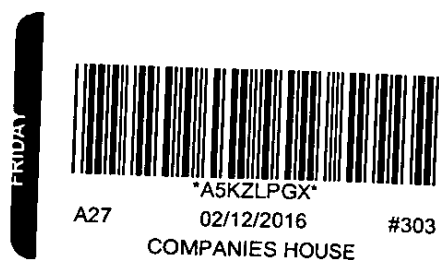


Digital Projection Limited
Annual report and financial statements
for the year ended 31 December 2015

Registered Number 03287264



Digital Projection Limited

Annual report and financial statements for the year ended 31 December 2015

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Digital Projection Limited

Officers and professional advisors

Directors

M N Levi

D J Quinn

J Chang

M Hao

S Chao

Secretary

St Pauls Secretaries Limited

1 St Pauls Square

Liverpool

L3 9SJ

Auditor

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditor

101 Barbirolli Square

Lower Mosley Street

Manchester

M2 3PW

Solicitors

Hill Dickinson LLP

50 Fountain Street

Manchester

M2 2AS

Bankers

Citibank, N A

Citi Group Centre

Canada Square

Canary Wharf

London

E14 5LB

Registered Office

Greenside Way

Middleton

Manchester

M24 1XX

Digital Projection Limited

Strategic report

The directors present their strategic report and directors' report on the affairs of the Company, together with the financial statements and independent auditors' report, for the year ended 31 December 2015

Principal activity

The principal activity of the Company continues to be the research, design, manufacture and sale of electronic video projectors based upon DLP™ technology jointly developed with Texas Instruments. The Company headquarters are in Middleton, Manchester where products are developed and manufactured. Sales are made world-wide, with the largest volume being in the USA through its subsidiary Digital Projection Inc.

Review of the business

Revenue during the year has increased to £27,910,000 (year ended 31 December 2014: £22,929,000). The increase is due to higher sales volumes. Gross margin has also increased to 30.5% (2014: 30%). The resulting operating profit of £3,425,000 for the year therefore reflects a significant increase on the operating profit of £857,000 for 2014.

The exchange rate of the US\$ against the pound has moved significantly during the year, with the result that the operating profit for 2015 included a loss of £402,000 compared to a gain of £396,000 in 2014.

During the year attention continued to be given to minimising working capital requirements.

Future developments

The directors expect the general level of activity to increase steadily in future in line with the Company's plan from growth and expansion.

The Company has devoted substantial resources to research and development during the period. This, together with contracts with outside parties, will enable the Company to maintain its leading position in technology and design.

Strategy and objectives

The Company continues to maintain its place as a world-wide leader in the technology of digital projection utilising DLP™ and new products incorporating the latest advancements continue to be brought on line. The introduction of new products results in substantial development costs being incurred, as shown in note 3.

Key performance indicators

The directors do not believe there are any further relevant financial and non-financial key performance indicators requiring disclosure, other than those disclosed above.

Principal risks and uncertainties

The board acknowledges the risks from competitors, the reliance on key suppliers, the funding requirements needed to maintain its commitment to research and development, the need to constantly introduce new products incorporating the latest advances in technology, and foreign exchange issues. The board seeks to minimise these risks wherever possible, and they are regularly reviewed through management reporting and planning processes.

Digital Projection Limited

Strategic Report (continued)

Financial risk management

The Company's prime areas of financial risk include foreign currency exchange, the control of adequate liquidity, and the maintenance of adequate credit from suppliers. The Company does not utilise forward foreign exchange contracts as it is able to match its purchases in the same currency as its sales. Liquidity is closely monitored and controlled. Credit obtainable from suppliers is agreed in advance. Any potential credit risk from receivables is minimised by payments being obtained in advance where the risk is perceived and credit insurance.

By order of the Board



M Hao
Director

October 2016
29 NOV.

Digital Projection Limited

Directors' report

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2015

Results and dividends

The results for the year ended 31 December 2015 are set out in the income statement on page 8. The directors are unable to recommend the payment of a dividend (2014: same). The balance sheet shows net liabilities of £21,888,000 (2014: £29,729,000) attributable to ordinary shareholders.

Directors

The directors who held office during the year and up to the date of signing the financial statements are given below:

J Chang
S Chao (appointed 20 April 2015)
B R Critchley (resigned 31 March 2015)
M Hao
M N Levi
D J Quinn

Financial risk management

The financial risk management policy has been disclosed on page 3 in the strategic report.

Statement of Directors' responsibilities

The directors are responsible for preparing the Strategic Report, Directors' 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), 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 comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements,
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

Digital Projection Limited

Directors' Report (continued)

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.

Going concern

The directors have received a letter of support from Digital Projection International Limited, confirming that the intercompany borrowings will not be called in by other group companies for a period of at least twelve months from the date of approval of the financial statements and that financial support will be available for the company for the same period. On this basis, and given the continued forecast profitability of the company, the directors have a reasonable expectation that the company has adequate resources to continue operations for the foreseeable future and have therefore prepared the financial statements on the going concern basis.

Information given to auditor

Each of the directors at the date of approval of this report confirms that

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Independent auditors

PricewaterhouseCoopers LLP were appointed as auditors of the Company during the year. A resolution to reappoint PricewaterhouseCoopers LLP as the Company's auditor will be proposed at the forthcoming Annual General Meeting.

Directors' liabilities

The Company's Articles of Association permit the Company to indemnify Directors of the Company in accordance with the Companies Act 2006. The Company purchased and maintained throughout the financial year Directors' and Officers' liability insurance.

By order of the Board



M Hao
Director

October 2016
29 Nov.

Digital Projection Limited

Independent auditors' report to the members of Digital Projection Limited

Report on the financial statements

Our qualified opinion

In our opinion, except for the failure to produce consolidated financial statements as described in the Basis for our qualified opinion paragraph below, Digital Projection Limited's financial statements (the "financial statements")

- give a true and fair view of the state of the company's affairs as at 31 December 2015 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 our qualified opinion

As explained in note 1 to the financial statements, the company is not entitled to the exemption from the requirement to produce consolidated financial statements under section 400 of the Companies Act 2006, as it has not met all of the necessary conditions. Consequently, the company should have produced consolidated financial statements for the parent company and its subsidiary undertaking

What we have audited

The financial statements, included within the Annual report and financial statements (the "Annual Report"), comprise

- the Statement of financial position as at 31 December 2015,
- the Income statement and Statement of comprehensive income for the year then ended,
- the Statement of changes in equity for the year then ended,
- the accounting policies, and
- the notes to the financial statements, which include other explanatory information

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice)

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events

Opinion on other matter prescribed by the Companies Act 2006

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion

- we have not received all the information and explanations we require for our audit, or
- 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

We have no exceptions to report arising from this responsibility

Digital Projection Limited

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the 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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed,
- the reasonableness of significant accounting estimates made by the directors, and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Hazel Macnamara (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester

29 November 2016

Digital Projection Limited

Income statement for the year ended 31 December 2015

	Note	31 December 2015 £000	31 December 2014 £000
Revenue	1	27,910	22,929
Cost of sales		(19,383)	(16,073)
Gross profit		8,527	6,856
Distribution costs		(2,420)	(2,538)
Administrative expenses		(2,779)	(3,937)
Other income		97	476
Operating profit	3	3,425	857
Finance cost	4	(52)	(217)
Profit before income tax		3,373	640
Income tax credit / (expense)	5	132	(75)
Profit for the year		3,505	565

Statement of comprehensive income for the year ended 31 December 2015

	Note	31 December 2015 £000	31 December 2014 £000
Profit for the financial year		3,505	565
Other comprehensive income:			
Actuarial gain / (loss) on pension liability	13	124	(403)
Currency translation differences on foreign currency net investments		(90)	-
Total tax on components of other comprehensive income		-	-
Other comprehensive income for the year, net of tax		34	(403)
Total comprehensive income for the year		3,539	162

The above results relate to continuing operations

The accompanying notes on pages 20 to 32 are an integral part of this income statement and statement of comprehensive income

Digital Projection Limited

Statement of financial position as at 31 December 2015

	Note	As at 31 December 2015 £000	As at 31 December 2014 £000
Assets			
Non-current assets			
Property, plant and equipment	6	421	527
Investments	7	1	1
		<u>422</u>	<u>528</u>
Current assets			
Inventories	8	2,099	2,257
Trade and other receivables	9	3,786	1,664
Cash and cash equivalents		<u>467</u>	<u>877</u>
		<u>6,352</u>	<u>4,798</u>
Total assets		<u>6,774</u>	<u>5,326</u>
Equity and liabilities			
Equity			
Ordinary shares	10	43	-
Share premium		4,259	-
Retained earnings		<u>(26,190)</u>	<u>(29,729)</u>
Total equity		<u>(21,888)</u>	<u>(29,729)</u>
Liabilities			
Non-current liabilities			
Trade and other payables	11	<u>1,194</u>	<u>1,498</u>
Current liabilities			
Trade and other payables	11	<u>27,468</u>	<u>33,557</u>
		<u>28,662</u>	<u>35,055</u>
Total liabilities		<u>28,662</u>	<u>35,055</u>
Total equity and liabilities		<u>6,774</u>	<u>5,326</u>

The financial statements of Digital Projection Limited, registered number 03287264, were approved by the Board of Directors on 29 November 2016 and signed on its behalf by


M Hao
Director

The notes on pages 20 to 32 are an integral part of this statement of financial position

Digital Projection Limited

Statement of changes in equity for the year ended 31 December 2015

	Note	Ordinary shares £000	Share premium £000	Retained earnings £000	Total £000
Balance as at 1 January 2014		-	-	(29,891)	(29,891)
Profit for the year		-	-	565	565
Other comprehensive income for the year					
Actuarial loss on pension liability	13	-	-	(403)	(403)
Total tax on components of other comprehensive income					
Currency translation difference on foreign currency net investment		-	-	-	-
Total comprehensive income for the year		-	-	162	162
Proceeds from shares issued	10		-	-	-
Dividends		-	-	-	-
Total transactions with owners, recognized directly in equity		-	-	-	-
Balance as at 31 December 2014		-	-	(29,729)	(29,729)
Profit for the year		-	-	3,505	3,505
Other comprehensive income for the year					
Actuarial gain on pension liability	13	-	-	124	124
Currency translation difference on foreign currency net investment		-	-	(90)	(90)
Total comprehensive income for the year		-	-	3,539	3,539
Proceeds from shares issued	10	43	4,259	-	4,302
Dividends		-	-	-	-
Total transactions with owners, recognized directly in equity		-	-	-	-
Balance as at 31 December 2015		43	4,259	(26,190)	(21,888)

Digital Projection Limited

Summary of significant accounting policies

General information

Digital Protection Limited ('the Company') is a private Company limited by shares and is incorporated and domiciled in the United Kingdom. The address of its registered office is Greenside Way, Middleton, Manchester, M24 1XX. The registered number of the company is 03287264.

The principal activity of the Company continues to be the research, design, manufacture and sale of electronic video projectors based upon DLP™ technology jointly developed with Texas Instruments. The Company's headquarters are in Middleton, Manchester where products are developed and manufactured. The Company's sales are made world-wide, with the largest volume being in the USA through its subsidiary Digital Projection Inc.

Statement of compliance

The financial statements of the Company have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' ('FRS 102') and the Companies Act 2006. The Company has also early adopted the amendments to FRS 102 (issued in July 2015).

