481,985		1,723,440	
		2,543,905		1,774,737
Interest payable and similar expenses				
Bank interest on loans and overdrafts	184,901		159,827	
Interest on overdue taxation - not financial liabilities	-		9,075	
		(184,901)		(168,902)
Other gains and losses				
Amounts written off fixed asset investments		(20,198)		-
Profit before taxation	5.23%	2,629,327	3.72%	1,937,315

FINLITE SRL

Consolidated financial statements to 31-12-2019

	Name and id code
Company site	VIA VALDRIGHI 101/2 - 41124 - MODENA - MO
Fiscal code	02736760360
Registration number	02736760360 MO 326502
VAT number	02736760360
Share capital Euro	10.000 f.p.
Legal form	SOCIETA' A RESPONSABILITA' LIMITATA
Activity Code (ATECO)	642000
Company being wound up	no
Company with a single shareholder	no
Company subject to the management and coordination of others	no
Belonging to a group	yes
Name of the controlling entity	FINLITE SRL
Country of the controlling entity	ITALIA

Consolidated balance sheet

	31-12-2019	31-12-2018
Balance sheet (mandatory scheme)		
Assets		
B) Fixed assets		
I - Intangible fixed assets		
1) <i>start-up and expansion costs</i>	21.381	33.383
3) industrial patents and intellectual property rights	219.325	192.492
4) concessions, licenses, trademarks and similar rights	89.580	154.951
5) goodwill	-	201.476
6) assets in process of formation and advances	45.350	32.525
7) <i>other</i>	126.823	202.152
Total intangible fixed assets	502.459	816.979
II - Tangible fixed assets		
1) land and buildings	11.021.409	7.890.357
2) plant and machinery	5.231.488	4.794.384
3) <i>industrial and commercial equipment</i>	1.414.519	1.438.314
4) other assets	559.527	414.782
5) assets under construction and payments on account	52.239	889.634
Total tangible fixed assets	18.279.182	15.427.471
III - Financial fixed assets		
1) <i>equity investments</i>		
d-b) other companies	-	112
Total equity investments	-	112
2) receivables due from		
d-b) due from others		
due beyond the following year	3.762.502	3.536.828
Total receivables due from third parties	3.762.502	3.536.828
Total receivables	3.762.502	3.536.828
3) other securities	16.836	33.420
Total financial fixed assets	3.779.338	3.570.360
Total fixed assets (B)	22.560.979	19.814.810
C) Current assets		
I - Inventories		
1) raw, ancillary and consumable materials	10.906.684	15.121.739
2) work in progress and semi-finished products	4.375.924	4.102.868
4) finished products and goods for resale	5.276.360	4.824.677
Total inventories	20.558.968	24.049.284
II - Receivables		
1) trade accounts		
due within the following year	15.907.145	16.237.820
Total trade accounts	15.907.145	16.237.820
5-b) tax receivables		
due within the following year	796.356	622.243
Total receivables due from tax authorities	796.356	622.243
5-c) prepaid tax	308.188	153.740
5-d) other receivables		
due within the following year	1.503.911	755.958
Total receivables due from third parties	1.503.911	755.958

Total receivables	18.515.600	17.769.761
III - Current financial assets		
6) other investments	17.833	620.220
Total financial current assets	17.833	620.220
IV - Liquid funds		
1) bank and post office deposits	5.754.826	7.773.354
3) cash and equivalents on hand	12.887	40.174
Total liquid funds	5.767.713	7.813.528
Total current assets (C)	44.860.114	50.252.793
D) Accrued income and prepayments	896.997	921.304
Total assets	68.318.090	70.988.907
Liabilities and shareholders' equity		
A) Shareholders' equity		
I - Share capital	10.000	10.000
IV - Legal reserve	2.000	2.000
VI - Other reserves, indicated separately		
Extraordinary reserve	2.010.568	2.010.568
Consolidation reserve	21.240.991	18.707.116
Translation difference reserve	(2.251.520)	(3.587.742)
Miscellaneous other reserves	(3)	-
Total other reserves	21.000.036	17.129.942
IX - Net profit (loss) for the year	(2.147.856)	2.533.875
Total group shareholders' equity	18.864.180	19.675.817
Minority shareholders' equity		
Third party capital and reserves	2.871.889	1.845.630
Minority shareholders' profit (loss)	(261.450)	499.151
Total minority shareholders' equity	2.610.439	2.344.781
Total consolidated equity	21.474.619	22.020.598
B) Reserves for contingencies and other charges		
2) taxation	924.563	915.931
4) other	966.181	783.981
Total reserves for contingencies and other charges	1.890.744	1.699.912
Total reserve for severance indemnities (TFR)	1.478.572	1.388.111
D) Payables		
1) bonds		
due beyond the following year	2.000.000	2.000.000
Total bonds	2.000.000	2.000.000
4) due to banks		
due within the following year	11.844.993	8.205.273
due beyond the following year	9.046.568	11.831.317
Total payables due to banks	20.891.561	20.036.590
6) advances		
due within the following year	51.718	48.051
Total advances	51.718	48.051
7) trade accounts		
due within the following year	12.487.738	18.609.464
Total trade accounts	12.487.738	18.609.464
12) due to tax authorities		
due within the following year	2.805.541	1.707.253
Total payables due to tax authorities	2.805.541	1.707.253
13) due to social security and welfare institutions		

