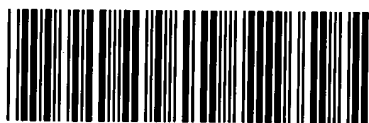


Company Registration No. 03913847 (England and Wales)

**ALLMARK LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

SATURDAY



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# **ALLMARK LIMITED**

## **COMPANY INFORMATION**

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|                          |   |
|--------------------------|---|
| <b>Director</b>          | Mr R Gilbellini   |
| <b>Company number</b>    | 03913847  |
| <b>Registered office</b> | Phoenix House<br>Kinmel Park<br>Abergele Road<br>Bodelwyddan<br>Rhyl<br>LL18 5TY                            |
| <b>Auditor</b>           | Harold Smith<br>Unit 32, Llys Edmund Prys<br>St Asaph Business Park<br>St Asaph<br>Denbighshire<br>LL17 0JA |

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# ALLMARK LIMITED

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# **ALLMARK LIMITED**

## **STRATEGIC REPORT**

***FOR THE YEAR ENDED 31 DECEMBER 2016***

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The director presents the strategic report for the year ended 31 December 2016.

### **Fair review of the business**

The company made a profit for the year amounting to £2,500,000 (2015 £58,925). The profit was entirely due to a dividend received from the shares held in its group undertakings.

### **Principal risks and uncertainties**

The company has very limited exposure to risk associated with its financial instruments. In previous years the company was exposed to currency and interest rate risks relating to an outstanding long term loan which was repaid in full in December 2015.

On behalf of the board



Mr R Gilbellini

**Director**

10 August 2017

# **ALLMARK LIMITED**

## **DIRECTOR'S REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2016**

---

The director presents his annual report and financial statements for the year ended 31 December 2016.

#### **Principal activities**

The principal activity of the company continued to be that of a holding company.

#### **Director**

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

Mr R Gilbellini

#### **Results and dividends**

The results for the year are set out on page 6.

Ordinary dividends were paid amounting to £1,700,000. The director does not recommend payment of a final dividend.


#### **Auditor**

Harold Smith were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

#### **Statement of disclosure to auditor**

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

On behalf of the board



Mr R Gilbellini  
Director  
10 August 2017

# **ALLMARK LIMITED**

## **DIRECTOR'S RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016**

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

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless he is 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 director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

# **ALLMARK LIMITED**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALLMARK LIMITED**

---

We have audited the financial statements of Allmark Limited for the year ended 31 December 2016 which comprise the Statement of Comprehensive Income, the Statement Of Financial Position, the Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

### **Respective responsibilities of director and auditor**

As explained more fully in the Director's Responsibilities Statement, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

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

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 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.

### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of our audit, the information given in the Strategic Report and the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements, and the Strategic Report and the Director's Report have been prepared in accordance with applicable legal requirements.

# ALLMARK LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF ALLMARK LIMITED

---

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Director's Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

*S. Murray-Williams*

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

11 August 2017

**Chartered Accountants**  
**Statutory Auditor**

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



# ALLMARK LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016

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|  | Notes | 2016<br>£               | 2015<br>£            |
|--|-------|-------------------------|----------------------|
| Interest receivable and similar income | 4     | 2,500,000               | 84,834               |
| Interest payable and similar expenses  | 5     | -                       | (25,909)             |
| <b>Profit before taxation</b>          |       | <u>2,500,000</u>        | <u>58,925</u>        |
| Taxation                               | 6     | -                       | -                    |
| <b>Profit for the financial year</b>   |       | <u><u>2,500,000</u></u> | <u><u>58,925</u></u> |

The income statement has been prepared on the basis that all operations are continuing operations.

# ALLMARK LIMITED

## STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

|   | Notes | 2016<br>£    | £                | 2015<br>£    | £                |
|---|-------|--------------|------------------|--------------|------------------|
| <b>Fixed assets</b>                                   |       |              |                  |              |                  |
| Investments   | 8     |              | 12,820,000       |              | 12,820,000       |
| <b>Current assets</b>                                 |       |              |                  |              |                  |
| Debtors   | 10    | 800,000      |                  | -            |                  |
| <b>Creditors: amounts falling due within one year</b> | 11    | (11,343,477) |                  | (11,343,477) |                  |
| <b>Net current liabilities</b>                        |       |              | (10,543,477)     |              | (11,343,477)     |
| <b>Total assets less current liabilities</b>          |       |              | <u>2,276,523</u> |              | <u>1,476,523</u> |
| <b>Capital and reserves</b>                           |       |              |                  |              |                  |
| Called up share capital                               | 12    |              | 2,000,000        |              | 2,000,000        |
| Profit and loss reserves                              |       |              | 276,523          |              | (523,477)        |
| <b>Total equity</b>                                   |       |              | <u>2,276,523</u> |              | <u>1,476,523</u> |

The financial statements were approved and signed by the director and authorised for issue on 10 August 2017

Mr R Gilbellini  
Director

Company Registration No. 03913847

# ALLMARK LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016

|  | Notes | Share capital<br>£ | Profit and loss reserves<br>£ | Total<br>£  |
|--|-------|--------------------|-------------------------------|-------------|
| Balance at 1 January 2015                          |       | 2,000,000          | (582,402)                     | 1,417,598   |
| Year ended 31 December 2015:                       |       |                    |                               |             |
| Profit and total comprehensive income for the year |       | -                  | 58,925                        | 58,925      |
| Balance at 31 December 2015                        |       | 2,000,000          | (523,477)                     | 1,476,523   |
| Year ended 31 December 2016:                       |       |                    |                               |             |
| Profit and total comprehensive income for the year |       | -                  | 2,500,000                     | 2,500,000   |
| Dividends  | 7     | -                  | (1,700,000)                   | (1,700,000) |
| Balance at 31 December 2016                        |       | 2,000,000          | 276,523                       | 2,276,523   |

# ALLMARK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

---

### 1 Accounting policies

#### Company information

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

#### 1.1 Accounting convention

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

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

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

These financial statements for the year ended 31 December 2016 are the first financial statements of Allmark Limited prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 January 2015. The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

Allmark Limited is a wholly owned subsidiary of Reflex S.r.L. and the results of Allmark Limited are included in the consolidated financial statements of Finlite S.r.L. which are available from Via Luigi Valdrighi 101/2, Madens, Italy 41124.

#### 1.2 Going concern

At the time of approving the financial statements, the director has a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the director continues to adopt the going concern basis of accounting in preparing the financial statements.

#### 1.3 Cash and cash equivalents

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

#### 1.4 Financial instruments

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

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

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

# ALLMARK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

---

### 1 Accounting policies

(Continued)

#### **Basic financial assets**

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

#### **Other financial assets**

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

#### **Impairment of financial assets**

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

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

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

#### **Derecognition of financial assets**

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

#### **Classification of financial liabilities**

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

# ALLMARK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

---

### 1 Accounting policies

(Continued)

#### **Basic financial liabilities**

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

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

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

#### **Other financial liabilities**

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

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

#### **Derecognition of financial liabilities**

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

### 1.5 Equity instruments

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

### 1.6 Foreign exchange

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

## 2 Judgements and key sources of estimation uncertainty

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

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

# ALLMARK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

### 3 Operating profit

|   | 2016<br>£ | 2015<br>£ |
|---|-----------|-----------|
| Operating profit for the year is stated after charging/(crediting): |           |           |

### 4 Interest receivable and similar income

|  | 2016<br>£ | 2015<br>£ |
|--|-----------|-----------|
| Other income from investments            |           |           |
| Exchange differences                     | -         | 84,834    |
| Income from fixed asset investments      |           |           |
| Income from shares in group undertakings | 2,500,000 | -         |
| Total income                             | 2,500,000 | 84,834    |