Summary of significant accounting policies

The following accounting policies have been applied consistently in the current and prior year in dealing with items which are considered material in relation to the Company's financial statements. The financial statements have been prepared, using United Kingdom accounting standards.

a. Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

The exemption for the company from preparing consolidated accounts cannot be taken because one of the conditions, being that the company's financial statements are filed at Companies House by its statutory filing deadline of 30 September 2016, has not been met. Consequently, the company is unable to take advantage of the exemption in section 401 of the Companies Act 2006 and should have prepared consolidated financial statements for the company and its subsidiary undertakings. However, the directors have elected not to prepare consolidated accounts as they are filing a copy of Digital Projection International Limited's consolidated financial statements and annual report (which include the results of the company and its subsidiary undertaking and which were filed with Companies House by the statutory filing deadline of 30 September 2016) with Companies House when these financial statements are filed.

This is the first year in which the financial statements have been prepared under FRS 102. The date of transition to FRS 102 was 1 January 2014. Details of the transition to FRS 102 are disclosed in note 17.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 1(t).

b. Going concern

In carrying out their duties in respect of going concern, the directors have carried out a review of the Company's financial position and cash flow forecast for a period of 12 months from the date of signing these financial statements. The forecasts have been based on a comprehensive review of revenue, expenditure and cash flows, taking into account specific business risks and the uncertainties brought about by the current economic environment.

Digital Projection Limited

Summary of significant accounting policies (continued)

b. Going concern (continued)

To ensure the continuation of the Company the directors regularly review the cash flows of the Company both in the short and medium term, have a thorough approach to managing the working capital and hold regular reviews with each operating unit in the country of operation, which includes an assessment of any bad debt risk or inventory obsolescence concerns. This is supported by regular monitoring of key performance indicators. The Company meets its day to day working capital requirements through a short term borrowing facility which is due for renewal in April 2017. The directors have made enquiries of the lender and expect that the short term borrowing facility will be extended for a further 12 months when renewal is due next year.

Forecasts are prepared and updated on a regular basis. The forecasting process is compiled using key market data, extensive dialogue with customers and suppliers, in depth analysis of all the key input costs and a range of scenario and sensitivity planning. The major uncertainties in preparing these forecasts are

- 1 Reliance on key suppliers,
- 2 The activities of competitors;
- 3 The funding requirements needed to maintain the Company's commitment to research and development,
- 4 The need to constantly introduce new products incorporating the latest advances in technology, and
- 5 Foreign exchange rates

In addition to the above, the company is in receipt of a letter of support from the parent company, confirming that the intercompany borrowing will not be called in for a period of at least 12 months from the date of approval of the financial statements and that financial support will be available to the company for the same period.

Having taken all of the above factors into consideration, and any reasonably possible changes the directors have reached a conclusion that the Company is able to manage its business risks and operate within existing and future funding facilities for a period of at least twelve months from the date of approval of the financial statements, despite the current uncertain economic outlook. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

c. Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, if certain conditions, have been complied with, including notification of and no objection to, the use of exemptions by the Company's shareholders. A qualifying entity is defined as a member of a Group that prepares publicly available financial statements, which give a true and fair view, in which that member is consolidated.

As a qualifying entity, the Company has taken advantage of the following exemptions in its standalone financial statements

- i) from the requirement to prepare a statement of cash flows as required by paragraph 3 17(d) of FRS 102,
- ii) from the requirement to present certain financial instrument disclosures, as required by sections 11 and 12 of FRS 102,
- iii) from the requirement to present a reconciliation of the number of shares outstanding at the beginning and end of the period as required by paragraph 4 12(a)(iv) of FRS 102, and
- iv) from the requirement to disclose the key management personnel compensation in total as required by paragraph 33 7 of FRS 102

d. Foreign currencies

(i) *Functional and presentation currency*

The financial statements are presented in pound sterling and rounded to thousands.

The Company's functional and presentational currency is the pound sterling.

Digital Projection Limited

Summary of significant accounting policies (continued)

e. Foreign currencies (continued)

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

f. Revenue

Revenue represents amounts derived from the provision of goods and services which fall within the Company's ordinary activities after deduction of trade discounts and value added tax. Revenue is recognised when, in the opinion of the directors, the risks and rewards of ownership of the goods have transferred to the customer.

g. Employee benefits

The Company provides a range of benefits to employees, including paid holiday arrangement, defined contribution plan and defined benefit pension plans.

(i) Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

(ii) Defined contribution pension plan

The Company currently operates a defined contribution plan, and there are no further liabilities on the Company beyond the contributions made. The assets of the scheme are held separately from the Company and are administered by trustees and managed professionally. For defined contribution schemes, the amount charged to the income statement in respect of pension costs is the contributions payable in the period. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the statement of financial position.

(iii) Defined benefit pension plan

For defined benefit pension schemes, scheme assets are measured at fair value and scheme liabilities are measured on an actuarial basis using the projected unit method and discounted at an interest rate equivalent to the current rate of return on a high-quality corporate bond of equivalent currency and term to the scheme liabilities.

Digital Projection Limited

Summary of significant accounting policies (continued)

g. Employee benefits (continued)

(iii) Defined benefit pension plan (continued)

Full actuarial valuations are obtained at least every three years with an adjustment for employee demographics annually and are updated at each reporting date. The resulting surplus or deficit, net of taxation thereon, is presented under trade payables in statement of financial position

The service cost of providing pension benefits to employees for the period is charged to the income statement. The cost of making improvements to pension and benefits is recognised in the income statement on a straight-line basis over the period during which the increase in benefits vests. To the extent that the improvements in benefits vest immediately, the cost is recognised immediately. These costs are recognised as an operating expense.

A charge representing the unwinding of the discount on the scheme liabilities during the period is included within other finance expense.

A credit representing the expected return on the scheme assets during the period is included within other finance expense. This credit is based on the market value of the scheme assets, and expected rates of return, at the beginning of the period.

Actuarial gains and losses may result from differences between the expected return and the actual return on scheme assets, differences between the actuarial assumptions underlying the scheme liabilities and actual experience during the period, or changes in the actuarial assumptions used in the valuation of the scheme liabilities. Actuarial gains and losses, and taxation thereon, are recognised in the statement of other comprehensive income.

h. Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

ii) Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

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

Summary of significant accounting policies (continued)

i. Research and development

Expenditure is charged to the income statement in the period it is incurred.

j. Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs.

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Short-term leasehold improvement	33 3% per annum
Plant and machinery	20% per annum
Fixtures, fittings, tools and equipment	8%-33 3% per annum

Provision is made for any impairment in the carrying value of property, plant and equipment as the directors consider appropriate.

Repairs, maintenance and minor inspection costs are expensed as incurred.

Property, plant and equipment are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the Income statement.

k. Short term borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges are accounted for on an accruals basis in the income statement using the effective interest method.

l. Leased assets

At inception the Company assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

i) Operating leased assets

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Operating lease rentals are charged to the income statement on a straight line basis over the period of the lease.

ii) Lease incentives

Incentives received to enter into an operating lease are credited to the income statement, to reduce the lease expense, on a straight-line basis over the period of the lease.

The Company has taken advantage of the exemption in respect of lease incentives on leases in existence on the date of transition to FRS 102 (1 January 2014) and continues to credit such lease incentives to the income statement over the period to the first review date on which the rent is adjusted to market rates.

Digital Projection Limited

Summary of significant accounting policies (continued)

m. Impairment of non-financial assets

At each reporting date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's cash generating unit) is compared to the carrying amount of the asset (or asset's cash generating unit).

The recoverable amount of the asset (or asset's cash generating unit) is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's (or asset's cash generating unit) continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the income statement, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in income statement.

If an impairment loss is subsequently reversed, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the income statement.

n. Investments

Investments in subsidiaries and other investments are recorded at cost plus incidental expenses less any provision for impairment. Impairment reviews are performed by the directors when there has been an indication of potential impairment.

o. Inventories

Inventories and work in progress are stated at the lower of cost and estimated selling price less costs to sell. Estimated selling price less costs to sell is based on estimated selling price less all further costs to completion and all relevant marketing, selling and distribution costs. Inventories are recognised as an expense in the period in which the related revenue is recognised. Provision is made for obsolete, slow-moving or defective items where appropriate.

Cost is determined on the first-in, first-out (FIFO) method. Cost includes the purchase price, including taxes and duties and transport and handling directly attributable to bringing the inventory to its present location and condition.

- i Inventories are valued at latest invoice price plus shipping and transport costs inclusive duty etc
- ii Inventories are written down at set percentages dependant on the length of time in inventory, up to a maximum of 100% write-down if over 12 months old

Digital Projection Limited

Summary of significant accounting policies (continued)

p. Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts, when applicable, are shown within borrowings in current liabilities

q. Financial instruments

The Company has chosen to adopt the sections 11 and 12 of FRS 102 in respect of financial instruments

(i) Financial assets

Basic financial assets, including trade and other trade receivables and cash and bank balances are initially recognised at transaction price, 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

Such assets are subsequently carried at amortised cost using the effective interest method

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. 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 the income statement.

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 the income statement.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities

Basic financial liabilities, including trade and other trade payables and loans from fellow Group companies 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 receipts discounted at a market rate of interest.

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

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts 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 payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method. Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

The Company does not hold or issue derivatives financial instruments. Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

(iii) Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is an 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 to liability simultaneously.

Digital Projection Limited

Summary of significant accounting policies (continued)

r. Government grants

Government grants received against revenue expenditure are credited to the income statement in the accounting period in which they become receivable

s. Related party transaction

The Company has taken advantage of exemption under the terms of paragraph 33 1A of FRS 102 in not disclosing transactions with other wholly-owned companies within the Group.

t. Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, revenue and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

- *Useful economic lives of property, plant and equipment*

The annual depreciation charge for property, plant and equipment is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 6 for the carrying amount of the property, plant and equipment, and accounting policies point (j) for the useful economic lives for each class of assets.

Critical accounting judgements and key sources of estimation uncertainty

- *Defined benefit pension scheme*

The Company has obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including, life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the statement of financial position. The assumptions reflect historical experience and current trends.

- *Goodwill impairment*

Goodwill has been amortised over 20 years and currently has 6 years to run before it is completely written off. An impairment review is undertaken annually based on future cashflow projections, with appropriate discount rates, and expected levels of profitability. The result of these reviews is that no impairment is required.

- *Carrying values of Property, plant and equipment and Inventories*

The carrying values of property, plant and equipment, and inventories are assessed on a continual basis and amended to reflect current estimates based on technological advancement, future investments, economic utilisation and the physical condition of the assets. Inventories are evaluated to ensure they are carried at the lower of cost or net realisable value and are written down depending on the length of time held.

Digital Projection Limited

Summary of significant accounting policies (continued)

Critical accounting judgements and key sources of estimation uncertainty (continued)

- *Warranty provision*

Provision is made in the accounts for the estimated costs of warranty claims that may be made in relation to goods sold. The level of the provision is reviewed annually based on experience of the actual warranty claims made on recent sales over the previous 3 years, being the average length of warranty given.

- *Going concern*

In assessing the going concern basis of preparing annual accounts, the Directors prepare profit and cashflow forecasts for a period of at least 12 months after the date of signing the accounts. The going concern basis was deemed suitable after taking account of bank facilities plus the continuing support of group holding companies.

u. **Future amendments to FRS 102**

There are no future amendments to FRS 102 that are expected to have a significant impact on the Company financial statements.