due within the following year	342.242	402.441
Total payables due to social security and welfare institutions	342.242	402.441
14) other payables		
due within the following year	3.703.990	2.152.892
Total other payables	3.703.990	2.152.892
Total payables (D)	42.282.790	44.956.691
E) Accrued liabilities and deferred income	1.191.365	923.595
Total liabilities and shareholders' equity	68.318.090	70.988.907

Consolidated income statement

	31-12-2019	31-12-2018
Income statement (value and cost of production)		
A) Value of production		
1) Revenues from sales and services	106.889.629	119.821.967
2) Change in work in progress, semi-finished and finished products	451.683	871.425
5) Other income and revenues		
operating grants	-	249.109
other	1.381.313	2.351.525
Total Other income and revenues	1.381.313	2.600.634
Total value of production	108.722.625	123.294.026
B) Costs of production		
6) Raw, ancillary and consumable materials and goods for resale	62.176.705	75.882.530
7) Services	15.262.956	14.187.424
8) Use of third party assets	2.718.697	2.578.175
9) personnel		
a) wages and salaries	17.717.102	22.491.197
b) related salaries	1.747.548	1.499.192
c) severance	230.107	236.245
e) other costs	1.648.713	1.330.965
Total payroll and related costs	21.343.470	25.557.599
10) depreciation, amortisation and write downs		
a) amortisation of intangible fixed assets	461.181	1.110.129
b) depreciation of tangible fixed assets	1.652.037	1.624.619
c) other amounts written off fixed assets	19.331	302.343
d) write-downs of accounts included among current assets	1.242.922	76.480
Total Amortisation, depreciation and write-downs	3.375.471	3.113.571
11) Changes in inventories of raw, ancillary and consumable materials and goods for resale	3.941.998	(4.846.832)
12) Provisions for contingencies and other charges	-	500.000
14) Other operating expenses	341.390	479.233
Total cost of production	109.160.687	117.451.700
Difference between value and cost of production (A - B)	(438.062)	5.842.326
C) Financial income and charges		
16) other financial income		
d) income other than the above		
other	276.703	35.687
Total income other than the above	276.703	35.687
Total other financial income	276.703	35.687
17) Interest and other financial expense		
other	1.234.920	794.078
Total interest and other financial expense	1.234.920	794.078
17-bis) Currency gains and losses	(237.267)	(33.480)
Total financial income and expense (15 + 16 - 17 + - 17-bis)	(1.195.484)	(791.871)
Pre-tax result (A - B + - C + - D)	(1.633.546)	5.050.454
20) Income tax for the year, current, deferred and prepaid		
Current taxes	1.233.361	2.021.587
deferred and prepaid tax	(457.601)	(4.159)
Total taxes on the income for the year	775.760	2.017.428

21) Consolidated profit (loss) for the year	(2.409.306)	3.033.026
Result related to the group	(2.147.856)	2.533.875
Result related to minority shareholders	(261.450)	499.151