### 5 Interest payable and similar expenses

|  | 2016<br>£ | 2015<br>£ |
|--|-----------|-----------|
| Interest payable to group undertakings | -         | 25,909    |

### 6 Taxation

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

|  | 2016<br>£ | 2015<br>£ |
|--|-----------|-----------|
| Profit before taxation   | 2,500,000 | 58,925    |
| Expected tax charge based on the standard rate of corporation tax in the UK of 0% (2015: 20.00%) | -         | 11,785    |
| Foreign exchange differences   | -         | (11,785)  |
| Taxation charge for the year   | -         | -         |

### 7 Dividends

|              | 2016<br>£ | 2015<br>£ |
|--------------|-----------|-----------|
| Interim paid | 1,700,000 | -         |

# ALLMARK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

### 8 Fixed asset investments

|                      | 2016<br>£  | 2015<br>£  |
|----------------------|------------|------------|
| Unlisted investments | 12,820,000 | 12,820,000 |

#### Movements in fixed asset investments

|                                      | Investments<br>other than<br>loans<br>£ |
|--------------------------------------|---|
| <b>Cost or valuation</b>             |   |
| At 1 January 2016 & 31 December 2016 | 12,820,000                              |
| <b>Carrying amount</b>               |   |
| At 31 December 2016                  | 12,820,000                              |
| At 31 December 2015                  | 12,820,000                              |

### 9 Subsidiaries

Details of the company's subsidiaries at 31 December 2016 are as follows:

| Name of undertaking             | Registered office | Nature of business                      | Class of shares held | % Held |          |
|---------------------------------|-------------------|---|----------------------|--------|----------|
|                                 |                   |   |                      | Direct | Indirect |
| Reflex&Allen UK Limited         | England and Wales | Manufacture of commercial vehicle parts | Ordinary             | 100.00 |          |
| Allen Wuxi CV Parts Co Limited  | China             | Manufacture of vehicle parts            | Ordinary             |        | 100.00   |
| PACO Allen Auto Private Limited | India             | Supply of fluid carrying systems        | Ordinary             |        | 100.00   |
| Allen Industrial Limited        | England and Wales | Dormant                                 | Ordinary             |        | 100.00   |
| Polydynamics Limited            | England and Wales | Dormant                                 | Ordinary             |        | 100.00   |
| Allmark (NI) Limited            | England and Wales | Dormant                                 | Ordinary             |        | 100.00   |
| Energi Products Limited         | England and Wales | Dormant                                 | Ordinary             |        | 100.00   |
| Reflex&Allen Brazil             | Brazil            | Dormant                                 | Ordinary             |        | 1.00     |

The aggregate capital and reserves and the result for the year of the subsidiaries noted above was as follows:

| Name of undertaking     | Profit/(Loss) | Capital and Reserves |
|-------------------------|---------------|----------------------|
|                         | £             | £                    |
| Reflex&Allen UK Limited | 3,676,372     | 20,456,332           |



# ALLMARK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

### 10 Debtors

|                                      | 2016    | 2015 |
|--------------------------------------|---------|------|
|                                      | £       | £    |
| Amounts falling due within one year: |         |      |
| Other debtors                        | 800,000 | -    |

### 11 Creditors: amounts falling due within one year

|                                   | 2016       | 2015       |
|-----------------------------------|------------|------------|
|                                   | £          | £          |
| Amounts due to group undertakings | 11,343,477 | 11,343,477 |

### 12 Share capital

|  | 2016      | 2015      |
|--|-----------|-----------|
|  | £         | £         |
| Ordinary share capital<br>Issued and fully paid<br>2,000,000 Ordinary of £1 each | 2,000,000 | 2,000,000 |

### 13 Controlling party

The parent company is Reflex s.r.l. , a company incorporated in Italy,

The majority shareholder in Reflex s r l is Finite s.r.l. , incorporated in Italy. This is considered to be the ultimate parent company. The consolidated accounts of Finite s.r.l. are filed in the UK in English and are available from Companies House.

Finite is 99% owned by R Gabellini, who is considered to be the ultimate controlling party. Copies of the group accounts are available at the company's registered office, Via Luigi Valdrighi 101/2, Madens, Italy 41124.

## ALLMARK LIMITED

### DETAILED TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2016

---

|  | £         | 2016<br>£ | £      | 2015<br>£ |
|--|-----------|-----------|--------|-----------|
| <b>Investment revenues</b>                             |           |           |        |           |
| Dividends receivable from group companies              | 2,500,000 |           | -      |           |
| Exchange differences arising on financing transactions | -         |           | 84,834 |           |
|  |           | 2,500,000 |        | 84,834    |
| <b>Interest payable and similar expenses</b>           |           |           |        |           |
| Interest payable to group companies                    |           | -         |        | (25,909)  |
|  |           |           |        |           |
| <b>Profit before taxation</b>                          | -         | 2,500,000 | -      | 58,925    |

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## FINLITE SRL

### Consolidated financial statements as at 31.12.2016

| Master data   |   |
|---|---|
| Premises:   | VIA VALDRIGHI, 101/2 - 41124<br>- MODENA - MO |
| Tax identification number                               | 02736760360                                   |
| Economic and Administrative Register n.                 | 02736760360 MO 326502                         |
| VAT n.  | 02736760360                                   |
| Share capital in euros                                  | 10,000, fully paid up                         |
| Corporate status  | PRIVATE LIMITED COMPANY                       |
| Core business sector according to ATECO classification: | 642000  |
| Company undergoing liquidation                          | no  |
| Single-member company                                   | no  |
| Company managed and coordinated by other parties:       | no  |
| Group membership  | yes   |
| Name of parent company                                  | FINLITE SRL                                   |
| Country of parent company                               | Italy   |

The amounts herein are stated in euros

THESE ACCOUNTS FORM PART OF  
THE GROUP ACCOUNTS OF  
COMPANY NO. 03913847

## Consolidated balance sheet

|  | 31-12-2016 | 31-12-2015 |
|--|------------|------------|
| Balance sheet -  |            |            |
| Assets   |            |            |
| B) Fixed assets  |            |            |
| I - Intangible fixed assets                              |            |            |
| 1) Start-up and expansion costs                          | 47,508     | 32,608     |
| 2) Development costs                                     | 25,624     | 54,148     |
| 3) Industrial patent and intellectual property rights    | 304,345    | 279,874    |
| 4) Concessions, licenses, trademarks, and similar rights | 103,202    | 146,187    |
| 5) Goodwill  | 1,964,803  | 1,655,573  |
| 6) Advances and fixed assets in progress                 | 20,405     | -          |
| 7) Others  | 43,193     | 39,260     |
| Total intangible fixed assets                            | 2,509,080  | 2,207,650  |
| II - Tangible fixed assets                               |            |            |
| 1) Land and buildings                                    | 5,815,040  | 6,047,880  |
| 2) Plants and machinery                                  | 5,167,991  | 5,194,069  |
| 3) Industrial and commercial equipment                   | 1,007,023  | 822,291    |
| 4) Other payables  | 356,051    | 415,773    |
| 5) Advances and fixed assets in progress                 | 651,950    | -          |
| Total tangible fixed assets                              | 12,998,055 | 12,480,013 |
| III - Financial fixed assets                             |            |            |
| 1) Equity investments in:                                |            |            |
| d-bis) other companies                                   | 117        | 136        |
| Total shareholdings                                      | 117        | 136        |
| 2) Receivables   |            |            |
| d-bis) from others                                       |            |            |
| due within the following business year                   | 9,517      | 16,000     |
| Total receivables from others                            | 9,517      | 16,000     |
| Total receivables  | 9,517      | 16,000     |
| 3) Other securities                                      | 0          | 164,000    |
| Total financial fixed assets                             | 9,634      | 180,136    |
| Total fixed assets (B)                                   | 15,516,769 | 14,867,799 |
| C) Current assets  |            |            |
| I - Stocks   |            |            |
| 1) Raw materials, ancillaries, and consumables           | 9,404,010  | 7,187,573  |
| 2) WIP and semi-finished goods                           | 3,095,547  | 3,341,556  |
| 4) Finished products and goods                           | 2,150,324  | 2,580,771  |
| Total stocks   | 14,649,881 | 13,109,900 |
| II - Receivables   |            |            |
| 1) from customers  |            |            |
| due within the following business year                   | 16,843,984 | 17,437,842 |
| Total trade receivables                                  | 16,843,984 | 17,437,842 |
| 5-bis) tax receivables                                   |            |            |
| due within the following business year                   | 611,467    | 442,379    |
| Total tax receivables                                    | 611,467    | 442,379    |
| 5-ter) Prepaid tax                                       | 2,109,384  | 926,182    |
| 5-quater) from others                                    |            |            |
| due within the following business year                   | 543,689    | 385,805    |