Digital Projection Limited

Notes to the financial statements for the year ended 31 December 2015

1 Revenue

Reporting of revenue by geographical analysis of markets and loss before tax by geographical area has not been provided. In the opinion of the directors, such disclosure would be seriously prejudicial to the interests of the company due to the commercial sensitivity of the information, and the available exemption under Companies Act SI 2008/410 Paragraph 68 has therefore been taken.

2 Information regarding directors and employees

	Year ended 31 December 2015 £000	Year ended 31 December 2014 £000
Directors' emoluments		
Remuneration	696	1,296
Loss of office	-	929
Remuneration of highest paid director	362	409

No directors were members of the Company's pension scheme

	Year ended 31 December 2015 Number	Year ended 31 December 2014 Number
Average number of persons employed (including directors)		
Production and Research and Development	50	53
Sales and distribution	9	9
Administration	7	10
	66	72

	Year ended 31 December 2015 £000	Year ended 31 December 2014 £000
Staff costs during the year (including directors)		
Wages and salaries	2,806	3,118
Social security costs	384	422
Pension costs (note 13)	405	342
	3,595	3,882

Digital Projection Limited

Notes to the financial statements for the year ended 31 December 2015 (continued)

3 Operating profit

	Year ended 31 December 2015 £000	Year ended 31 December 2014 £000
Operating profit is stated after charging / (crediting):		
Research and development costs	1,632	1,925
Loss / (gains) on foreign exchange	402	(396)
Depreciation of property, plant and equipment-owned assets	299	116
Rentals under operating leases	209	268
Grant income	-	(60)
Research and development tax credits	(75)	(333)
The analysis of auditor's remuneration is as follows		
Fees payable to the company's auditor for the audit of the company's annual accounts	54	47
Fees payable to the company's auditor and their associates for taxation services	14	24
Fees payable to the company's auditor and its associates for other services	12	-
Fees payable to the company's auditor and its associates for remuneration services	-	21

4 Finance cost

	Year ended 31 December 2015 £000	Year ended 31 December 2014 £000
Other financial expense on defined benefit pension liability (note 13)	28	22
Other financial expense on unfunded pension liability	5	99
Other interest payable	19	96
	52	217

Digital Projection Limited

Notes to the financial statements for the year ended 31 December 2015 (continued)

5 Income tax (credit) / expense

	Year ended 31 December 2015 £000	Year ended 31 December 2014 £000
Current tax		
UK corporation tax at 20 25% (2014 21 49%) based on the loss for the period	-	-
Adjustment in respect of previous periods	(132)	75
	(132)	75
Current year tax - reconciliation		
	Year ended 31 December 2015 £000	Year ended 31 December 2014 £000
Profit before taxation	3,373	640
Tax at 20 25% (2014 21 49%)	683	138
Expenses not deductible for tax purposes	3	(4)
Utilisation of deferred tax not recognised	(686)	(134)
Adjustment from previous periods	(132)	75
Tax for the year	(132)	75

The standard rate of corporation tax in the UK was reduced from 21% to 20% with effect from 1 April 2015. Accordingly, the company's profit chargeable to corporation tax was taxed at the effective rate of 20 25% (2014 21 49%) in the current year

Changes to the UK corporation tax rates were announced in the Chancellor's Budget on 8 July 2015. These include reductions to the main rate to 19% from 1 April 2017 and to 18% from 1 April 2020. These changes were substantively enacted on 26 October 2015 and, as a result, deferred tax balances have been restated at the applicable rate at which they are expected to reverse.

A further change to reduce the main rate to 17% from 1 April 2020 was announced in the Chancellor's Budget on 16 March 2016. As this change has not been substantively enacted at the balance sheet date, its effects are not included in these financial statements.

Digital Projection Limited

Notes to the financial statements for the year ended 31 December 2015 (continued)

6 Property, plant and equipment

	Short-term leasehold improvements £000	Plant and machinery £000	Fixtures, Fittings, tools and equipment £000	Total £000
Cost				
At 1 January 2015	185	227	332	744
Additions	12	29	152	193
At 31 December 2015	197	256	484	937
Accumulated Depreciation				
At 1 January 2015	(85)	(77)	(55)	(217)
Charge for the year	(78)	(40)	(181)	(299)
At 31 December 2015	(163)	(117)	(236)	(516)
Net book value				
At 31 December 2015	34	139	248	421
At 31 December 2014	100	150	277	527

7 Investments

	Shares in subsidiaries £000
Cost and net book value	
At 1 January 2015 and 31 December 2015	1

Interests in subsidiaries

The investment in subsidiaries represents 100% of the issued ordinary share capital of Digital Projection Inc, a company registered in USA. The principal activity of the subsidiary is the sale and marketing of electronic video projectors.

The directors believe that the carrying value of the investment is satisfied by the net assets of the subsidiary.

The exemption for the company from preparing consolidated accounts cannot be taken because one of the conditions, being that the company's financial statements are filed at Companies House by its statutory filing deadline of 30 September 2016, has not been met. Consequently, the company is unable to take advantage of the exemption in section 401 of the Companies Act 2006 and should have prepared consolidated financial statements for the company and its subsidiary undertakings. However, the directors have elected not to prepare consolidated accounts as they are filing a copy of Digital Projection International Limited's consolidated financial statements and annual report (which include the results of the company and its subsidiary undertaking and which were filed with Companies House by the statutory filing deadline of 30 September 2016) with Companies House when these financial statements are filed.

Digital Projection Limited

Notes to the financial statements for the year ended 31 December 2015 (continued)

8 Inventories

	As at 31 December 2015 £000	As at 31 December 2014 £000
Raw materials and consumables	1,203	1,136
Finished goods and goods for resale	896	1,121
	2,099	2,257

In the opinion of the directors, the value of stock is not materially different from replacement cost

The amount of inventories recognised as an expense during the year was £19,383,000 (2014 £16,073,000)

9 Trade and other receivables

	As at 31 December 2015 £000	As at 31 December 2014 £000
Trade receivables	2,846	389
Amounts owed by associates	170	312
Other trade receivables	533	787
Prepayments and accrued income	237	176
	3,786	1,664

10 Ordinary shares

The company had the following ordinary shares

	As at 31 December 2015 £	As at 31 December 2014 £
Called-up, issued and fully paid		
At the beginning of the year		
100 (2014 100) ordinary shares of £1 each	100	100
Shares issued and fully paid during the year		
43,018 ordinary shares of £1 each	43,018	-
Shares at closing of the year	43,118	100

All shares rank pari passu for voting purposes and distributions. During the year the company issued 43,018 ordinary shares of £1 each with a nominal value of £43,018

Digital Projection Limited

Notes to the financial statements for the year ended 31 December 2015 (continued)

11 Trade and other payables

	As at 31 December 2015 £000	As at 31 December 2014 £000
Non-current liabilities		
Pension liability (note 13)	1,194	1,498
	<u>1,194</u>	<u>1,498</u>
Current liabilities		
Trade payables	1,845	1,324
Amounts owed to group undertakings	17,691	24,639
Amounts owed to associates	4,212	4,028
Short term borrowings	2,272	2,272
Taxation and social security	158	137
Corporation tax	-	127
Other trade payables	213	204
Accruals and deferred income	1,077	826
	<u>27,468</u>	<u>33,557</u>

Amounts owed to group undertakings are not interest bearing. The short term borrowings are secured on all the assets of the company, and are repayable on demand (2014 same)

12 Deferred taxation

There is no deferred taxation asset in the company, due to the uncertainty of timing of future taxable profits. The unprovided deferred tax asset at 31 December 2015 was as follows:

	As at 31 December 2015 £000	As at 31 December 2014 £000
Depreciation in excess of capital allowances	36	38
Trading losses	1,833	2,616
Short term timing differences	-	22
R&D expenditure credit carried forward	-	101
Deferred tax on net pension liability	217	294
Total unprovided asset at 18% (2014 20%)	<u>2,086</u>	<u>3,071</u>

Digital Projection Limited

Notes to the financial statements for the year ended 31 December 2015 (continued)

13 Pensions

The Company currently operates a defined contribution plan, and there are no further liabilities on the Company beyond the contributions made. The assets of the scheme are held separately from the Company and are administered by trustees and managed professionally. Contributions totalling £175,000 were paid during the year (2014 £147,000). There are no contributions outstanding at 31 December 2015 (2014 £nil). Some defined payments are made to retired employees that are not funded within the pension schemes. Provision is made in the statement of financial position for the present value of these unfunded amounts.

The Company also operated a final salary defined benefit pension plan, which is now closed, and benefits have not been accrued since 31 December 2007. Contributions of £230,000 were paid during the year (2014 £195,000). Pension benefits for deferred members are based on the members' final pensionable salaries and service at the date accrual ceased (or date of leaving if earlier). The information provided below in respect of this plan has been prepared by an independent actuary. The most recent formal actuarial valuation was carried out at 5 April 2014, and the results have been updated to 31 December 2015 by the actuary. The major assumptions used were as follows:

Key assumptions used	As at 31 December 2015	As at 31 December 2014
Discount rate	3.70% pa	3.60% pa
Retail Prices Index (RPI) inflation	3.00% pa	3.10% pa
Consumer Prices Index (CPI) inflation	2.00% pa	2.10% pa
Rate of increase of pensions in payment		
- Guaranteed minimum pension ("GMP") arising before 1988	0.00% pa	0.00% pa
- GMP, and benefits in excess of GMP, arising post 1988 up to 1997	1.80% pa 2.50% pa	1.90% pa 2.60% pa
- Pre 1997 excess over GMP ("XS")		
- Benefits arising post 1997	2.90% pa	3.00% pa
Rate of increase for deferred pensioners	2.00% pa	2.10% pa

Digital Projection Limited

Notes to the financial statements for the year ended 31 December 2015 (continued)

13. Pensions (continued)

Demographic assumptions	As at 31 December 2015	As at 31 December 2014
Mortality (Pre-retirement)	AMC00/AFC00	AMC00/AFC00
Mortality (Post retirement)	92% of S2PAmc (yob) CMI_2010_M/F (1.25%)	92% of S2PAmc (yob) CMI_2010_M/F (1.25%)
	<u>Males</u>	<u>Females</u>
Life expectancy for a current 65 year old	23.1 years	25.0 years
Life expectancy at age 65 for a current 45 year old	24.9 years	27.0 years

Assets

The assets of the plan are invested in a diversified portfolio

Asset class	As at 31 December 2015		As at 31 December 2014		As at 31 December 2013	
	% of total Plan assets	Market Value £000	% of total Plan assets	Market Value £000	% of total Plan assets	Market Value £000
Equities	77%	3,303	79%	3,283	79%	3,130
Bonds	9%	390	8%	337	8%	316
Gilts	5%	195	5%	197	5%	187
Cash	9%	407	8%	346	8%	300
		<u>4,295</u>		<u>4,163</u>		<u>3,933</u>
Actual return on assets over the year		<u>113</u>		<u>201</u>		<u>459</u>

Reconciliation to the statement of financial position

	As at 31 December 2015 £000	As at 31 December 2014 £000
Fair value of assets	4,295	4,163
Present value of liabilities	(4,885)	(5,019)
Deficit in scheme at end of year as recognised in statement of financial position	(590)	(856)
Provision for unfunded pensions outside of the scheme	(604)	(642)
Total provision presented in statement in financial position	<u>(1,194)</u>	<u>(1,498)</u>

Digital Projection Limited

Notes to the financial statements for the year ended 31 December 2015 (continued)

13. Pensions (continued)

Analysis of change in the present value of the plan liabilities over the year

	Year ended 31 December 2015 £000
Present value of liabilities at start of year	(5,019)
Interest cost	(178)
Benefits paid	151
Actuarial gains	161
Value of liabilities at end of year	(4,885)