Consolidated financial statement, indirect method

	31-12-2019	31-12-2018
Financial statement, indirect method		
A) Cash flows from current activities (indirect method)		
Profit (loss) for the year	(2.409.306)	3.033.026
Income tax	775.760	2.017.428
(Capital gains)/Capital losses from business conveyance	-	(2.084)
1) Profit (loss) for the year before income tax, interest, dividends and capital gains/losses from conveyances.	(1.633.546)	5.048.370
Adjustments to non monetary items that were not offset in the net working capital.		
Allocations to preserves	420.939	944.993
Fixed asset depreciation/amortisation	2.132.549	3.037.091
total adjustments for non-monetary items that were not offset in the net working capital	2.553.488	3.982.084
2) Cash flow before changing net working capital	919.942	9.030.454
Changes to the net working capital		
Decrease/(increase) in inventory	3.490.315	(5.718.256)
Decrease/(increase) in payables to customers	(745.838)	1.387.741
Increase/(decrease) in trade payables	(4.254.731)	(1.760.996)
Increase/(decrease) from prepayments and accrued income	24.306	97.954
Other decreases/(other increases) in net working capital	2.717.312	(723.775)
Total changes to net working capital	1.231.364	(6.717.332)
3) Cash flow after changes to net working capital	2.151.306	2.313.122
Other adjustments		
(Income tax paid)	(775.760)	(2.017.428)
Total other adjustments	(775.760)	(2.017.428)
Cash flow from current activities	1.375.546	295.694
B) Cash flows from investments		
Tangible fixed assets		
(Investments)	(4.523.079)	(3.325.025)
Intangible fixed assets		
(Investments)	(146.661)	-
Disposals	-	10.789
Financial fixed assets		
(Investments)	(208.978)	(3.508.000)
Short term financial assets		
(Investments)	-	(620.220)
Cash flows from investments (B)	(4.878.718)	(7.442.456)
C) Cash flows from financing activities		
Loan capital		
New loans	1.457.356	8.935.995
Equity		
(Capital repayments)	-	1.872.510
Cash flows from financing activities (C)	1.457.356	10.808.505
Increase (decrease) in liquid assets (A ± B ± C)	(2.045.815)	3.661.743
Liquid assets at the start of the year		
Bank and post office deposits	7.773.354	4.131.627
Loans	0	-
Cash and valuables in hand	40.174	20.157
Total liquid assets at the start of the year	7.813.528	4.151.784

Liquid assets at the end of the year		
Bank and post office deposits	5.754.826	7.773.354
Cash and valuables in hand	12.887	40.174
Total liquid assets at the end of the year	5.767.713	7.813.528

Balance sheet conformity statement

L'Amministratore Unico
Bortolomasi Antonella

Il sottoscritto dott. Daniele Venturi, ai sensi dell'art. 31 comma 2-quinquies della legge 340/2000, dichiara che il presente documento è conforme all'originale depositato presso la società.

Il Professionista
Venturi Daniele

FINLITE S.r.l.

Registered in Modena – Via Valdrighi n. 101/2

Share capital Euro 10.000

CONSOLIDATED FINANCIAL STATEMENTS AT DECEMBER 31ST, 2019 GROUP MANAGEMENT REPORT

Dear Shareholders,

this report on operations constitutes an independent element accompanying the Consolidated Financial Statements as of December 31, 2019 which we submit for your attention. This report is drawn up pursuant to Article 2428 of the Civil Code as amended by Legislative Decree 32/2007 and has the function of providing you with a faithful, balanced and exhaustive analysis of the Group's management, both in the various sectors in which it has operated, both in reference to the subsidiaries. In particular, the cost, income and investment items and the main risks and / or uncertainties to which the Group is exposed are described and justified.

To better understand the Group's situation and management performance, the main financial indicators are also reported, including those relating to the environment and employees if necessary.

In the introduction of the explanatory note, which is an inseparable part of the financial statements, the drafting principles and valuation criteria adopted are illustrated.

The structure of the fixed assets and the changes that occurred in the other elements of the assets are also fully described in the note, which thus integrates its function of descriptive illustration of the perspective representations.

GENERAL ECONOMIC PERFORMANCE

Global economic growth in 2019 fell to 2.9 per cent, impacted by persistent international trade tensions and concerns about how the UK will leave the European Union (Brexit). Global trade grew by less than 1 percent.

According to estimates made by the International Monetary Fund in January, growth should have strengthened in the current year, to 3.3 per cent, reflecting the reduction in uncertainty following the signing of the trade agreement between the United States and China (phase-one deal) and that of the United Kingdom's withdrawal from the European Union. In the forecast scenarios of the IMF formulated in April, the world product would instead record a contraction of 3.0% in 2020, mainly concentrated in the first half; the trend of activity for the current year and for 2021 remains very uncertain in advanced economies and even more so in emerging ones.