|  |             |            |
|--|-------------|------------|
| Total receivables from others              | 543,689     | 385,805    |
| Total receivables                          | 20,108,524  | 19,192,208 |
| IV - Cash and cash equivalents             |             |            |
| 1) Bank and post office deposits           | 4,537,402   | 2,875,337  |
| 2) Cheques                                 | 1,338,529   | 236,884    |
| 3) Cash on hand                            | 22,797      | 21,587     |
| Total cash and cash equivalents            | 5,898,728   | 3,133,808  |
| Total current assets (C)                   | 40,657,133  | 35,435,916 |
| D) Deferrals and accruals                  | 720,182     | 391,847    |
| Total assets                               | 56,894,084  | 50,695,562 |
| Liabilities                                |             |            |
| A) Group net worth                         |             |            |
| I - Capital                                | 10,000      | 10,000     |
| IV - Legal reserve                         | 2,000       | 2,000      |
| VI - Other reserves, listed separately     |             |            |
| Extraordinary reserve                      | 2,005,374   | 1,998,274  |
| Payments into capital account              | 4,060       | 4,060      |
| Consolidation reserve                      | 13,592,123  | 10,208,410 |
| Currency translation reserve               | (1,465,231) | 588,784    |
| Miscellaneous other reserves               | (1)         | 1          |
| Total other reserves                       | 14,136,326  | 12,799,528 |
| IX - Profit (loss) for reporting year      | 2,731,158   | 2,890,902  |
| Total group net worth                      | 16,879,483  | 15,702,431 |
| Net worth attributable to minorities       |             |            |
| Minority capital and reserves              | 1,784,016   | 1,547,490  |
| Minority profit (loss)                     | 331,062     | 236,527    |
| Total net worth attributable to minorities | 2,115,078   | 1,784,017  |
| Total consolidated net worth               | 18,994,561  | 17,486,448 |
| B) Funds for risks and charges             |             |            |
| 2) For tax, including deferred tax         | 527,345     | 386,188    |
| 4) Others                                  | 1,034,200   | 1,730,027  |
| Total funds for risks and charges          | 1,561,545   | 2,116,215  |
| C) Severance pay                           | 1,316,562   | 681,667    |
| D) Payables                                |             |            |
| 4) Payables to banks                       |             |            |
| due within the following business year     | 5,783,132   | 7,196,753  |
| due beyond the following business year     | 6,415,004   | 3,541,342  |
| Total payables to banks                    | 12,198,136  | 10,738,095 |
| 5) Payables to other funders               |             |            |
| due within the following business year     | 37,584      | 760,922    |
| due beyond the following business year     | 35,378      | 60,874     |
| Total payables to other funders            | 72,962      | 821,796    |
| 6) Advances                                |             |            |
| due within the following business year     | 46,731      | -          |
| Total advances                             | 46,731      | -          |
| 7) Trade payables                          |             |            |
| due within the following business year     | 16,793,268  | 14,847,253 |
| Total trade payables                       | 16,793,268  | 14,847,253 |
| 12) Tax payables                           |             |            |
| due within the following business year     | 2,322,850   | 1,335,266  |
| Total tax payables                         | 2,322,850   | 1,335,266  |

|  |            |            |
|--|------------|------------|
| 13) Payables to pension funds and social security institutions   |            |            |
| due within the following business year                           | 544,802    | 267,513    |
| Total payables to pension funds and social security institutions | 544,802    | 267,513    |
| 14) Other payables   |            |            |
| due within the following business year                           | 2,541,753  | 1,895,272  |
| Total other payables   | 2,541,753  | 1,895,272  |
| Total payables   | 34,520,502 | 29,905,195 |
| E) Deferrals and accruals  | 500,914    | 506,037    |
| Total liabilities  | 56,894,084 | 50,695,562 |

## Consolidated profit and loss account

|  | 31-12-2016 | 31-12-2015 |
|--|------------|------------|
| Profit and loss account  |            |            |
| A) VALUE OF PRODUCTION   |            |            |
| 1) Revenues from sales and services  | 92,501,628 | 89,286,296 |
| 2) Stock change in WIP and finished goods  | (776,013)  | 806,361    |
| 5) Other revenues or income  |            |            |
| Subsidies for operating expenses   | 153,351    | 141,959    |
| Others   | 1,247,887  | 922,783    |
| Total other revenues and income  | 1,401,238  | 1,064,742  |
| Total value of production  | 93,126,853 | 91,157,399 |
| B) Costs of production   |            |            |
| 6) For raw materials, ancillaries, consumables and goods                                   | 46,854,763 | 49,135,665 |
| 7) For services  | 11,217,732 | 10,510,507 |
| 8) For use of third-party assets   | 1,816,407  | 1,316,148  |
| 9) For personnel   |            |            |
| a) Wages and salaries  | 18,343,268 | 15,786,141 |
| b) Social security contributions   | 3,002,611  | 3,273,384  |
| c) Severance pay   | 189,122    | 157,533    |
| e) Other costs   | 327,282    | 202,508    |
| Total costs for personnel  | 21,862,283 | 19,419,566 |
| 10) Amortisations/depreciations and write-downs  |            |            |
| a) Amortisation of intangible fixed assets   | 1,087,196  | 820,483    |
| b) Depreciation of tangible fixed assets   | 1,899,677  | 1,842,965  |
| d) Write-downs of receivables included in the current assets and cash and cash equivalents | 106,894    | 12,235     |
| Total depreciations/amortisations and write-downs  | 3,093,767  | 2,675,683  |
| 11) Changes in stock of raw materials, ancillaries, consumables and goods                  | 2,315,688  | 1,931,931  |
| 14) Sundry operating expenses  | 1,095,987  | 994,213    |
| Total costs of production  | 88,256,627 | 85,983,713 |
| Difference between value and costs of production (A- B)                                    | 4,870,226  | 5,173,686  |
| C) Financial income and charges  |            |            |
| 16) Other financial income   |            |            |
| a) from receivables entered under fixed assets   |            |            |
| Others   | -          | 32,680     |
| Total financial income from receivables entered under fixed assets                         | -          | 32,680     |
| b) Income from securities entered under fixed assets other than equity investments         | 6,563      | -          |
| D) Other income  |            |            |
| Total other income   | 7,617      | 1,078      |
| Total other financial income   | 14,180     | 33,758     |
| 17) Interest and other financial charges   |            |            |
| Others   | 593,001    | 604,009    |
| Total interest and other financial charges   | 593,001    | 604,009    |
| 17-bis) Profits and losses on exchange rates   | 950,381    | (151,114)  |
| Total financial income and charges (15+16- 17 + - 17-bis)                                  | 371,560    | (721,365)  |
| Result Before Tax (A - B + - C + - D)  | 5,241,786  | 4,452,321  |
| 20) Income tax for reporting year: current, deferred, and prepaid tax                      |            |            |
| Current tax  | 2,132,905  | 1,500,311  |
| Prepaid and deferred tax   | 46,661     | (175,419)  |
| Total income tax for reporting year: current, deferred, and prepaid tax                    | 2,179,566  | 1,324,892  |

|   |           |           |
|---|-----------|-----------|
| 21) Consolidated profit (loss) for reporting year | 3,062,220 | 3,127,429 |
| Result attributable to the group                  | 2,731,158 | 2,890,902 |
| Result attributable to minorities                 | 331,062   | 236,527   |