	Year ended 31 December 2015 £000
Fair value of assets at start of year	4,163
Return on scheme assets excluding interest income	(37)
Employer contributions	230
Administration expenses	(60)
Benefits paid	(151)
Interest income	150
Fair value of assets at end of financial year	4,295

Amounts recognised in statement of profit or loss

Analysis of amount charged to operating loss

	Year ended 31 December 2015 £000	Year ended 31 December 2014 £000
Current service cost	-	-
Administration expenses	60	53
Total operating charge	60	53

Analysis of the amount charged to other finance expense

	Year ended 31 December 2015 £000	Year ended 31 December 2014 £000
Net charge to other finance expense	28	22

Digital Projection Limited

Notes to the financial statements for the year ended 31 December 2015 (continued)

13. Pensions (continued)

Amounts recognised in statement of comprehensive income

	Year ended 31 December 2015 £000	Year ended 31 December 2014 £000
Actuarial gains/(losses) recognised in other comprehensive income	161	(426)
Actual return on assets less interest	(37)	23
	124	(403)

The cumulative amount of actuarial gains and losses recognised in the statement of comprehensive income (since 2002) in respect of the defined benefit scheme is a loss of £677,000 (2014 loss of £801,000)

Future funding obligation

Until the closure of the scheme on 31 December 2007, contributions were paid into the Plan at the rate of 40% of pensionable pay by the employer and at 3.3% of pensionable pay (on average) by the employees. The Plan is a closed scheme both to new entrants and, as from 31 December 2007, to future service benefits for current members. Therefore under the projected unit method the current service cost would be expected to increase as members approach retirement. As the scheme is closed there is no set future contribution rate on employees' pensionable pay, but the employer will make contributions to the Plan in order to reduce the scheme deficit over time.

The last actuarial valuation of the plan was performed by the Actuary for the Trustees as at 5 April 2014: The Company expects to pay £295,000 to the plan during the accounting year beginning 1 January 2016.

Digital Projection Limited

Notes to the financial statements for the year ended 31 December 2015 (continued)

14 Financial commitments

Operating lease commitments

At 31 December 2015 the Company had the following future minimum lease payments under non-cancellable operating leases for each of the following

	Within 1 year	Within 2 to 5 year	Over 5 years	Total
	£000	£000	£000	£000
As at 31 December 2014				
Land & buildings	103	348	-	451
Motor vehicles	19	21	-	40
Equipment	1	14	-	15
Total	123	383	-	506
 As at 31 December 2015				
Land & buildings	150	348	-	498
Motor vehicles	25	38	-	63
Equipment	6	8	1	15
Total	181	394	1	576

Capital commitments

At 31 December 2015 the company had no capital commitments contracted but not provided (31 December 2014, same)

15 Related party transactions

As a subsidiary undertaking of Digital Projection International Limited, the company has taken advantage of the exemption under the terms of paragraph 33 1A of FRS 102 in not disclosing transactions with other wholly-owned companies within the group. During the current financial year the company purchased goods in the ordinary course of business from associated companies totalling £13,772,412 (31 December 2014 - £11,884,837). Sales of goods were also made to associated companies in the amount of £963,476 (31 December 2014 - £860,174). Amounts owed by and to associated companies are shown in notes 9 and 11.

16 Ultimate controlling party

The immediate parent company is Digital Projection Holdings Limited

In the opinion of the directors, the company's ultimate parent company and controlling party is Luxeon International Holding Limited, a company incorporated in British Virgin Islands. The parent undertaking of the largest and smallest group, which includes the company for which group accounts are prepared is Digital Projection International Limited. Copies of the group financial statements of Digital Projection International Limited are available from Companies House, Crown Way, Maindy, Cardiff CF14 3UZ.

Digital Projection Limited

Notes to the financial statements for the year ended 31 December 2015 (continued)

17 Transition to FRS 102

This is the first year that the Company has presented its results under FRS 102. The last financial statements under previous UK GAAP were for the year ended 31 December 2014. The date of transition to FRS 102 was 1 January 2014. The Company has early adopted the amendments to FRS 102 (issued in July 2015). Set out below are the changes in accounting policies which reconcile profit for the financial year ended 31 December 2014 and the total equity as at 1 January 2014 and 31 December 2014 between UK GAAP as previously reported and FRS 102.

Transition exemptions

The Company has taken the following transition exemptions in preparing its first financial statements under FRS 102:

- (i) The Company has taken advantage of the transition exemption under paragraph 35 10(p) of FRS 102 to continue to recognise the existing lease incentives at the transition date on the same basis as previous UK GAAP. Under previous UK GAAP operating lease incentives, including rent free periods and fit-out contributions, were spread over the shorter of the lease period or the period to when the rental was set to a fair market rent. FRS 102 requires that such incentives to be spread over the lease period.

Reconciliations

In accordance with the requirements of FRS 102 a reconciliation of the prior year profit and opening balances is provided below:

Reconciliation of loss for the year	Note	31 December 2014 £000
Profit for the year as previously reported under UK GAAP		722
-Actuarial changes to pension liability	(i)	(58)
-Actuarial changes to unfunded pension liability	(i)	(99)
Profit for the year as reported under FRS 102		565
Reconciliation of other comprehensive income for the year	Note	31 December 2014 £000
Other comprehensive income for the year as previously reported under UK GAAP		(560)
-Actuarial changes to pension liability	(i)	58
-Actuarial changes to unfunded pension liability	(i)	99
Other comprehensive income for the year as reported under FRS 102		(403)

Digital Projection Limited

Notes to the financial statements for the year ended 31 December 2015 (continued)

17 Transition to FRS 102 (continued)

Reconciliation of equity	Note	1 January 2014 £000	31 December 2014 £000
Total equity as previously reported under UK GAAP		(29,891)	(29,729)
-Actuarial changes to pension liability in Income statement	(i)	-	58
-Actuarial changes to unfunded pension liability in Income statement	(i)	-	99
-Actuarial changes to pension liability in other comprehensive income	(i)	-	(58)
-Actuarial changes to unfunded pension liability in Income statement	(i)	-	(99)
Total equity as reported under FRS 102		(29,891)	(29,729)

Notes to the reconciliations

(i) Defined benefit scheme

Under previous UK GAAP the Company recognised an expected return on defined benefit plan assets using the expected rate of return applied to the fair value of plan assets which was often in excess of the discount rate applied to defined benefit liabilities. Under FRS 102, the expected rate of return on plan assets is the same as the discount rate applied to defined benefit liabilities, thereby lowering the profits or increasing the loss in the income statement.

The effect of this change has led to increase financial expense on pension liability by £58,000 thereby increasing the loss to the income statement in the year to 31 December 2014 by £58,000 and reducing the actuarial loss on pension liability in the statement of other comprehensive income by an equivalent amount. Similar changes occurred in the unfunded pension scheme, totalling £99,000. There has been no change in the defined benefit liability at either 1 January 2014 or 31 December 2014.

Other adjustments arising on transition to FRS 102

Apart from the transition adjustments identified above which affect profit for the financial year, there were no further adjustments which have affected the income statement or the net assets in the statement of financial position or the presentation of these financial statements.

Digital Projection International Limited
Annual report and financial statements
for the year ended 31 December 2015

Registered Number 04319160

THESE ACCOUNTS
FORM PART OF THE
GROUP ACCOUNTS
OF COMPANY
No. 03287264

FRIDAY

COMPANIES HOUSE

Digital Projection International Limited

Annual report and financial statements for the year ended 31 December 2015

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Digital Projection International Limited

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S Chao

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Digital Projection International Limited

Strategic report

The directors present their strategic report and directors' report on the affairs of the Company and the consolidated Group, together with the financial statements and independent auditors' report, for the year ended 31 December 2015.

Principal activity

The principal activity of the Company is that of the ultimate UK holding Company for the Group. The principal activity of the Group continues to be the research, design, manufacture and sale of electronic video projectors based upon DLP™ technology jointly developed with Texas Instruments. The Group headquarters are in Middleton, Manchester where products are developed and manufactured. The Group's sales are made world-wide, with the largest volume being in the USA through its subsidiary Digital Projection Inc.

Review of the business

Revenue during the year has increased to £34,759,000 (year ended 31 December 2014: £30,075,000). The increase is due to higher sales volumes. Gross margin however, has decreased to 36% (2014: 38%) and the operating loss of £674,000 for the year reflects an improvement from the loss of £2,210,000 for 2014.

The exchange rate of the US\$ against the pound has moved significantly during the year, with the result that the operating loss for 2015 included a loss of £402,000 compared to a gain of £396,000 in 2014.

During the year attention continued to be given to minimising working capital requirements.

Future developments

The directors expect the general level of activity to increase steadily in future in line with the Company's plan from growth and expansion. The Group has devoted substantial resources to research and development during the period. This, together with contracts with outside parties, will enable the Company to maintain its leading position in technology and design.

Strategy and objectives

The Group continues to maintain its place as a world-wide leader in the technology of digital projection utilising DLP™ and new products incorporating the latest advancements continue to be brought on line. The introduction of new products results in substantial development costs being incurred, as shown in note 3.

Key performance indicators

The directors do not believe there are any further relevant financial and non-financial key performance indicators requiring disclosure other than those discussed above.

Principal risks and uncertainties

The board acknowledges the risks from competitors, the reliance on key suppliers, the funding requirements needed to maintain its commitment to research and development, the need to constantly introduce new products incorporating the latest advances in technology, and foreign exchange issues. The board seeks to minimise these risks wherever possible, reviewing them regularly through management reporting and planning processes.

The Group's prime areas of financial risk include foreign currency exchange, the control of adequate liquidity, and the maintenance of adequate credit from suppliers. The Group does not utilise forward foreign exchange contracts as it is able to match its purchases in the same currency as its sales. Liquidity is closely monitored and controlled. Credit obtainable from suppliers is agreed in advance. Any potential credit risk from receivables is minimised by payments being obtained in advance where the risk is perceived and credit insurance.

Digital Projection International Limited

Strategic report (continued)

Directors' liabilities

The Company's Articles of Association permit the Company to indemnify Directors of the Company in accordance with the Companies Act 2006. The Company purchased and maintained throughout the financial year Directors' and Officers' liability insurance.

Going concern basis

The directors have a reasonable expectation that the Company and the Group has adequate resources to continue operations for the foreseeable future, and they have therefore continued to adopt the going concern basis in preparing these financial statements. A summary of significant accounting policies is shown on pages 15 to 23.

By order of the Board



M Hao
Director
29 September 2016

Digital Projection International Limited

Directors' report

The directors present their report and the audited financial statements of the Group and the Company for the year ended 31 December 2015.

Results and dividends

The results for the year ended 31 December 2015 are set out in the Group income statement on page 9. The directors are unable to recommend the payment of a dividend (2014: same). The Group statement of financial position shows net assets of £2,979,000 (2014: £3,634,000) attributable to ordinary shareholders.

Directors

The directors who held office during the year and up to the date of signing the financial statements are given below:

B R Critchley (resigned 31 March 2015)

M N Levi

D J Quinn

J Fu

R Chu

Y Wu (resigned 20 April 2015)

M Hao

N J W Cottiss (resigned 16 March 2015)

J Chang

M S Huang (resigned 20 April 2015)

S Chao (appointed 20 April 2015)

Financial risk management

The financial risk management policy has been disclosed on page 2 in the strategic report.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, Directors' Report and the Group and Company financial statements (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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising Financial Reporting Standard 102, The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), and applicable law).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and 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;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

Digital Projection International Limited

Directors' report (continued)

Directors' responsibilities statement (continued)

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and 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 Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Information given to the auditors

Each of the directors at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Group's auditors are unaware, and
- the director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Group's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Independent auditors

PricewaterhouseCoopers LLP were appointed as auditors of the Company during the year. A resolution to reappoint PricewaterhouseCoopers LLP as the Company's auditor will be proposed at the forthcoming Annual General Meeting.