As the Covid-19 epidemic spread globally, many countries have adopted progressively more restrictive containment measures. The result was a sharp drop in production, an exceptionally large increase in the number of unemployed, a fall in demand. Oil prices fell sharply and rapidly due to the collapse in demand and the growing storage difficulties. Conditions on the financial markets deteriorated rapidly.

The economic policy response was timely and of extraordinary breadth.

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As the Covid-19 epidemic spread globally, many countries have adopted progressively more restrictive containment measures. The result was a sharp drop in production, an exceptionally large increase in the number of unemployed, a fall in demand. Oil prices fell sharply and rapidly due to the collapse in demand and the growing storage difficulties. Conditions on the financial markets deteriorated rapidly. La risposta delle politiche economiche è stata tempestiva e di ampiezza straordinaria.

Central banks intervened to support liquidity on the markets and credit, reducing the reference rates and launching substantial plans for the purchase of public and private securities. Governments have allocated substantial resources both to finance health care spending and to support household incomes and business liquidity. The G20 has decided to suspend the service of the bilateral debts of the poorest countries towards official creditors in order to free up resources to be allocated to greater health care costs. The decision went alongside the initiatives undertaken by international financial institutions to support economies in difficulty.

GDP in the euro area grew by 1.2 per cent in 2019, well below the forecasts made a year earlier; slowed in all major countries. The industrial sector weakened, especially in Germany, where activity fell sharply, particularly in the automotive sector. The trend in commercial exchanges mainly contributed to the reduction in GDP dynamics. Since the end of February this year, the Covid-19 epidemic has progressively spread to all the countries in the area. The consequent drop in household and business spending and the adoption, since March, of measures to contain the contagion by many governments led to a sharp contraction in economic activity in the first half, already slowing down in the last part in 2019. Employment was also affected, declining in all major countries.

On average in 2019, consumer price inflation fell to 1.2 per cent, due to the sharp deceleration in the prices of energy goods; the core component remained stable at 1.0 per cent for the second year in a row. Inflation has weakened further since March 2020, in connection with the sharp fall in demand. I singoli paesi hanno varato ampi interventi di bilancio per contenere gli effetti della pandemia e sostenere famiglie, lavoratori e imprese. Secondo le previsioni della Commissione europea, pubblicate lo scorso 6 maggio, nel 2020 l'indebitamento netto nella media dei paesi dell'area ammonta all'8,5 per cento del PIL (0,6 per cento nel 2019). Il rapporto medio tra il debito e il prodotto aumenterebbe di quasi 17 punti percentuali rispetto al valore registrato nel 2019, collocandosi sopra il 100 per cento.

The European institutions have increased the room for maneuver for national budgets, making the use of structural funds and state aid legislation more flexible, and allowing for temporary derogations from common budgetary rules. They also set up new loan lines to Member States (for 340 billion euros, through a temporary support instrument to mitigate the unemployment risks linked to the emergency and a new reinforced precautionary credit line of the European Stability Mechanism) and the creation a guarantee fund of the European Investment Bank to mobilize resources for the benefit of companies (for 200 billion). Finally, the European institutions agreed to work on the creation of a recovery fund, capable of offering an adequate response to the crisis.

THE REFERENCE SEGMENT

The financial statements for the year ended 31 December 2019, which we submit for your attention, show a total loss of € 2,409 thousand, of which € 2,148 thousand pertaining to the Group and 216 thousand pertaining to third parties.

The 2019 financial year closed with a contraction in revenues of about 12.9 million euros or 10.8% compared to the previous year. This result, as can be seen from the table below, is due to a generalized decline in all geographical areas, with particular reference to the UK (-2.9%) and India (-37.8%).

Sales sorted by geographic area	2019	2018	Variazione	Var. %
Italy	9,914	10,965	(1,051)	-9.6%
E.U.	56,380	62,301	(5,921)	-9.5%
Extra U.E.	40,665	46,642	(5,977)	-12.8%
Total revenues from Sales	106,959	119,908	(12,949)	-10.8%

Here below there are reported average exchange rates related to 2019 compared with 2018 ones.

FX	2019 - Avg	2018 - Avg
USD	1.12	1.18
GBP	0.88	0.88
CNY	7.74	7.81
INR	78.84	80.73
JPY	122.01	130.40
BRL	4.41	4.31
CZK	25.67	25.65
EUR	1.00	1.00

During 2019, it can be seen how the Euro depreciated against most of the currencies of the countries subject to consolidation.