## Consolidated cash flow statement, indirect method

|  | 31-12-2016  | 31-12-2015  |
|--|-------------|-------------|
| Cash flow statement, indirect method   |             |             |
| A) Cash flows from operating activities (indirect method)  |             |             |
| Profit (loss) for reporting year   | 3,062,220   | 3,127,429   |
| Income tax   | 2,179,566   | 1,324,892   |
| 1) Profit (loss) for the reporting year before income taxes, interest, dividends and capital gains/losses from disposals | 5,241,786   | 4,452,321   |
| Adjustments for non-cash items that had no counter-entry in the net working capital                                      |             |             |
| Provisions for funds   | (365,548)   | 1,310,270   |
| Amortisation/depreciation of fixed assets  | 2,986,873   | 2,663,448   |
| Total adjustments for non-cash items that had no counter-entry in the net working capital                                | 2,621,325   | 3,973,718   |
| 2) Cash flow before changes to the net working capital   | 7,863,111   | 8,426,039   |
| Changes in net working capital   |             |             |
| Decrease / (Increase) in stocks  | (1,539,982) | 1,126,882   |
| Decrease / (Increase) in trade receivables   | (869,585)   | (5,577,562) |
| Increase / (Decrease) in trade payables  | 1,946,015   | 1,078,306   |
| Decrease / (Increase) in accrued income and prepaid expense  | (328,335)   | (109,569)   |
| Other increases / (decreases) in net working capital   | 2,352,004   | 1,222,208   |
| Total changes in net working capital   | 1,560,117   | (2,259,735) |
| 3) Cash flow after changes in the net working capital  | 9,423,228   | 6,166,304   |
| Other adjustments  |             |             |
| (Income tax paid)  | (2,179,566) | (1,324,892) |
| Total other adjustments  | (2,179,566) | (1,324,892) |
| Cash flow from operating activities (A)  | 7,243,662   | 4,841,412   |
| B) Cash flow from investing activities   |             |             |
| Tangible fixed assets  |             |             |
| (Investments)  | (2,417,718) | (4,920,744) |
| Intangible fixed assets  |             |             |
| (Investments)  | (1,388,626) | (1,189,972) |
| Financial fixed assets   |             |             |
| Divestments  | 170,502     | 91,456      |
| Cash flow of investment activity (B)   | (3,635,842) | (6,019,260) |
| C) Cash flow from financing activities   |             |             |
| Third-party funding  |             |             |
| Loans taken out  | 1,460,041   | 1,867,095   |
| (Loan repayment)   | (748,834)   | (415,041)   |
| Equity   |             |             |
| (Capital repayment)  | (1,554,107) | (14,561)    |
| Cash flow of financial activity (C)  | (842,900)   | 1,437,493   |
| INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS (A ± B ± C)  | 2,764,920   | 259,645     |
| Cash and cash equivalents at start of reporting year   |             |             |
| Bank and post office deposits  | 2,875,337   | 2,374,728   |
| Cheques  | 236,884     | 491,240     |
| Cash in hand   | 21,587      | 8,196       |
| Total cash and cash equivalents at start of reporting year   | 3,133,808   | 2,874,164   |
| Cash and cash equivalents at end of reporting year   |             |             |
| Bank and post office deposits  | 4,537,402   | 2,875,337   |

|  |           |           |
|--|-----------|-----------|
| Cheques  | 1,338,529 | 236,884   |
| Cash on hand   | 22,797    | 21,587    |
| Total cash and cash equivalents at end of reporting year | 5,898,728 | 3,133,808 |






**Consolidated financial statements of  
FINLITE group as at 31st December 2016**

**ADDENDUM**

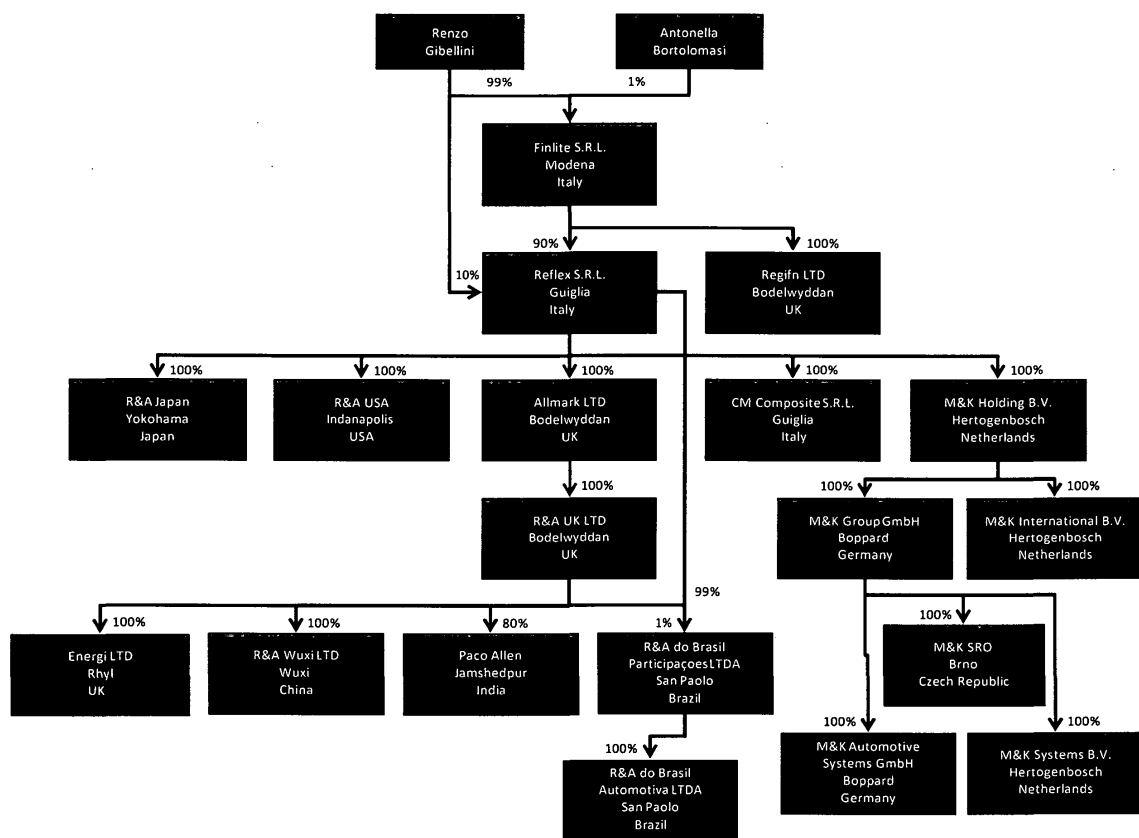
## **GROUP PROFILE**

Through its stake in Reflex S.r.l., FINLITE S.r.l. is the head of a group of industrial enterprises operating in the engineering industry, which mainly manufacture components for commercial vehicles.