By order of the Board



M Hao
Director
29 September 2016

Digital Projection International Limited

Independent auditors' report to the members of Digital Projection International Limited

Report on the financial statements

Our opinion

In our opinion, Digital Projection International Limited's Group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2015 and of the Group's loss and cash flows 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.

What we have audited

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the Group and Company statements of financial position as at 31 December 2015;
- the Group income statement and statement of comprehensive income for the year then ended;
- the Group statement of cash flows for the year then ended;
- the Group and Company statements of changes in equity for the year then ended;
- the accounting policies; and
- the notes to the financial statements, which include other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice), and applicable law.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

Digital Projection International Limited

Independent auditors' report to the members of Digital Projection International Limited (continued)

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us, or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the 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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of

- whether the accounting policies are appropriate to the group's and the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors, and
- the overall presentation of the financial statements.

Digital Projection International Limited

Independent auditors' report to the members of Digital Projection International Limited (continued)

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.

H. Macnamara

Hazel Macnamara (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
29 September 2016

Digital Projection International Limited

Group income statement for the year ended 31 December 2015

	Note	31 December 2015 £000	31 December 2014 £000
Revenue	1	34,759	30,075
Cost of sales		(22,209)	(18,751)
Gross profit		12,550	11,324
Distribution costs		(2,662)	(2,800)
Administrative expenses		(10,659)	(11,210)
Other income		97	476
Operating loss	3	(674)	(2,210)
Finance cost	4	(47)	(118)
Loss before income tax		(721)	(2,328)
Income tax expense	5	127	(79)
Loss for the year		(594)	(2,407)

Group statement of comprehensive income for the year ended 31 December 2015

	Note	31 December 2015 £000	31 December 2014 £000
Loss for the financial year		(594)	(2,407)
Other comprehensive income:			
Actuarial gain/(loss) on pension liability	16	124	(502)
Currency translation differences on foreign currency net investments		(185)	22
Other comprehensive income for the year, net of tax		(61)	(480)
Total comprehensive income for the year		(655)	(2,887)

The above results relate to continuing operations

The notes on pages 24 to 44 are an integral part of this Group income statement and statement of comprehensive income

Digital Projection International Limited
Group statement of financial position as at 31 December 2015

	Note	As at 31 December 2015 £000	As at 31 December 2014 £000
Assets			
Non-current assets			
Property, plant and equipment	6	664	847
Intangible assets	7	2,319	2,705
Investments	8	-	51
		<u>2,983</u>	<u>3,603</u>
Current assets			
Inventories	9	4,699	5,448
Trade and other receivables	10	7,709	5,489
Cash and cash equivalents		<u>1,061</u>	<u>1,645</u>
		<u>13,469</u>	<u>12,582</u>
Total assets		<u>16,452</u>	<u>16,185</u>
Equity and liabilities			
Equity			
Ordinary shares	11	36	36
Share premium		15,575	15,575
Retained earnings		<u>(12,632)</u>	<u>(11,977)</u>
Total equity		<u>2,979</u>	<u>3,634</u>
Liabilities			
Non-current liabilities			
Pension liability	16	<u>1,194</u>	<u>1,498</u>
Current liabilities			
Trade and other payables	12	<u>12,279</u>	<u>11,053</u>
Total liabilities		<u>13,473</u>	<u>12,551</u>
Total equity and liabilities		<u>16,452</u>	<u>16,185</u>

The notes on pages 24 to 44 are an integral part of this Group statement of financial position. The financial statements of Digital Projection International Limited, registered number 04319160, were approved by the Board of Directors on 29 September 2016 and signed on its behalf by


Mr Hao
Director

Digital Projection International Limited

Company statement of financial position sheet as at 31 December 2015

		As at 31 December 2015 £000	As at 31 December 2014 £000
Note			
Assets			
Non-current assets			
Investments	8	6,004	1,753
Current assets			
Trade and other receivables	10	8,847	12,120
Total assets		14,851	13,873
Equity			
Ordinary shares	11	36	36
Share premium		15,575	15,575
Retained earnings		(760)	(1,738)
Total equity		14,851	13,873

The Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the Company income statement. The company's profit for the year ended 31 December 2015 was £978,000 (31 December 2014: £nil).

The notes on pages 24 to 44 are an integral part of this Company statement of financial position. The financial statements of Digital Projection International Limited, registered number 04319160, were approved by the Board of Directors on 29 September 2016 and signed on its behalf by:


M Iiao

Director

Digital Projection International Limited

Group statement of changes in equity for the year ended 31 December 2015

	Note	Ordinary shares £000	Share premium £000	Retained earnings £000	Total £000
Balance as at 1 January 2014	11	36	11,287	(9,090)	2,233
Loss for the year		-	-	(2,407)	(2,407)
Other comprehensive income for the year:					
Actuarial loss on pension liability		-	-	(502)	(502)
Currency translation difference on foreign currency net investment		-	-	22	22
Total comprehensive income for the year		-	-	(2,887)	(2,887)
Proceeds from shares issued			4,288	-	4,288
Total transactions with owners, recognized directly in equity		-	4,288	-	4,288
Balance as at 31 December 2014	11	36	15,575	(11,977)	3,634
Loss for the year		-	-	(594)	(594)
Other comprehensive income for the year:					
Actuarial gain on pension liability		-	-	124	124
Currency translation difference on foreign currency net investment		-	-	(185)	(185)
Total comprehensive income for the year		-	-	(655)	(655)
Balance as at 31 December 2015	11	36	15,575	(12,632)	(2,979)

Digital Projection International Limited

Company statement of changes in equity for the year ended 31 December 2015

	Note	Ordinary shares £000	Share premium £000	Retained earnings £000	Total £000
Balance as at 1 January 2014	11	36	11,287	(1,738)	9,585
Profit for the year		-	-	-	-
Total comprehensive income for the year		-	-	-	-
Proceeds from shares issued		-	4,288	-	4,288
Total transactions with owners, recognized directly in equity		-	4,288	-	4,288
Balance as at 31 December 2014	11	36	15,575	(1,738)	13,873
Profit for the year		-	-	978	978
Total comprehensive income for the year		-	-	978	978
Balance as at 31 December 2015	11	36	15,575	(760)	14,851

Digital Projection International Limited

Group statement of cash flows for the year ended 31 December 2015

	Note	Year ended 31 December 2015 £000	Year ended 31 December 2014 £000
Net cash outflow from operating activities	15	(339)	(1,765)
Net cash used in operating activities		(339)	(1,765)
Cash flow from investing activities			
Purchase of property, plant and equipment		(249)	(518)
Proceeds from sale of investment		51	-
Net cash used in investing activities		(198)	(518)
Cash flow from financing activities			
Proceeds from issue of ordinary shares		-	4,302
Repayment of short term borrowings		-	(781)
Interest paid		(47)	(43)
Net cash (used in) / generated from financing activities		(47)	3,478
Net (decrease)/increase in cash and cash equivalents		(584)	1,195
Cash and cash equivalents at beginning of year		1,645	465
Exchange losses on cash and cash equivalents		-	(15)
Cash and cash equivalents at end of year		1,061	1,645
Cash and cash equivalents consist of			
Cash at bank		1,061	1,645

The notes on pages 24 to 44 are an integral part of this Group statement of cash flows.

Digital Projection International Limited

Summary of significant accounting policies

General information

Digital Protection International Limited ('the Company') is a private Company limited by shares and is incorporated and domiciled in the United Kingdom. The address of its registered office is Greenside Way, Middleton, Manchester M24 1XX. The registered number of the company is 04319160.

The principal activity of the Company is that of the ultimate UK holding Company for the Group. The principal activity of the Group continues to be the research, design, manufacture and sale of electronic video projectors based upon DLP™ technology jointly developed with Texas Instruments. The Group headquarters are in Middleton, Manchester where products are developed and manufactured. The Group's sales are made worldwide, with the largest volume being in the USA through its subsidiary Digital Projection Inc.

Statement of compliance

The Group and individual financial statements of Digital Protection International Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006. The Company has also early adopted the amendments to FRS 102 (issued in July 2015).

Summary of significant accounting policies

The following accounting policies have been applied consistently in the current and prior year in dealing with items which are considered material in relation to the Group's financial statements. The financial statements have been prepared, using United Kingdom accounting standards.

a. Basis of preparation

These Group and individual financial statements are prepared on a going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. This is the first year in which the financial statements have been prepared under FRS 102. The date of transition to FRS 102 was 1 January 2014. Details of the transition to FRS 102 are disclosed in note 20.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in section (t).

b. Going concern

In carrying out their duties in respect of going concern, the directors have carried out a review of the Group's and the Company's financial position and cash flow forecast for a period of 12 months from the date of signing these financial statements. The forecasts have been based on a comprehensive review of revenue, expenditure and cash flows, taking into account specific business risks and the uncertainties brought about by the current economic environment.

To ensure the continuation of the Group the directors regularly review the cash flows of the Company and the Group both in the short and medium term, have a thorough approach to managing the working capital and hold regular reviews with each operating unit in the country of operation, which includes an assessment of any bad debt risk or inventory obsolescence concerns. This is supported by regular monitoring of key performance indicators.

Digital Projection International Limited

Summary of significant accounting policies (continued)

b. Going concern (continued)

Forecasts are prepared and updated on a regular basis. The forecasting process is compiled using key market data, extensive dialogue with customers and suppliers, in depth analysis of all the key input costs and a range of scenario and sensitivity planning. The major uncertainties in preparing these forecasts are

- 1 Reliance on key suppliers;
- 2 The activities of competitors,
- 3 The funding requirements needed to maintain the Group's commitment to research and development,
- 4 The need to constantly introduce new products incorporating the latest advances in technology, and
- 5 Foreign exchange rates

Having taken all of the above factors into consideration and any reasonably possible changes the directors have reached a conclusion that the Company and the Group are able to manage their business risks and operate within existing and future funding facilities for a period of at least twelve months from the date of approval of the financial statements, despite the current uncertain economic outlook. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

c. Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions if certain conditions have been complied with, including notification of, and no objection to, the use of exemptions by the Company's shareholders. A qualifying entity is defined as a member of a Group that prepares publicly available financial statements, which give a true and fair view, in which that member is consolidated.

As a qualifying entity, the Company has taken advantage of the following exemptions in its standalone financial statements.

- i) from the requirement to prepare a statement of cash flows as required by paragraph 3.17(d) of FRS 102,
- ii) from the requirement to present certain financial instrument disclosures, as required by sections 11 and 12 of FRS 102,
- iii) from the requirement to present a reconciliation of the number of shares outstanding at the beginning and end of the period as required by paragraph 4.12(a)(iv) of FRS 102; and
- iv) from the requirement to disclose the key management personnel compensation in total as required by paragraph 33.7 of FRS 102

d. Consolidation and results

The Group financial statements comprise a consolidation of the Company and all its subsidiaries, drawn up for the year ended 31 December 2015 with the comparatives representing the period 1 January 2014 to 31 December 2014. For all subsidiary undertakings the accounts include the results of those companies controlled throughout the period or to the date of disposal or from the date of acquisition as appropriate.

e. Foreign currencies

- (i) *Functional and presentation currency*

The Group financial statements are presented in pound sterling and rounded to thousands.