This resulted in a slightly positive translation effect. In this context, the Group, in 2019, nevertheless managed to further consolidate its presence in the main European markets (Germany, France, Holland, Sweden) linked to the world of commercial vehicle production and distribution, thanks also to the development of technical - distributive synergies between the various plants present in Continental Europe.

THE GROUP

Through the shares held in Reflexallen S.p.A., the Company is the head of a group of industrial companies in the metalworking sector that mainly produce components for commercial vehicles.

The products can be divided into 5 divisions:

- Reflexallen Pneumatic: wide range of hoses for the "automotive" sector able to meet the quality standards required by the market of both car manufacturers and the aftermarket;
- Reflexallen Electrical: wide range of electrical cables and coils for the commercial vehicle sector (trucks and trailers) available for different applications: 7 and 15 poles, EBS, adapters and ADR cables;
- Reflexallen Fluid Power: subsystems and components for the transmission of fluids and air used for powering the engine, for the cooling system, for the fuel system, for the braking system and for the control of emissions;
- Reflexallen Safety Devices: wide range of signage panels and tapes, ADR devices and accessories for the equipment of commercial vehicles in general.
- Special Composites: wide range of carbon fiber molds and frames for motorcycles and cars in the racing sector.

The main customers are manufacturers of industrial vehicles, fitters and distributors and the main market is represented by heavy transport.

The company owns a production activity in Italy dedicated exclusively to the production of Safety Devices and carbon fiber materials. Abroad, however, the Group owns 6 production units (UK, Czech Republic, USA, Brazil, China, India) and three commercial units for sales and customer assistance (Germany, Holland and Japan).

RELEVANT DISPUTES CONTENZIOSI

There are no significant disputes underway.

THE ADMINISTRATIVE BODY

In line with the provisions of Italian legislation for the traditional administration model, the management of the Company is entrusted to a Sole Director who plays a role of direction on the administration as a whole and the power to intervene directly in a series of necessary or useful for the pursuit of the corporate purpose.

THE BOARD OF STATUTORY AUDITORS

The Finlite Shareholder's Meeting has appointed the company's Board of Statutory Auditors as follows:

FILIPPI CARLO	President	for the three years period 2019-2021
BERGONZINI GIUSEPPE	Statutory Auditor	for the three years period 2019-2021
VANIA INDINO	Statutory Auditor	for the three years period 2019-2021

The firm Baker Tilly Revisa S.p.a. has been contracted to carry out the audit activity for the three years period 2019-2021.

ANALYSIS OF THE ECONOMIC

Mediante l'analisi dello stato patrimoniale consolidato, del conto economico consolidato e della nota integrativa consolidata – predisposti ai sensi del D. Lgs. N. 127/1991 - emergono dati e informazioni utili circa la situazione del Gruppo e l'andamento della gestione.

OPERATIVE RESULT

ADDED VALUED RECLASSIFICATION OF THE INCOME STATEMENT

The reclassification of the income statement according to the "added value" criterion as well as the related economic aggregates can be summarized as follows:

Reclassified Income Statement with Added Value		
	12/31/2019	12/31/2018
Value of realized production	108,722,625	123,044,916
- External operative Costs	(80,257,627)	(86,971,143)
= Value Add	28,464,997	36,073,773
- Cost of labor	(25,527,588)	(26,617,876)
= Gross operating Profit (EBITDA)	2,937,409	9,455,896
- depreciation, amortization and write downs	(3,375,471)	(3,613,571)
= Gross operating result (EBIT)	(438,062)	5,842,326
+/- Balance on Financial Asset	(1,195,484)	(791,871)
+/- Balance of ancillary activity	0	0
= Current Result	(1,633,546)	5,050,454
= Result Before Taxes	(1,633,546)	5,050,454
- Taxes	(775,759)	(2,017,429)
Economic residual	(2,409,306)	3,033,026

BALANCE SHEET ACCORDING RECLASSIFIED TO FINANCIAL CRITERIA

The analysis of the balance sheet has as its primary objective the deepening of the financial balance of the company. Equilibrium which for completeness is analyzed in the short and medium-long term.