Their products can be broken down into five divisions:

-  **Reflex&Allen Pneumatic**: an extensive piping range for the automotive industry designed and built to meet the quality standards required by both vehicle manufacturers and the spare parts market (aftermarket);
-  **Reflex&Allen Electrical**: an extensive range of cables and electrical coils for the commercial vehicles industry (trucks and trailers) available for a diversity of applications: 7- and 15-pole, EBS, ADR cables and adapters;
-  **Reflex&Allen Fluid Power**: subsystems and components for the transmission of fluids and air used for engine powering, cooling systems, fuel systems, brake systems and for emission control;
-  **Reflex&Allen Safety Devices**: an extensive range of signage panels and tapes, ADR devices, and accessories for fitting out commercial vehicles in general.
-  **Special Composit**: a wide range of carbon fibre moulds and frames for racing motorcycles and cars.

FINLITE S.r.l. - Head office in Modena, - via Valrighi n. 101/2 - Share capital: €10,000



The most significant data for the companies within the scope of consolidation can be summarised as follows:

- ⇒ FINLITE S.r.l. - In 2016, the parent company recorded financial income totalling €37,000 while the net result recorded was a profit of €5,000, which is in line with the net result for 2015.
- ⇒ REFLEX S.r.l. - In 2016, the company reported revenue from sales and services amounting to €8,518 and a net income of €398,000 after depreciation of tangible assets and amortisation of intangible assets amounting to €264,000. In 2015, the company recorded a net positive result of €18,000.
- ⇒ REGIFIN Ltd – In 2016, the company reported revenues from sales and services amounting to €12,517,000 and a positive result of €986,000. In 2015, the company recorded a net positive result of €1,537,000.
- ⇒ ALLMARK Ltd – In 2016, the company did not report any revenues from sales and services, but it reported income from financial activities amounting to €3,051,000. The company recorded a positive result of €3,051,000. In 2015, the company recorded a positive result of €18,000.
- ⇒ Reflex&Allen UK Ltd – In 2016, the company reported revenues from sales and services amounting to €45,348,000 and a positive result of €4,741,000. In 2015, the company recorded a net positive result of €2,477,000.
- ⇒ Reflex&Allen USA Inc. – In 2016, the company reported revenues from sales and services amounting to €9,127,000 and a positive result of €1,272,000. For 2015, the company recorded a net negative result of €115,000.
- ⇒ Allen Wuxi C.V. Parts Ltd – In 2016, the company reported revenues from sales and services amounting to €11,657,000 and a positive result of €1,530,000. In 2015, the company recorded a net positive result of €953,000.
- ⇒ Reflex&Allen JAPAN – In 2016, the company reported revenues from sales and services amounting to €2,578,000 and a positive result of €174,000. For 2015, the company recorded a net negative result of €43,000.
- ⇒ PACO Allen Auto Priv. Ltd – In 2016, the company reported revenues from sales and services amounting to €10,877,000 and a positive result of €620,000. In 2015, the company recorded a net positive result of €391,000.
- ⇒ Energi Products Ltd (UK) – The company did not carry out any transactions during 2016.
- ⇒ CM Composit S.r.l. – In 2016, the company reported revenues from sales and services amounting to €3,669,000 and a positive result of €110,000. In 2015, the company was acquired by Reflex S.r.l. and added to the consolidated financial statements as of 1st March 2015. As a result, the consolidated financial statements included revenues for sales and services from the company totalling €2,677,000 and a net loss of €109,000.
- ⇒ Reflex&Allen do Brasil Automotiva – In 2016, the company reported revenues from sales and

services amounting to €3,743,000 and a net negative result of €2,374,000. In 2015, the company was acquired by Reflex S.r.l. and added to the consolidated financial statements as of 1st April 2015. As a result, the consolidated financial statements included revenues for sales and services from the company totalling €5,819,000 and a net loss of €1,818,000.

⇒ Reflex&Allen do Brasil Participações – In 2016, the company reported no revenues from sales and services and a net negative result of €1,105,000. For 2015, the company recorded a net negative result of €640,000.

⇒ Maehler&Kaege Holding BV (M&K) – In 2016, the company was acquired by Reflex S.r.l. and included in the consolidated financial statements as of 1st August 2016. M&K Holding BV holds 100% of the shares in the following companies:

- M&K Group GmbH;
- M&K International BV;
- M&K SRO;
- M&K Automotive Systems GmbH;
- M&K Systems BV.

The consolidated financial statements included revenues for sales and services from the said companies totalling €3,678,000 and a net loss of €146,000.

The following companies are not included within the scope of consolidation:

- Allmark NI Ltd – In 2014, the company underwent an extraordinary transaction consisting of the complete assignment of its business to the company Reflex & Allen UK LTD. The company has been dormant since 31st December 2016, due to the decision not to close it in order to protect its brand.
- Reflex East Sro – This company is active but not currently operational. In 2016, the company reported no revenues from sales and services.
- Allen Industrial Ltd - As at 31st December 2016, the company was dormant.
- Polydynamics Ltd - As at 31st December 2016, the company was dormant.

### **STRUCTURE AND CONTENT OF THE CONSOLIDATED FINANCIAL STATEMENTS**

The consolidated financial statements as at 31st December 2016 have been prepared in accordance with the standards introduced by Italian Legislative Decree n. 127 dated 9th April 1991, which implements EEC Directive VII, and thus consists of a balance sheet (drafted according to the format envisaged by Articles 2424 and 2424-bis of the Italian Civil Code), profit and loss account (drafted according to the format envisaged by Articles 2425 and 2425-bis of the Italian Civil Code), the cash flow statement (drafted according to the format envisaged by Article 2425-ter of the Italian Civil Code) and this addendum (drafted according to the format envisaged by Articles 2427 and 2427-bis of the Italian Civil Code).

The reference date of the consolidated financial statements, i.e. 31st December 2016, is the date of parent company Finlite S.r.l.'s financial statements. The financial statements used for consolidation purposes are those dated 31.12.2016.

These financial statements have been adjusted, where necessary, to adapt them to the accounting standards applied throughout the group. The financial statements of foreign subsidiaries have been reclassified to render the presentation format compliant with requirements for national companies.

In the financial statements drafted in single euros, the amounts of the corresponding voices for the 2015 business year have been included.

The cash flow statement is also drafted in single euros.

The addendum, an integral part of these financial statements, serves to illustrate and analyse, and in some cases to supplement, the consolidated financial statements and contains the information required by Italian civil law and accounting standards concerning consolidated financial statements. In addition, any complementary information deemed necessary to provide a true and fair view of the situation, even when not specifically required by legal provisions, is also provided.

The accounting tables and data included in the addendum are stated in thousands of euros, with the exception of the table showing the scope of consolidation, on pages 10-11.

The consolidated financial statements as at 31st December 2016 include the financial and performance data, at that date, of the parent company, i.e. FINLITE S.r.l., and all other companies controlled directly or indirectly thereby, at that date, approved by the governing bodies.

The reconciliation between the amounts of net worth and the net result for the year ending 31st December 2016, inferable from FINLITE S.r.l.'s financial statements and the consolidated financial statements as at the same date, is reported in a specific table, annexed under the letter "A", commenting on the consolidated net worth

#### Italian Legislative Decree n. 139/2015

After the implementation of Directive 2013/34/EU, implemented with Italian Legislative Decree n. 139 dated 18th August 2015, and published in Official Gazette n. 205 dated 4th September 2015, the valuation criteria, the general accounting standards, the financial statements, and the documents comprising the statements have been modified.