Digital Projection International Limited

Summary of significant accounting policies (continued)

e. Foreign currencies (continued)

The Company's functional and presentation currency is the pound sterling.

(ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Group income statement.

(iii) *Translations*

The trading results of Group undertakings are translated into sterling at the average exchange rates for the year. The assets and liabilities of overseas undertakings, including goodwill and fair value adjustments arising on acquisition, are translated at the exchange rates ruling at the year end.

f. Revenue

Revenue represents amounts derived from the provision of goods and services which fall within the Group's ordinary activities after deduction of trade discounts and value added tax. Revenue is recognised when, in the opinion of the directors, the risks and rewards of ownership of the goods have transferred to the customer.

g. Employee benefits

The Group provides a range of benefits to employees, including paid holiday arrangement, defined contribution plan and defined benefit pension plans.

(i) *Short term benefits*

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

(ii) *Defined contribution pension plan*

The Group currently operates a defined contribution plan, under which there are no further liabilities on the Group beyond the contributions made. The assets of the scheme are held separately from the Group and are administered by trustees and managed professionally. For defined contribution schemes, the amount charged to the income statement in respect of pension costs is the contributions payable in the period. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the statement of financial position.

(iii) *Defined benefit pension plan*

For defined benefit pension schemes, scheme assets are measured at fair value and scheme liabilities are measured on an actuarial basis using the projected unit method and discounted at an interest rate equivalent to the current rate of return on a high-quality corporate bond of equivalent currency and term to the scheme liabilities.

Digital Projection International Limited

Summary of significant accounting policies (continued)

g. Employee benefits (continued)

(ii) Defined benefit pension plan (continued)

Full actuarial valuations are obtained at least every three years with an adjustment for employee demographics annually and are updated at each reporting date. The resulting surplus or deficit, net of taxation thereon, is presented under trade payables in statement of financial position.

The service cost of providing pension benefits to employees for the period is charged to the income statement. The cost of making improvements to pension and benefits is recognised in the income statement on a straight-line basis over the period during which the increase in benefits vests. To the extent that the improvements in benefits vest immediately, the cost is recognised immediately. These costs are recognised as an operating expense.

A charge representing the unwinding of the discount on the scheme liabilities during the period is included within other finance expenses.

A credit representing the expected return on the scheme assets during the period is included within other finance expenses. This credit is based on the market value of the scheme assets, and expected rates of return, at the beginning of the period.

Actuarial gains and losses may result from: differences between the expected return and the actual return on scheme assets, differences between the actuarial assumptions underlying the scheme liabilities and actual experience during the period, or changes in the actuarial assumptions used in the valuation of the scheme liabilities. Actuarial gains and losses, and taxation thereon, are recognised in the statement of other comprehensive income.

h. Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

ii) Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

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

Digital Projection International Limited

Summary of significant accounting policies (continued)

i. Research and development

Expenditure is charged to the income statement in the period it is incurred.

j. Intangible assets - goodwill

In accordance with paragraph 18 of FRS 102, on the acquisition of a business, fair values are attributed to the identifiable assets and liabilities of the acquired business. Any excess of purchase consideration over the fair value of the assets acquired is purchased goodwill which is capitalised and amortised over its estimated useful life of 20 years. The net carrying value is reviewed at each year end to assess the requirement for any provision for impairment.

The Group and the Company have taken the transition exemption under paragraph 35.10(a) relating to business combinations on the date of transition to FRS 102 (1 April 2014) and have elected not to apply Section 19 Business Combinations and Goodwill to business combinations that were effected before its FRS 102 transition date. No adjustment has been made to the carrying value of goodwill and intangible assets (including those subsumed within goodwill).

k. Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs.

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows.

Short-term leasehold improvement	33 33% per annum
Plant and machinery	20% per annum
Computer equipment and software	33 33% per annum
Fixtures and fittings	20% per annum

Provision is made for any impairment in the carrying value of property, plant and equipment as the directors consider appropriate.

Repairs, maintenance and minor inspection costs are expensed as incurred.

Property, plant and equipment are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in Group income statement.

l. Short term borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges are accounted for on an accruals basis in the income statement using the effective interest method.

m. Leased assets

At inception the Group assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

Digital Projection International Limited

Summary of significant accounting policies (continued)

m. Leased assets (continued)

i) Operating leased assets

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Operating lease rentals are charged to the Group income statement on a straight line basis over the period of the lease.

ii) Lease incentives

Incentives received to enter into an operating lease are credited to the Group income statement, to reduce the lease expense, on a straight-line basis over the period of the lease.

The Group has taken advantage of the exemption in respect of lease incentives on leases in existence on the date of transition to FRS 102 (1 January 2014) and continues to credit such lease incentives to the income statement over the period to the first review date on which the rent is adjusted to market rates.

n. Impairment of non-financial assets

At each reporting date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's cash generating unit) is compared to the carrying amount of the asset (or asset's cash generating unit).

The recoverable amount of the asset (or asset's cash generating unit) is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's (or asset's cash generating unit) continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the income statement, unless the asset has been revalued, in which case the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in the income statement.

If an impairment loss is subsequently reversed, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the income statement.

o. Investments

Investments in subsidiaries and other investments are recorded at cost plus incidental expenses less any provision for impairment. Impairment reviews are performed by the directors when there has been an indication of potential impairment.

p. Inventories

Inventories and work in progress are stated at the lower of cost and estimated selling price less costs to sell. Estimated selling price less costs to sell is based on estimated selling price less all further costs to completion and all relevant marketing, selling and distribution costs. Inventories are recognised as an expense in

Digital Projection International Limited

Summary of significant accounting policies (continued)

p. Inventories (continued)

the period in which the related revenue is recognised. Provision is made for obsolete, slow-moving or defective items where appropriate

Cost is determined on the first-in, first-out (FIFO) method. Cost includes the purchase price, including taxes and duties and transport and handling directly attributable to bringing the inventory to its present location and condition

- i Inventories are valued at latest invoice price plus shipping and transport costs inclusive duty etc.
- ii Inventories are written down at set percentages dependant on the length of time in inventory, up to a maximum of 100% write-down if over 12 months old

q. Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

r. Financial instruments

The Group has chosen to adopt sections 11 and 12 of FRS 102 in respect of financial instruments

(i) Financial assets

Basic financial assets, including trade and other trade receivables and cash and bank balances are initially recognised at transaction price, 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

Such assets are subsequently carried at amortised cost using the effective interest method

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. 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 the Group income statement

If there is 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 the income statement.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions

(ii) Financial liabilities

Basic financial liabilities, including trade and other trade payables and loans from fellow Group companies 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 receipts discounted at a market rate of interest

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

Digital Projection International Limited

Summary of significant accounting policies (continued)

r. Financial instruments (continued)

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts 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 payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method. Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

The Company does not hold or issue derivatives financial instruments.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

(iii) Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is an 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 to liability simultaneously.

s. Related party transaction

The Group and Company has taken advantage of exemption under the terms of paragraph 33 1A of FRS 102 in not disclosing transactions with other wholly-owned companies within the Group.

t. Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, revenue and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

- *Useful economic lives of property plant and equipment*

The annual depreciation charge for property, plant and equipment is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 6 for the carrying amount of the property, plant and equipment, and accounting policies point (k) for the useful economic lives for each class of assets.

Digital Projection International Limited

Summary of significant accounting policies (continued)

u. Critical accounting judgements and key sources of estimation uncertainty (continued)

- *Defined benefit pension scheme*

The Group has obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including, life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the statement of financial position. The assumptions reflect historical experience and current trends.

- *Goodwill impairment*

Goodwill has been amortised over 20 years and currently has 6 years to run before it is completely written off. An impairment review is undertaken annually based on future cash flow projections, with appropriate discount rates, and expected levels of profitability. The result of these reviews is that no provision for impairment is required.

- *Carrying values of property, plant and equipment and inventories*

The carrying values of property, plant and equipment, and inventories are assessed on a continual basis and amended to reflect current estimates based on technological advancement, future investments, economic utilisation and the physical condition of the assets. Inventories are evaluated to ensure they are carried at the lower of cost or net realisable value and are written down depending on the length of time held.

- *Warranty provision*

Provision is made in the accounts for the estimated costs of warranty claims that may be made in relation to goods sold. The level of the provision is reviewed annually based on experience of the actual warranty claims made on recent sales over the previous 3 years, being the average length of warranty given.

- *Going concern*

In assessing the going concern basis of preparing annual accounts, the Directors prepare profit and cash flow forecasts for a period of at least 12 months after the date of signing the accounts. The going concern basis was deemed suitable after taking account of available bank facilities.

- *Future amendments to FRS 102*

There are no future amendments to FRS 102 that are expected to have a significant impact on the Group or Company financial statements.

Digital Projection International Limited

Notes to the financial statements for the year ended 31 December 2015

1. Revenue

Reporting of revenue by geographical analysis of markets and loss before tax by geographical area has not been provided. In the opinion of the directors, such disclosure would be seriously prejudicial to the interests of the Group due to the commercial sensitivity of the information, and the available exemption under Companies Act, SI 2008/410 Paragraph 68 has therefore been taken.

2. Information regarding directors and employees

	Year ended 31 December 2015 £000	Year ended 31 December 2014 £000
Directors' remuneration		
Remuneration	696	1,296
Loss of Office	-	929
Remuneration of highest paid director	362	409

The Group's defined benefit pension scheme was closed on 31 December 2007, accordingly no directors, have accrued any benefits during the current or prior period. No directors were members of the money purchase scheme. The highest paid director in 2014 was a pensioner of the defined benefit scheme and the amount of pension received by this member during the 2014 accounting period was £41,980. The highest paid director in 2015 was not a member of any of the Group's pension schemes.