The reclassification of the balance sheet according to the financial criterion and in particular the balance sheet aggregates can be summarized as follows:

RECLASSIFIED BALANCE SHEET					
ASSETS	12/31/2019	12/31/2018	LIABILITIES	12/31/2019	12/31/2018
Total Assets	€ 22,578,812.13	€ 19,814,809.98	Net Worth Capital	21,474,622	22,020,598
Intangibles	€ 502,458.77	€ 816,979.28			
Tangibles	€ 18,279,182.53	€ 15,427,470.77	Consolidated Liabilities	11,046,568	13,831,317
Financials	€ 3,797,170.82	€ 3,570,359.93	M/L term Sources	11,046,568	13,831,317
WORKING CAPITAL	€ 45,739,279.13	€ 51,174,097.70			
Inventories	€ 20,558,969.10	€ 24,049,284.20	Current Liabilities	35,796,901	35,136,992
Deferred Cash	€ 19,377,927.97	€ 18,691,065.63	Short term sources	35,796,901	35,136,992
Prompt cash	€ 5,802,382.06	€ 8,433,747.86			
Total USES	€ 68,318,091.26	€ 70,988,907.68	Total SOURCES	68,318,091	70,988,908

INVESTMENTS

During the year, the Group made net investments of Euro 5.3 million. The main investments were made mainly in the factory of the subsidiary ReflexAllen UK.

FINANCIAL RESULTS RATIOS

ECONOMIC RATIOS

The economic analysis using financial result indicators, which aims to highlight the company's profitability or the performance levels achieved by the company, was performed through the calculation, comparison and comment of the following ratios:

Indice	Descrizione	12/31/2019	12/31/2018
ROE	Average Shareholders' Equity / Net Income	-11.22%	13.77%
ROI	Operating Income / Net Worth Capital	-0.64%	8.23%
ROS	Operating Income / Net Turnover	-0.40%	4.75%
Weighted Financial Costs	Financial Costs / Net Turnover	-1.10%	-0.64%

FINANCIAL STRUCTURE AND ASSET RATIOS

The BS, using the financial result indicators which aims to verify the level of capital solidity, solvency and corporate liquidity analysis, was performed through the calculation, comparison and comment of the following indices:

Indice	Descrizione	12/31/2019	12/31/2018
Fixed Assets weighted	Fixd Assts / Total assets	33.05%	27.91%
WC wighted	Current Assets / total Assets	66.95%	72.09%
Equity ratio	Company Equity / total Liabilities	31.43%	31.02%
Third Parties Equity ratio	Third Parties Equity / total Liabilities	68.57%	68.98%

INFORMATION ON MAIN RISKS

FINANCIAL RISKS

- **Credit Risk**

The Group deals with well-known and reliable customers, in the context of well-established relationships. It is the Group's policy to verify the merit class of new customers or customers who require payment conditions or credit lines other than those normally applied by the Group; in addition, the balance of receivables is continuously monitored in order to keep the amount of pending positions under control;

- **Interest rate risk**

The risks related to changes in interest rates refer to loans and the use of credit lines of a "commercial" nature (advances on invoices, discount on bills, etc.). Variable rate loans expose the group to the risk of changes in cash flows due to interest;

- **Exchange rate risk**

The Group operates internationally and is therefore exposed to exchange rate risk, especially as regards commercial and financial transactions denominated in British Pounds, US Dollars, Chinese Renminbi, Japanese Yen, Indian Rupees and Brazilian Reals;

- **Liquidity risk**

The Group's liquidity risk is minimized through careful treasury management that is implemented by the individual companies belonging to the Group. Recourse to intercompany financing is limited.

EXTERNAL SOURCE RISKS

- **Price risk**

The Group makes purchases and sales at an international level and is therefore exposed to the normal risk of fluctuations in the prices of the sector;

- **Market-country risk**

Market-country risks are managed through a geographical diversification of the Group.

INFORMATION ON PERSONNEL

The information relating to the composition of the staff in force at 31 December 2019 divided by category of workers are as follows:

	12/31/2019	12/31/2018	Var.
MANAGERS	4	5	-1
EMPLOYEES (INCL. APPRENTICES)	276	317	-41
Operai (incluso apprendisti)	725	1,070	-345
Totale	1,005	1,392	-387

OWN SHARES AND SHARS / UNITS OF CONTROLLING COMPANIES

This case does not exist.

RESEARCH AND DEVELOPMENT ACTIVITIES

During the 2019 financial year, the Group continued to make significant efforts in research and development. This function, which is a primary element in strategic management, has been addressed not only to the design and implementation of new products, but also to the improvement of existing production and management processes.

RELEVANT EVENTS OCCURRED AFTER YEAR END

In the first months of 2020, a pandemic caused by a new form of "Coronavirus" (called "Covid-19") exploded. After a first outbreak found in the Chinese city of Wuhan, this first developed in Europe and then throughout the world; the new form of pneumonia has infected millions of people and caused hundreds of thousands of deaths. Italy, and in particular the northern regions (Lombardy, Veneto, Emilia-Romagna and Piedmont), were among the most affected areas.