The changes introduced by Italian Legislative Decree n. 139/15, which transposes Directive n. 34/13, concerned many aspects of these financial statements, and more specifically:

- 👉 Changes to the accounting standards (recognition premise): when drafting these financial statements, pursuant to the provisions of Article 2423 of the Italian Civil Code, the obligations concerning recognition, valuation, submission and disclosure in the financial statements need not be met when the effects of non-compliance are insignificant for the purpose of giving a true and fair view;
- 👉 Changes to the accounting standards (economic substance premise): pursuant to revised Article 2423-bis of the Italian Civil Code, events and operations were reported on the basis of their economic substance, not on the merely formal aspects thereof;
- 👉 Changes to the financial statements: as detailed below.

Amendments made to Articles 2424, 2424-bis, 2425 and 2425-bis of the Italian Civil Code have led to certain changes in the financial statements, namely:

- Research and advertising costs: are fully reflected in the profit and loss account for the financial year in which they were incurred, in line, once again, with the practices of IFRS international accounting standards. As a result, only "development costs" have been capitalised;
- Balance sheet asset item B.2 "Research, development and advertising costs" has therefore been renamed "Development costs";
- Treasury shares: these are reported as a direct reduction in net worth through recognition under the new net worth item A.X. "Negative reserve for treasury shares in the portfolio", as result of alignment with the practices of IFRS international accounting standards.
- Relationships with subsidiaries controlled by parent companies: financial fixed assets (shareholdings and receivables), current assets (receivables) and payables include new items related to shareholdings, receivables from and payables to companies controlled by the parent companies of the company preparing the financial statements (i.e. "sister companies");
- Reserve for transactions to cover expected cash flows: the net worth items include the following new item: Vii - Reserve for transactions to cover expected cash flows;
- Issue premiums and discounts: separate disclosure of premiums and discounts between accruals and deferrals is no longer required;
- Memorandum accounts: the breakdown at the end of the balance sheet is no longer required;

- Extraordinary area of the profit and loss account: As per the revised Article 2425 of the Italian Civil Code, following elimination of the entire macrocategory E) (items 20 and 21) relating to the extraordinary area, extraordinary income and charges have been posted under items A5 and B14.
- Derivative financial instruments: Directive n. 34/13 introduced the valuation of derivatives at fair value; Italian Legislative Decree no.139/15 transposed this legislation by moving derivatives from the memorandum accounts (where they were posted previously) to the assets and liabilities sections of the balance sheet, and by distinguishing these instruments according to their function (separating hedging derivatives from trading derivatives).

The changes concerned the following items in the balance sheet and the profit and loss account:

- B.III.4) of the balance sheet assets, among financial fixed assets: Derivative assets;
- C.III.5) of the balance sheet assets, under non-fixed financial assets: Derivative assets;
- A.VII of the balance sheet liabilities, under net worth: Reserve for transactions to cover expected cash flows;
- B.3) of the balance sheet liabilities, under funds for risks and charges: Derivative liabilities;
- D.18.d): Revaluations of derivatives;
- D.19.d): Write-downs of derivatives;
- Assets held for sale purposes and obsolete assets: when destined for sale, tangible fixed assets are reclassified to current assets and therefore valued at the lower of either the net book amount and the value presumably realisable based on market conditions (Article 2426, section 9, subsection 1, Italian Civil Code). Assets held for sale purposes are no longer subject to amortisation/depreciation (OCI 16, section 75).

#### Reclassification of the 2015 financial statements

Over the course of the year just ended, the national accounting standards issued by the Italian accounting body (OIC) were also updated, with the new standards applied to the preparation of these financial statements.

Since, as a general rule, retroactive application of the new provisions introduced by Directive 34/2013 is foreseen, accounting adjustments have been made to the initial balances at the beginning of the year, while adjustments to data which is comparable with the previous year have been made with non-accounting procedures.

In light of the amendments to the Italian Civil Code and accounting standards, the 2015 financial statements have been reclassified by non-accounting means, for comparison purposes only.

### **CONSOLIDATION STANDARDS**

The main consolidation criteria adopted when drafting the financial statements are set out below:

- The book value of equity investments in consolidated subsidiaries has been cancelled out by the corresponding portion of net worth resulting from the assets and liabilities recorded, as established by the global integration method. The differences between the acquisition cost and the current net worth values of the controlled companies at the time of acquisition have been recorded under assets if positive or liabilities if the lower price paid was due to future losses expected to be reported by the controlled companies. In the case of negative differences, wherever possible these have been entered under assets in the balance sheet, while where they consisted of a higher price paid for goodwill, they have been recorded as intangible fixed assets which will be amortised over a period of no more than 10 years.
- Gains and losses not yet realised with third parties at the date of the financial statements and originating from transactions between consolidated companies have been removed, as have all the accounts payable and receivable and all the other transactions between the companies included in the consolidation area.
- The share of net worth attributable to minority shareholders of the consolidated subsidiaries has been entered as a separate item, under consolidated net worth, called "Minority capital and reserves". The share of the operating result attributable to the minority shareholders is entered under the heading "Net profit (loss) for the year attributable to minority interests."
- The financial statements of foreign companies prepared in a foreign currency (€) have been converted by applying the year-end exchange rate to the assets and liabilities and the average yearly exchange rate to the profit and loss account items. The difference between the operating result for the year resulting from conversion at average exchange rates and that resulting from the conversion based on the year-end rate is entered under the specific net item *Translation reserve*.

The following exchange rates have been applied:

| Country        | Currency        | Average exchange rate | Spot exchange rate |
|----------------|-----------------|-----------------------|--------------------|
| UNITED KINGDOM | GBP             | 0,81948               | 0,85618            |
| CINA           | Renminbi (YUAN) | 7,35222               | 7,32020            |
| USA            | US Dollar       | 1,10690               | 1,05410            |
| INDIA          | Indian Rupia    | 74,37170              | 71,59350           |
| JAPAN          | Japanese YEN    | 120,19700             | 123,40000          |
| CZECH REPUBLIC | Czech koruna    | 27,03430              | 27,02100           |

### CONSOLIDATION AREA

The companies included in the consolidation area, consolidated using the global integration method, and the percentages of equity held are shown in the chart below:

| COMPANY NAME                           | SHAREHOLDING % | HEAD OFFICE            | CURRENCY | SHARE CAPITAL |
|--|----------------|------------------------|----------|---------------|
| <b>PARENT COMPANY</b>                  |                |                        |          |               |
| FINLITE S.r.l.                         |                | Modena - Italy         | €        | 10,000        |
| <b>DIRECTLY CONTROLLED COMPANIES</b>   |                |                        |          |               |
| REGIFIN Ltd                            | 100.00%        | Bodelwyddan - (UK)     | GBP      | 2             |
| REFLEX S.R.L.                          | 90.00%         | Guiglia (MO) - Italy   | €        | 500,000       |
| <b>INDIRECTLY CONTROLLED COMPANIES</b> |                |                        |          |               |
| CM COMPOSIT SRL                        | 100.00%        | Modena - Italy         | €        | 100,000       |
| ALLMARK LTD                            | 100.00%        | Bodelwyddan - (UK)     | GBP      | 2,000,000     |
| REFLEX & ALLEN U.K LTD                 | 100.00%        | Bodelwyddan - (UK)     | GBP      | 11,933        |
| REFLEX & ALLEN USA INC.                | 100.00%        | Carmel - Indiana (USA) | USD      | 10,000        |
| REFLEX & ALLEN WUXI                    | 100.00%        | Wuxi - PRC             | CNY      | 21,713,248    |
| REFLEX & ALLEN JAPAN                   | 100.00%        | Yokohama - JAPAN       | JPY      | 3,500,000     |