	Year ended 31 December 2015 Number	Year ended 31 December 2014 Number
Average number of persons employed (including directors)		
Production and research and development	50	53
Sales and distribution	53	40
Administration	16	35
	119	128

	Year ended 31 December 2015 £000	Year ended 31 December 2014 £000
Staff costs during the year (including directors)		
Wages and salaries	5,716	6,104
Social security costs	596	624
Pension costs (note 16)	477	186
	6,789	6,914

Digital Projection International Limited

Notes to the financial statements for the year ended 31 December 2015 (continued)

2 Information regarding directors and employees (continued)

Key management compensation

Key management includes the directors and members of senior management. The compensation paid or payable to key management for employee services is shown below:

	Year ended 31 December 2015 £000	Year ended 31 December 2014 £000
Salaries and other short-term benefit	908	1,438
Loss of office	-	929
	<u>908</u>	<u>2,467</u>

Digital Projection International Limited

Notes to the financial statements for the year ended 31 December 2015 (continued)

3. Operating loss

	Year ended 31 December 2015 £000	Year ended 31 December 2014 £000
Operating loss is stated after charging/(crediting):		
Research and development costs	1,632	1,925
Depreciation of property, plant and equipment-owned assets	430	288
Goodwill amortisation	386	386
Loss / (Gains) on foreign exchange	402	(396)
Grant income	-	(60)
Research and development tax credits	(69)	(332)
Rentals under operating leases	338	411
The analysis of auditors' remuneration is as follows:		
Fees payable to the Company's auditors for the audit of the Company's annual accounts	1	1
Fees payable to the Company's auditors and their associates for the audit of the Company's subsidiaries pursuant to legislation	54	47
Fees payable to the Company's auditors and its associates for taxation services	27	24
Fees payable to the Company's auditors and its associates for other services	12	-
Fees payable to the Company's auditors and its associates for remuneration services	-	21

4. Finance cost

	Year ended 31 December 2015 £000	Year ended 31 December 2014 £000
Other financial expense on pension liability (note 16)	28	22
Other interest payable	19	96
	47	118

Digital Projection International Limited

Notes to the financial statements for the year ended 31 December 2015 (continued)

5. Income tax expense

	Year ended 31 December 2015 £000	Year ended 31 December 2014 £000
Current tax		
UK corporation tax at 20 25% (2014: 21.49%) based on the loss for the period	-	79
Adjustment in respect of previous periods	(127)	-
	(127)	79
	Year ended 31 December 2015 £000	Year ended 31 December 2014 £000
Loss on ordinary activities before taxation for the year	(721)	(2,328)
Tax on loss on ordinary activities at standard UK tax rate of 20 25% (2014: 21.49%)	(146)	(500)
Effects of:		
Expenses not deductible for tax purposes	281	91
Tax losses not recognised / (utilisation of tax losses)	413	(99)
Overseas tax rates	(548)	587
Adjustment in respect of previous periods	(127)	-
Total tax (credit)/expense	(127)	79

Digital Projection International Limited

Notes to the financial statements for the year ended 31 December 2015 (continued)

6. Property, plant and equipment

	Short-term leasehold improvements £000	Plant and machinery £000	Fixtures, fittings and computer equipment £000	Total £000
Group				
Cost				
At 1 January 2015	728	850	1,255	2,833
Additions	12	31	191	234
Disposals	-	(3)	(108)	(111)
Foreign exchange movement	10	-	31	41
At 31 December 2015	750	878	1,369	2,997
Accumulated depreciation				
At 1 January 2015	(320)	(605)	(1,061)	(1,986)
Charge for the year	(121)	(41)	(268)	(430)
Disposals	-	1	107	108
Foreign exchange movement	(3)	-	(22)	(25)
At 31 December 2015	(444)	(645)	(1,244)	(2,333)
Net book value				
At 31 December 2015	306	233	125	664
At 31 December 2014	408	245	194	847

There was no property, plant and equipment in the Company during the current year or prior year.

Digital Projection International Limited

Notes to the financial statements for the year ended 31 December 2015 (continued)

7. Intangible assets

Group	Goodwill £000
Cost	
At 1 January 2015 and 31 December 2015	<u>7,513</u>
Amortisation	
At 1 January 2015	4,808
Charge for the year	<u>386</u>
At 31 December 2015	<u>5,194</u>
Net book value	
At 31 December 2015	<u>2,319</u>
At 31 December 2014	<u>2,705</u>

There were no intangible assets in the Company during the current or prior year

Digital Projection International Limited

Notes to the financial statements for the year ended 31 December 2015 (continued)

8. Investments

	Group Other Investments £000	Company Shares in subsidiaries £000
Cost and net book value		
At 1 January 2015	51	1,753
Additions	-	4,251
Disposals	(51)	-
At 31 December 2015	-	6,004

Name	Location of the undertaking's registered office	Nature of business	Interest	Other Controlling parties
Digital Projection Holdings Limited	UK	Intermediate holding Company Research design, manufacture and sale and marketing of electronic video projectors	100% ordinary shares	N/A
Digital Projection Limited	UK	Sale and marketing of electronic video projectors	100% ordinary shares	N/A
Digital Projection Inc	USA	Sale and marketing of electronic video projectors	100% ordinary shares	N/A
Digital Projection Asia PTE. Limited	Singapore	Sale and marketing of electronic video projectors	20% ordinary shares	Digital Solutions PTE Limited

Interests in subsidiaries

The investment in subsidiaries shares amount to £6,004,000 including the costs of acquisition and represents 100% of the issued ordinary share capital of Digital Projection Holdings Limited ("DPH"), a company registered in England and Wales. During the year the company acquired 4,301,818 A Ordinary Shares in Digital Projection Holdings Limited, at a total cost of £4,251,000 as shown above.

The principal activity of DPH is the holding of shares in Digital Projection Limited and Digital Projection Inc.

The Company also owns, through Digital Projection Holdings Limited, 100% of the issued ordinary share capital of Digital Projection Limited, a Company registered in England and Wales whose principal activity is the design, manufacture and sale of electronic projectors, and 100% of the issued ordinary share capital of Digital Projection Inc, a Company registered in the United States of America whose principal activity is the sale of electronic projectors.

The Directors believe that the carrying value of investments are satisfied by the net assets of the subsidiaries.

Digital Projection International Limited

Notes to the financial statements for the year ended 31 December 2015 (continued)

9. Inventories

	Group	
	As at 31 December 2015 £000	As at 31 December 2014 £000
Raw materials and consumables	1,594	1,485
Finished goods and goods for resale	3,105	3,963
	4,699	5,448

There is no inventory in the Company (2014: same). In the opinion of the directors, the value of inventory is not materially different to the replacement cost.

The amount of inventories recognised as an expense during the year was £22,209,000 (2014: £18,751,000).

10. Trade and other receivables

	Group		Company	
	As at 31 December 2015 £000	As at 31 December 2014 £000	As at 31 December 2015 £000	As at 31 December 2014 £000
Current assets				
Trade receivables	6,191	3,980	-	-
Amounts owed by Group undertakings	-	-	8,847	12,120
Amounts owed by associates	170	312	-	-
Other trade receivables	1,087	790	-	-
Prepayments and accrued income	261	407	-	-
	7,709	5,489	8,847	12,120

Amounts owed by Group undertakings are interest free and repayable on demand.

Digital Projection International Limited

Notes to the financial statements for the year ended 31 December 2015 (continued)

11. Ordinary shares

The Company had the following ordinary shares:

	As at 31 December 2015 £	As at 31 December 2014 £
Called-up, issued and fully paid		
At the beginning of the year		
12,000,000 (2014: 12,000,000 ordinary shares) ordinary sterling shares of £0.001 each	12,000	12,000
35,589,874 (2014: 12,256,540 ordinary shares) ordinary dollar shares of \$0.001 each	21,936	7,597
2,200,000 (2014: 2,200,000 A ordinary shares) A ordinary sterling shares of £0.001 each	2,200	2,200
	36,136	21,797
Shares issued and fully paid during the year		
23,333,334 ordinary dollar shares of \$0.001 each	-	14,339
Shares at closing of the year	36,136	36,136

Voting.

All shares rank pari passu for voting purposes, with the exception that the Ordinary Sterling Shares and A Ordinary sterling shares vote for 80% of the number held.

Dividends:

The A Ordinary Sterling Shares have no right to any dividends. All Other shares rank pari passu for dividend distributions.

Return of assets:

On a return of assets payment shall be made firstly in repayment of the share price and share premium related to the Ordinary Dollar shares, secondly in repayment of the price and related share premium of each Ordinary Sterling Share, and subsequently the A Ordinary shareholders shall receive £0.005 per share. Remaining assets shall be distributed pari passu between the holders of the Ordinary Dollar Shares and Ordinary sterling Shares.

During the prior year the Company issued 23,333,334 ordinary dollar shares of \$0.001 each with a nominal value of £14,339.

Digital Projection International Limited

Notes to the financial statements for the year ended 31 December 2015 (continued)

12. Trade and other payables

	Group		Company	
	As at 31 December 2015	As at 31 December 2014	As at 31 December 2015	As at 31 December 2014
	£000	£000	£000	£000
Current liabilities:				
Trade payables	2,839	2,436	-	-
Amounts owed to associates	4,212	4,028	-	-
Short term borrowings	2,272	2,272	-	-
Corporation tax	-	127	-	-
Other trade payables	1,216	621	-	-
Accruals and deferred income	1,740	1,569	-	-
	12,279	11,053	-	-

The short term borrowings are secured on all the assets of certain subsidiary undertakings

Digital Projection International Limited

Notes to the financial statements for the year ended 31 December 2015 (continued)

13. Financial instruments

The Group has the following financial instruments:

	Note	31 December 2015 £000	31 December 2014 £000
Financial assets that are debt instruments measured at amortised cost			
Trade receivables	10	6,191	3,980
Amounts owed by associates	10	170	312
Other receivables	10	1,087	790
Total financial assets		7,448	5,082
Financial liabilities measured at amortised cost			
Trade payables	12	2,839	2,436
Amounts owed to associates	12	4,212	4,028
Short term borrowings	12	2,272	2,272
Other trade payables	12	1,216	621
Accruals and deferred income	12	1,740	1,569
Total financial liabilities		12,279	10,926

Digital Projection International Limited

Notes to the financial statements for the year ended 31 December 2015 (continued)

14. Deferred taxation

There is no deferred taxation asset in either the Group or Company, due to the uncertainty of the ability to utilise of tax losses. The unprovided deferred tax asset was as follows:

	As at 31 December 2015 £000	As at 31 December 2014 £000
Depreciation in excess of capital allowances	36	38
Trading losses	3,962	2,616
Non-trading deficits	-	22
Deferred tax on net pension liability	217	294
Total unprovided asset at 18% (2014: 20%)	4,215	2,970

15. Reconciliation of operating loss to net cash outflow from operating activities

	Year ended 31 December 2015 £000	Year ended 31 December 2014 £000
Loss for the year	(594)	(2,407)
Income tax expense	(127)	79
Finance cost	47	118
Operating loss	(674)	(2,210)
Depreciation and amortisation	816	674
R&D tax credit	(69)	(332)
Foreign exchange translation	(185)	22
Decrease/(increase) in inventory	749	(415)
Decrease/(increase) in trade receivables	(2,151)	742
Increase/(decrease) in trade payables	1,345	(18)
Pension charges less contributions paid	(170)	(228)
Net cash outflow from operating activities	(339)	(1,765)

Digital Projection International Limited

Notes to the financial statements for the year ended 31 December 2015 (continued)

16. Pensions

The Group currently operates defined contribution plans, and there are no further liabilities on the Group beyond the contributions made. The assets of the schemes are held separately from the Group and are administered by trustees and managed professionally. Contributions of £219,000 were paid during the year (2014: £326,000). There are no contributions outstanding at 31 December 2015 (2014: £nil). Some defined payments are made to retired employees that are not funded within the pension schemes. Provision is made in the statement of financial position for the present value of these unfunded amounts.

The Group also operated a final salary defined benefit pension plan, which is now closed, and benefits have not been accrued since 31 December 2007. Contributions of £230,000 were paid during the year (2014: £195,000). There are no contributions outstanding at 31 December 2015 (2014: £nil). Pension benefits for deferred members are based on the members' final pensionable salaries and service at the date accrual ceased (or date of leaving if earlier). The information provided below in respect of this plan has been prepared by an independent actuary. The most recent formal actuarial valuation was carried out at 5 April 2014, and the results have been updated to 31 December 2015 by the actuary. The major assumptions used were as follows:

Key assumptions used

	As at 31 December 2015	As at 31 December 2014
Discount rate	3.70% pa	3.60% pa
Retail Prices Index (RPI) inflation	3.00% pa	3.10% pa
Consumer Prices Index (CPI) inflation	2.00% pa	2.10% pa
Rate of increase of pensions in payment		
- Guaranteed minimum pension ("GMP") arising before 1988	0.00% pa	0.00% pa
- GMP, and benefits in excess of GMP, arising post 1988 up to 1997	1.80% pa 2.50% pa	1.90% pa 2.60% pa
- Pre 1997 excess over GMP ("XS")		
- Benefits arising post 1997	2.90% pa	3.00% pa
Rate of increase for deferred pensioners	2.00% pa	2.10% pa

Digital Projection International Limited

Notes to the financial statements for the year ended 31 December 2015 (continued)

16. Pensions (continued)

Demographic assumptions	As at 31 December 2015	As at 31 December 2014
Mortality (Pre-retirement)	AMC00/AFC00	AMC00/AFC00
Mortality (Post retirement)	92% of S2PAmc (yob) CMI_2010_M/F (1.25%)	92% of S2PAmc (yob) CMI_2010_M/F (1.25%)
		<u>Males</u> <u>Females</u>
Life expectancy for a current 65 year old		23.1 years 25.0 years
Life expectancy at age 65 for a current 45 year old		24.9 years 27.0 years

Assets

The assets of the plan are invested in a diversified portfolio.