In order to contain the spread of the epidemic, the Chinese government, in January 2020, isolated Wuhan and some other important cities in the country. Despite these measures, the epidemic has continued to spread. This has made it necessary to adopt a series of restrictive measures also in many other countries, including Italy. These include the limitations on the movement of individuals and the restrictions imposed on certain sectors and production activities. Due to these restrictions, and following the consequent contraction of the reference markets, production was reduced for the first months of the year (as was also the case at some foreign branches) and the social safety nets were activated (Fairlough, Cassa Integrazione), for its employees.

The medium-term effects of the pandemic and subsequent government actions on the economy will only be fully perceptible in the coming months. For this reason, it is not currently possible to determine the equity, economic and financial effects of this event as required under point 22-quater) of art. 2427 of the civil code.

FORESEEABLE EVOLUTION OF OPERATIONS

Since April we have seen a partial recovery in China and in the EMEA area. The situation still remains uncertain in the US and India.

The drop in demand for raw materials and the production efficiencies implemented are leading to an improvement in the contribution margin which, however, only partially covers the non-absorption of fixed costs due to the drop in turnover.

For the second half of 2020, the main manufacturers of commercial vehicles in the EMEA area and China indicate an improvement while the US and India remain uncertain about the future.

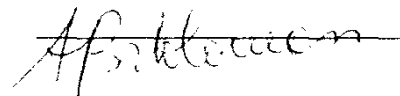
The After market channel continues to present interesting growth opportunities on which the Group is working through a commercial reorganization, aimed at greater coverage of the reference markets, as well as increasing penetration in the areas of South / Eastern Europe, Asia and the Americas.

No particular deviations from the country's macroeconomic expectations are expected for the Italian market.

Modena, August 31st, 2020

MANAGING DIRECTOR

Antonella Bortolomasi



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INDEPENDENT AUDITING FIRM REPORT PURSUANT TO ARTICLE 14 OF ITALIAN LEGISLATIVE DECREE N. 39 DATED 27TH JANUARY 2010

To the shareholders of Finlite S.r.l.

Opinion

We have audited the consolidated financial statements of Finlite S.r.l. and the subsidiaries thereof (the Group), consisting of the balance sheet as at 31st December 2019, the profit and loss account, the cash flow statement for the year ending on the same date, and the notes to the financial statements.

In our opinion, the consolidated financial statements provide a true and fair view of the Group's financial position as at 31 December 2019 and of the economic result and cash flows for the year ended on that date in compliance with the Italian regulations governing its drafting criteria..

Information on which our opinion is based

We have performed our audit in accordance with International Standards on Auditing (ISA Italy). Our responsibilities, in accordance with these standards, are further described in the section of this report headed "*Auditing firm's responsibilities when auditing the consolidated financial statements*". In compliance with the rules and standards on ethics and independence applicable, in the Italian legal system, to financial statement auditing, we are independent from the company Finlite S.r.l. (the Company). We feel we have acquired sufficient, appropriate audit evidence on which to base our opinion.

Responsibilities of the sole director and the board of auditors in relation to the financial statements

The sole director is responsible for preparing consolidated financial statements that provide a true and fair view of the Group's situation, in accordance with the Italian rules governing such

BAKERTILLYREVISA S.p.A. - SHARE CAPITAL: €1,537,173,56 fully paid up - BOLOGNA BUSINESS REGISTER, TAX IDENTIFICATION N. VAT n. 01213510017- REA (economic and administrative register) BO - 362804
REGISTER OF STATUTORY AUDITORS N. 15585, AUDITING FIRM ALREADY REGISTERED UNDER N.3 OF THE SPECIAL REGISTER OF THE CONSOB ASSOCIATION
REGISTERED PREMISES: VIA SIEPELUNGA, N. 59, BOLOGNA - 40141 ASSOCIATED COMPANIES LOCATED IN MAJOR COUNTRIES WORLDWIDE
OFFICES IN: BOLOGNA - BOLZANO - BRESCIA - FLORENCE - GENOA - MILAN - ROME - TURIN - TREVISO - VERONA

preparation and are likewise responsible - in accordance with Italian law - for the part of the internal control system deemed necessary (thereby) to ensure the preparation of financial statements without any significant errors attributable to fraud or to unintentional behaviour or events.