Finlite Group - Consolidated financial statements as at 31st December 2016

|   |         |                                |     |             |
|---|---------|--------------------------------|-----|-------------|
| REFLEX PARTECIPAO DO BRAZIL                 | 100.00% | San Paolo - Brazil             | BRL | 5,145,121   |
| PACO ALLEN AUTO PVT LTD                     | 80.00%  | Jamshedpur - India             | INR | 102,808,900 |
| ENERGI PRODUCTS LTD                         | 100.00% | Bodelwyddan - (UK)             | GBP | 2           |
| REFLEX & ALLEN DO BRASIL<br>AUTOMOTIVA LTDA | 100.00% | San Paolo - Brazil             | BRL | 24,300,431  |
| M&K HOLDING BV                              | 100.00% | Hertogenbosch –<br>Netherlands | €   | 154,836     |
| M&K GROUP GMBH                              | 100.00% | Boppard – Germany              | €   | 25,000      |
| M&K INTERNATIONAL BV                        | 100.00% | Hertogenbosch –<br>Netherlands | €   | 18,000      |
| M&K SRO                                     | 100.00% | Brno - Czech<br>Republic       | €   | 63,429      |
| M&K AUTOMOTIVE SYSTEMS GMBH                 | 100.00% | Boppard – Germany              | €   | 100,000     |
| M&K SYSTEMS BV                              | 100.00% | Hertogenbosch –<br>Netherlands | €   | 45,378      |

### CHANGES IN SCOPE OF CONSOLIDATION

The following companies have been included in the scope of consolidation since 2016:

| COMPANY NAME                | SHAREHOLDING<br>% | HEAD OFFICE                    |
|-----------------------------|-------------------|--------------------------------|
| M&K HOLDING BV              | 100,00%           | Hertogenbosch –<br>Netherlands |
| M&K GROUP GMBH              | 100,00%           | Boppard – Germany              |
| M&K INTERNATIONAL BV        | 100,00%           | Hertogenbosch –<br>Netherlands |
| M&K SRO                     | 100,00%           | Brno - Czech<br>Republic       |
| M&K AUTOMOTIVE SYSTEMS GMBH | 100,00%           | Boppard – Germany              |
| M&K SYSTEMS BV              | 100,00%           | Hertogenbosch –<br>Netherlands |

While the following companies left the scope of consolidation in 2016:

| COMPANY NAME                                   | SHAREHOLDING<br>% | HEAD OFFICE |
|--|-------------------|-------------|
| AMI INDÚSTRIA E COMÉRCIO DE<br>MANGUEIRAS S.A. | 100.00%           | Brazil      |

### VALUATION CRITERIA

The consolidated financial statements have been prepared in compliance with applicable legal provisions, interpreted and supplemented with the accounting standards specified by the Italian National Board of Accountants and Bookkeepers, as amended by the OIC, following application of the new standards introduced with Italian Legislative Decree n. 6/2003 reforming company law, and - where lacking - by those issued by the International Accounting Standard Board (IASB).

The evaluation method adopted for the financial statement entries uses the general principle of

Finlite Group - Consolidated financial statements as at 31st December 2016  
prudence and accrual-basis accounting and the going concern concept.

The application of the prudence principle entails the valuation of the individual elements comprising the single liability or asset items or entries, to prevent the offsetting of losses which must be recognised against profits which have not yet been realised and so must not be recognised.

In compliance with the principle of accrual basis accounting, the impact of the transactions and other events was recorded in the accounts and therefore has been attributed to the business year to which the said transactions and events refer, not the year in which the relative cash transactions (collections and payments) were actually carried out.

The ongoing application of the criteria over time represents a necessary condition for the comparability of the company's financial statements for the various years.

More specifically, the following evolution criteria have been adopted in the preparation of the financial statements:

#### **Intangible fixed assets**

These include amounts which, by nature, have benefits spanning several years. They have been entered at their acquisition price (including additional, directly attributable costs) and have been systematically amortised at a constant rate over their estimated useful lives. If, regardless of the amortisation already posted, there is an impairment loss, the fixed asset has been devalued accordingly. If, during subsequent years, the devaluation criteria requirements have not been met, the original entry has been written back.

#### **Tangible fixed assets**

These have been recorded at historical cost, including additional costs directly attributable to the goods, adjusted for currency appreciation. The assets resulting from revaluations have been allocated to the revaluation reserve included in net worth. The cost includes all additional charges and the direct and indirect costs for the share reasonably attributable to the asset.

Fixed assets have been systematically depreciated each year at a constant rate applying economic/technical rates based on the remaining possible use of the goods. If, regardless of the depreciation already posted, there is an impairment loss, the fixed asset has been devalued accordingly; if, during subsequent years, the devaluation criteria requirements have not been met, the original entry has been written back.

Tangible fixed assets acquired through finance leases have been reported in the financial statements in accordance with the financial criteria envisaged by IAS 17.

Routine maintenance costs have been entered in full in the profit and loss account.

Incrementing maintenance costs have been posted under the assets to which they relate and amortised over their remaining useful lives.

### **Stocks**

Remaining stocks of raw materials, separate parts, and finished products have been entered at the lowest cost of either the specific purchase/production cost (established using the weighted average cost method) or the presumed realisable value inferable from the market's progress; this lower value has been written back in subsequent years if the reasons for the write-down no longer existed. Semi-finished products have been posted at the processing cost for the year. The cost includes all additional charges and the direct and indirect costs for the share reasonably attributable to the asset. Obsolete and slow-moving stock items have been written down based on their possible use or realisable value, by entering specific devaluation funds, with stock items subsequently deducted directly therefrom.

### **Receivables**

Trade and non-trade receivables have been posted at their presumed realisable value.

### **Cash and cash equivalents**

These have been entered at their nominal value.

### **Deferrals and accruals**

In accordance with accruals-basis accounting, these include the shares of costs and earnings spanning two or more years.

### **Funds for risks and charges**

Provisions have been made for risks and charges to cover certain existing or probable losses or payables, whose amount or occurrence date were, nevertheless, impossible to establish accurately at the year end.

The funds reflect the best possible estimate, based on the information available.

The risks which make the existence of liabilities simply a possibility have been outlined in the addendum, without a provision being made for risks and charges.

### **Employee severance pay**

Severance pay has been set aside to cover all accrued liability to employees, as required by applicable legislation and collective labour agreements and arrangements with the company. As envisaged by laws in force, this liability is subject to revaluation using certain indexes/ratios.

### **Payables**

Payables have been entered at their nominal value.

Payables for holiday leave accrued by employees and deferred remuneration, including the sums due to social security institutions, have been allocated according to the amount that would be payable in the event of termination of employment on the date the financial statements were closed.

### **Conversion of values in foreign currency**

Receivables and payables originally given in non-EU currencies have been converted into euros at the historical exchange rate in force at the date on which the relative transactions were carried out. The differences realised upon collection of receivables and payment of payables in foreign currencies have been posted in the profit and loss account.

As required by accounting standards, short-term receivables and payables in foreign currencies, whether arising from finance or trade, have been converted and displayed at the exchange rate in force at the date of the financial statements.

During the financial statements approval stage and subsequent allocation of the results, any profits originating from adjustment of items in foreign currency at the year end due to exchange differences and remaining after covering operating losses, have been entered in a non-distributable reserve until the profit is subsequently realised.

### **Income tax**

Income tax has been set aside in accordance with the principle of accrual-basis accounting; and therefore includes:

- Provisions for tax settled or to be settled for the reporting year, calculated at the applicable rates and according to laws in force;
- The sum of deferred tax or tax which was prepaid as a result of temporary differences originating or cancelled out during the year;

As required by accounting standards, deferred tax assets and liabilities have also been entered according to the temporary differences between taxable income and income before income taxes. The deferred taxes are not recorded if it can be demonstrated that they are unlikely to be paid; entry of prepaid tax depends on whether or not it is reasonably certain that it will be recouped in the future. The deferred tax assets and deferred tax liabilities are offset if they relate to offsettable taxes.