Asset class	As at 31 December 2015		As at 31 December 2014		As at 31 December 2013	
	% of total Plan assets	Market Value £000	% of total Plan assets	Market Value £000	% of total Plan assets	Market Value £000
Equities	77%	3,303	79%	3,283	79%	3,130
Bonds	9%	390	8%	337	8%	316
Gilts	5%	195	5%	197	5%	187
Cash	9%	407	8%	346	8%	300
		<u>4,295</u>		<u>4,163</u>		<u>3,933</u>
Actual return on assets over the year		<u>113</u>		<u>201</u>		<u>459</u>

Reconciliation to the statement of financial position

	As at 31 December 2015 £000	As at 31 December 2014 £000
Fair value of assets	4,295	4,163
Present value of liabilities	(4,885)	(5,019)
Deficit in scheme at end of year as recognised in statement of financial position	(590)	(856)
Provision for unfunded pensions outside of the scheme	(604)	(642)
Total provision presented in statement in financial position	<u>(1,194)</u>	<u>(1,498)</u>

Digital Projection International Limited

Notes to the financial statements for the year ended 31 December 2015 (continued)

16. Pensions (continued)

Analysis of change in the present value of the plan liabilities over the year

	Year ended 31 December 2015 £000
Present value of liabilities at start of year	(5,019)
Interest cost	(178)
Benefits paid	151
Actuarial gains	161
Value of liabilities at end of year	(4,885)

Analysis of changes in the value of the plan assets over the year

	Year ended 31 December 2015 £000
Fair value of assets at start of year	4,163
Return on scheme assets excluding interest income	(37)
Employer contributions	230
Administration expenses	(60)
Benefits paid	(151)
Interest income	150
Fair value of assets at end of financial year	4,295

Amounts recognised in statement of profit or loss

Analysis of amount charged to operating loss

	Year ended 31 December 2015 £000	Year ended 31 December 2014 £000
Current service cost	-	-
Administration expenses	60	53
Total operating charge	60	53

Analysis of the amount charged to other finance expense

	Year ended 31 December 2015 £000	Year ended 31 December 2014 £000
Net charge to other finance expense	28	22

Digital Projection International Limited

Notes to the financial statements for the year ended 31 December 2015 (continued)

16. Pensions (continued)

Amounts recognised in statement of comprehensive income	Year ended 31 December 2015 £000	Year ended 31 December 2014 £000
Actuarial gains/(losses) recognised in other comprehensive income	161	(426)
Actual return on assets less interest	(37)	23
	<u>124</u>	<u>(403)</u>

The cumulative amount of actuarial gains and losses recognised in the statement of comprehensive income (since 2002) in respect of the defined benefit scheme is a loss of £677,000 (2014 loss of £801,000).

Future funding obligation

Until the closure of the scheme on 31 December 2007, contributions were paid into the Plan at the rate of 40% of pensionable pay by the employer and at 3.3% of pensionable pay (on average) by the employees. The Plan is a closed scheme both to new entrants and, as from 31 December 2007, to future service benefits for current members. Therefore under the projected unit method the current service cost would be expected to increase as members approach retirement. As the scheme is closed there is no set future contribution rate on employees' pensionable pay, but the employer will make contributions to the Plan in order to reduce the scheme deficit over time.

The last actuarial valuation of the plan was performed by the Actuary for the Trustees as at 5 April 2014. The Company expects to pay £295,000 to the plan during the accounting year beginning 1 January 2016.

Digital Projection International Limited

Notes to the financial statements for the year ended 31 December 2015 (continued)

17. Financial commitments

Operating lease commitments

The Company has no commitments in respect of non-cancellable operating leases (2014 same) At 31 December 2015 the Group had the following future minimum lease payments under non-cancellable operating leases for each of the following

	Within 1 year	Within 2 to 5 years	Over 5 years	Total
	£000	£000	£000	£000
As at 31 December 2014				
<u>UK (A)</u>				
Land & Building	103	348	-	451
Motor vehicle	19	21	-	40
Equipment	1	14	-	15
Total UK	123	383	-	506
<u>USA (B)</u>				
Land & Building	145	532	321	998
Equipment	11	8	-	19
Total USA	156	540	321	1,017
TOTAL GROUP (A+B)	279	923	321	1,523
As at 31 December 2015				
<u>UK (A)</u>				
Land & Building	150	348	-	498
Motor vehicle	25	38	-	63
Equipment	6	8	1	15
Total UK	181	394	1	576
<u>US (B)</u>				
Land & Building	122	514	226	862
Equipment	7	-	-	7
Total USA	129	514	226	869
TOTAL GROUP (A+B)	310	908	227	1,445

Digital Projection International Limited

Notes to the financial statements for the year ended 31 December 2015 (continued)

17. Financial commitments (continued)

Capital commitments

At 31 December 2015 the Group and Company had no capital commitments contracted but not provided (31 December 2014: same)

18. Related party transactions

The Group and Company has taken advantage of exemption under the terms of paragraph 33.1A of FRS 102 in not disclosing transactions with other wholly-owned companies within the Group. During the current financial year the Group purchased goods in the ordinary course of business from an associated Company totalling £13,772,412 (31 December 2014 - £11,884,837). Sales of goods were also made by the Group to associated companies in the amount of £963,476 (31 December 2014 - £860,174). Amounts owed by and to associated companies are shown in notes 10 and 12.

During the year the Group purchased goods in the ordinary course of business from subsidiaries of Delta International Holding Limited, an associated Company, totalling £13,772,412 (2014-£11,884,837). As at the year end an amount payable of £4,380,000 (2014-£4,028,000) was outstanding.

During the year the Group sold goods to Digital Projection Asia PTE Limited, an associated Company, totalling £963,476 (2014 £-860,174). As at the year end a receivable of £170,000 (2014-£312,000) was outstanding.

Other than the transactions noted above, the transactions with other related parties were with wholly owned subsidiaries and so have not been disclosed.

19. Ultimate controlling party

In the opinion of the directors, the Company's immediate and ultimate parent company and the ultimate controlling party is Luxeon International Holding Limited, a Company incorporated in British Virgin Islands, holding 59% of the voting rights in the Company. Digital Projection International Ltd is the only company to consolidate the results of its subsidiaries.

Digital Projection International Limited

Notes to the financial statements for the year ended 31 December 2015 (continued)

20. Transition to FRS 102

This is the first year that the Group and Company have presented its results under FRS 102. The last financial statements under previous UK GAAP were for the year ended 31 December 2014. The date of transition to FRS 102 was 1 January 2014. The Company has early adopted the amendments to FRS 102 (issued in July 2015). Set out below are the changes in accounting policies which reconcile profit for the financial year ended 31 December 2014 and the total equity as at 1 January 2014 and 31 December 2014 between UK GAAP as previously reported and FRS 102.

Transition exemptions

The Group and Company have taken the following transition exemptions in preparing its first financial statements under FRS 102:

- (i) The Group and Company have taken advantage of the transition exemption under paragraph 35.10(p) of FRS 102 to continue to recognise the existing lease incentives at the transition date on the same basis as previous UK GAAP. Under previous UK GAAP operating lease incentives, including rent free periods and fit-out contributions, were spread over the shorter of the lease period or the period to when the rental was set to a fair market rent. FRS 102 requires that such incentives to be spread over the lease period.
- (ii) The Group has elected not to apply Section 19 'Business Combinations and Goodwill' to business combinations that were effected before the date of transition to FRS 102. No adjustment has been made to the carrying value of goodwill and intangible assets subsumed within goodwill have not been separately recognised.

Reconciliations

In accordance with the requirements of FRS 102 a reconciliation of the prior year profit and opening balances is provided below.

Reconciliation of loss for the year	Note	31 December 2014 Group £000	31 December 2014 Company £000
Loss for the year as previously reported under UK GAAP		(2,349)	-
-Actuarial changes for pension liability	(i)	(58)	-
Loss for the year as reported under FRS 102		(2,407)	-
Reconciliation of other comprehensive income for the year	Note	31 December 2014 Group £000	31 December 2014 Company £000
Other comprehensive income for the year as previously reported under UK GAAP		(538)	-
-Actuarial changes to pension liability	(i)	58	-
Other comprehensive income for the year as reported under FRS 102		(480)	-

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Notes to the financial statements for the year ended 31 December 2015 (continued)

20. Transition to FRS 102 (continued)

Reconciliation of equity (Group)	Note	1 January 2014 £000	31 December 2014 £000
Total equity as previously reported under UK GAAP		2,219	3,634
-Actuarial changes to pension liability in Income statement	(i)	-	58
-Actuarial changes to pension liability in other comprehensive income	(i)	-	(58)
		-	-
Total equity as reported under FRS 102		2,219	3,634

Reconciliation of equity (Company)	Note	1 January 2014 £000	31 December 2014 £000
Total equity as previously reported under UK GAAP	(i)	9,571	13,873
Total equity as reported under FRS 102		9,571	13,873

Notes to the reconciliations

(i) Defined benefit scheme

Under previous UK GAAP the Group recognised an expected return on defined benefit plan assets using expected rate of return applied to the fair value of plan assets which was often in excess of the discount rate applied to defined benefit liabilities. Under FRS 102, the expected rate of return on plan assets is the same as the discount rate applied to defined benefit liabilities, thereby lowering the profits or increasing the loss in the income statement

The effect of this change has led to increase finance expenses on the pension liability by £58,000, thereby increasing the loss to the income statement in the year to 31 December 2014 by £58,000 and reducing the actuarial loss on the pension liability in statement of other comprehensive income by an equivalent amount. There has been no change in the net defined benefit liability at either 1 January 2014 or 31 December 2014

Other adjustments arising on transition to FRS 102

In addition to the transition adjustments identified above which affect profit for the financial year, the following adjustments have arisen which have had no effect on net assets or the income statement but which have affected the presentation of these items in the financial statements.

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Notes to the financial statements for the year ended 31 December 2015 (continued)

20. Transition to FRS 102 (continued)

Statement of cash flows

The Group's cash flow statement reflects the presentation requirements of FRS 102, which is different to that prepared under FRS 1. In addition the cash flow statement reconciles to cash and cash equivalents whereas under previous UK GAAP the cash flow statement reconciled to cash. Cash and cash equivalents are defined in FRS 102 as 'cash on hand and demand deposits and short term highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value' whereas cash is defined in FRS 1 as 'cash in hand and deposits repayable on demand with any qualifying institution, less overdrafts from any qualifying institution repayable on demand'. The FRS 1 definition is more restrictive.

Company

There were no adjustments to the Company's balance sheet at 1 January 2014 or 31 December 2014 on transition to FRS 102.