The sole director is responsible for assessing the Group's ability to remain a going concern and for appropriately applying the going concern assumption in the preparation of the consolidated financial statements, as well as providing adequate disclosure on the matter. The sole director uses the going concern principle in the preparation of the consolidated financial statements unless the director has decided that the conditions exist for the parent company (Finlite S.r.l.) to be wound up or for business to be suspended and there are no realistic alternatives to such choices.

The board of auditors is responsible for overseeing, in accordance with Italian law, the process of preparing the Group's financial disclosures.

Responsibilities of the auditing firm for auditing the consolidated financial statements.

Our objectives are to acquire reasonable assurance that the consolidated financial statements as a whole do not contain significant errors attributable to fraud or unintentional behaviour or events, and to issue an audit report that includes our opinion. 'Reasonable assurance' means a high level of certainty without, however, guaranteeing that an audit carried out in accordance with the International Standards on Auditing (ISA Italy) will not identify a significant error, in the event thereof. Errors may result from fraud or unintentional behaviour or events and are deemed significant if it can reasonably be expected that they, individually or as a whole, could influence economic decisions made by stakeholders on the basis of the consolidated financial statements.

As part of the audit carried out in accordance with the ISA Italy, we have exercised professional judgment and maintained professional scepticism throughout the audit. Furthermore:

- we have identified and assessed the risks of significant errors in the consolidated financial statements attributable to fraud or unintentional behaviour or events; we have devised and implemented an audit procedure in response to such risks; our opinion was based on sufficient and appropriate audit evidence. The risk of not identifying a significant error due to fraud is higher than the risk of not identifying a significant error resulting from unintentional behaviour or events, since fraud may involve collusion, falsification, intentional omissions, misleading representations, or overriding the internal control system.
- we have acquired an understanding of the internal control system in order to define appropriate audit procedures, rather than to express an opinion on the effectiveness of the Group's internal control;

- we have assessed the appropriateness of the accounting standards adopted and the reasonableness of the accounting estimates made by the sole director, including the related disclosures;
- we have reached a conclusion on the appropriateness of the sole director's application of the going concern basis assumption and, based on the audit evidence obtained, on the possible existence of significant uncertainty regarding events or circumstances which may rise significant doubts about the Group's ability to continue on a going concern basis. In the event of significant uncertainty, we are required to draw attention thereto in the audit report by the related disclosures in the financial statements, or, if such disclosure is inadequate, to reflect this fact when providing our opinion. Our conclusions are based on the audit evidence obtained up to the date of this report. However, subsequent events or circumstances may result in the Group ceasing to remain on going concern basis;
- we have assessed the presentation, structure, and content of the consolidated financial statements as a whole, including disclosures, and whether the financial statements present the underlying transactions and events in such a way to provide a correct representation of the situation;
- we have acquired sufficient, appropriate audit evidence concerning the financial disclosures of the businesses or the different business activities carried out within the Group to be able to express our opinion on the consolidated financial statements. We are responsible for managing, overseeing and performing the Group's audit. We are solely responsible for the audit opinion on the consolidated financial statements.

We have informed the managers of the governance of the Group (appointed in accordance with ISA Italy requirements) of the planned scope and timing of the audit and the significant results, including any significant internal control shortcomings identified during the audit.

REPORT ON OTHER LEGAL AND REGULATORY PROVISIONS

Opinion expressed pursuant to Article 14, section 2, of Italian Legislative Decree n. 39/10

The sole director of Finlite S.r.l. is responsible for preparing the report on the management of the Finlite group as at 31st December 2019, including its consistency with the related consolidated financial statements and its compliance with the law.

We have performed the procedures envisaged by auditing standard n. 720B (ISA Italy) in order to express, as required by law, an opinion on the consistency of the management report with the consolidated financial statements prepared by Finlite Group as at 31st December 2019, as well as the report about the compliance with legal provisions, in addition to issuing a statement in the event of significant errors.

In our opinion, the management report is consistent with the consolidated financial statements prepared by Finlite Group for the year ending 31st December 2019 and is arranged in compliance with legal provisions.

With reference to the statement pursuant to Article 14, section 2, subsection e) of Italian Legislative Decree n. 39/2010, issued on the basis of our knowledge and understanding of the company and its situation acquired during the audit, we have nothing to report.

Bologna, 28th
September 2020

Baker Tilly Revisa S.p.A.

Dionigi Crisigiovanni
Executive partner