### **Recognition of income and costs**

II Revenues, income, costs, and charges have been posted according to the principle of prudence and/or accruals-basis accounting.

Income has been stated net of returns, discounts, allowances, and premiums. Revenues from product sales, in particular, has been recognised at the time of change of ownership, which - as a rule - occurs upon delivery or despatch of the goods.

Costs have been stated net of returns, discounts, allowances, and premiums.

Income and expenses of a financial nature have been reported on an accruals basis.

### **OTHER INFORMATION**

#### **Exclusions envisaged by article 2423, section 4, of the Italian Civil Code.**

Please note that none of the exclusions envisaged by article 2423, section 4, of the Italian Civil Code have been applied in the consolidated financial statements.

### **Expression of monetary amounts**

Unless stated otherwise, the all the amounts in this addendum are stated in thousands of euros.

## ***BREAKDOWN OF CORRESPONDING LIABILITIES AND ASSETS ENTRIES***

### **ACTIVITIES**

#### **B) FIXED ASSETS**

##### **B I) INTANGIBLE FIXED ASSETS**

At 31st December 2016, the intangible fixed assets amounted to €2,509,000 and included capitalised costs with benefits lasting several years.

The item headed "Industrial patent and intellectual property rights" refers mainly to EDP programs for the group's new ERP system (Microsoft Dynamics AX) which is undergoing an upgrade to the latest version as well as implementation in the companies acquired during 2015 and 2016 (Reflex Automotiva M&K group companies).

"Goodwill" includes:

- €3,400,000 from the consolidation difference arising from the removal of shareholdings and the replacement thereof with the consolidated assets and liabilities of Reflex & Allen UK Limited (formerly Allen Group Limited) on 31.12.2009. This difference has been amortised at a rate of 10% per year. As at 31st December 2016, the net book value of this goodwill was €680,000.
- €795,000 from the consolidation difference arising from the removal of shareholdings and the replacement thereof with the consolidated assets and liabilities of CM Composit. This difference has been amortised at a rate of 20% per year. As at 31st December 2016, the net book value of this goodwill was €478,000.
- €756,000 from the consolidation difference arising from the removal of shareholdings and the replacement thereof with the consolidated assets and liabilities of Maehler&Kaege Holding BV. This difference has been amortised at a rate of 20% per year. As at 31st December 2016, the net book value of this goodwill was €605,000.
- €202,000 from goodwill posted by Maehler & Kaege Holding BV from acquisitions made prior to 2016 and amortised over 10 years.

The table on the following page breaks down the intangible fixed assets.

FINLITE S.r.l. - Head office in Modena, - via Valtrighi n. 101/2 - S: €10,000

| INTANGIBLE FIXED ASSETS  | Start-up and expansion costs | Research, development and advertising expenditure | Concessions, licenses, trademarks, and similar rights | Industrial patent and intellectual property rights | Goodwill       | Advances and fixed assets in progress | Other intangible fixed assets | Total          |
|--|------------------------------|---|---|--|----------------|---------------------------------------|-------------------------------|----------------|
| Original cost  | 26                           | 25  | -   | 1,242  | 3,957          | -                                     | 753                           | 6,003          |
| Purchases for the reporting year                               | 36                           | 83  | 192   | 66   | 795            | -                                     | 47                            | 1,219          |
| Translation difference   | -                            | -   | -   | -  | -              | -                                     | -                             | -              |
| Disinvestments for the reporting year                          | -                            | -   | -   | -  | -              | -                                     | -                             | -              |
| Revaluations   | -                            | -   | -   | -  | -              | -                                     | -                             | -              |
| Write-downs  | -                            | -   | -   | -  | -              | -                                     | -                             | -              |
| Reallocation of items  | -                            | -   | -   | -  | -              | -                                     | -                             | -              |
| <b>BALANCE AS AT 31/12/2015</b>                                | <b>62</b>                    | <b>108</b>  | <b>192</b>  | <b>1,308</b>                                       | <b>4,752</b>   | <b>-</b>                              | <b>800</b>                    | <b>7,222</b>   |
| Purchases for the reporting year                               | 25                           | 59  | 104   | 220  | 959            | 20                                    | 64                            | 1,450          |
| Translation difference   | -                            | (45)  | (26)  | 7  | -              | -                                     | 3                             | (61)           |
| Disinvestments for the reporting year                          | -                            | -   | -   | -  | -              | -                                     | -                             | -              |
| Revaluations for reporting year                                | -                            | -   | -   | -  | -              | -                                     | -                             | -              |
| Write-downs  | -                            | -   | -   | -  | -              | -                                     | -                             | -              |
| Reallocation of items  | -                            | -   | -   | -  | -              | -                                     | -                             | -              |
| <b>BALANCE AS AT 31/12/2016</b>                                | <b>87</b>                    | <b>122</b>  | <b>270</b>  | <b>1,535</b>                                       | <b>5,711</b>   | <b>20</b>                             | <b>866</b>                    | <b>8,611</b>   |
| <b>Progressive amortisation/depreciations as at 31.12.2015</b> | <b>(30)</b>                  | <b>(54)</b>                                       | <b>(46)</b>   | <b>(1,028)</b>                                     | <b>(3,096)</b> | <b>-</b>                              | <b>(761)</b>                  | <b>(5,015)</b> |
| Translation difference   | -                            | -   | -   | -  | -              | -                                     | -                             | -              |
| Depreciation for the reporting year                            | (9)                          | (43)  | (120)   | (203)  | (650)          | -                                     | (62)                          | (1,087)        |
| Value of other transactions                                    | -                            | -   | -   | -  | -              | -                                     | -                             | -              |
| (Uses) and movements for the reporting year.                   | -                            | -   | -   | -  | -              | -                                     | -                             | -              |
| <b>Progressive amortisation/depreciations as at 31.12.2016</b> | <b>(39)</b>                  | <b>(97)</b>                                       | <b>(166)</b>  | <b>(1,231)</b>                                     | <b>(3,746)</b> | <b>-</b>                              | <b>(823)</b>                  | <b>(6,102)</b> |
| <b>Net intangible fixed assets</b>                             | <b>47</b>                    | <b>26</b>   | <b>103</b>  | <b>304</b>   | <b>1,965</b>   | <b>20</b>                             | <b>43</b>                     | <b>2,509</b>   |

## B) II) TANGIBLE FIXED ASSETS

As at 31st December 2016, these amounted to €12,998,000. The table below provides a breakdown

| TANGIBLE FIXED ASSETS  | Land and buildings | Plants and machinery | Industrial and commercial equipment | Other assets   | Advances and fixed assets in progress | Total           |
|--|--------------------|----------------------|-------------------------------------|----------------|---------------------------------------|-----------------|
| Original cost  | 7,608              | 11,809               | 941                                 | 1,729          | 21                                    | 22.108          |
| Purchases for the reporting year                               | 1,641              | 3,697                | 846                                 | 52             | -                                     | 6.236           |
| Translation difference   | -                  | -                    | -                                   | -              | -                                     | -               |
| Disinvestments for the reporting year                          | -                  | -                    | -                                   | -              | -                                     | -               |
| Revaluations   | -                  | -                    | -                                   | -              | -                                     | -               |
| Write-downs  | -                  | (1,295)              | -                                   | -              | -                                     | (1.295)         |
| Reallocation of items  | -                  | -                    | -                                   | -              | (21)                                  | (21)            |
| <b>BALANCE AS AT 31/12/2015</b>                                | <b>9,249</b>       | <b>14,211</b>        | <b>1,787</b>                        | <b>1,781</b>   | <b>0</b>                              | <b>27.028</b>   |
| Purchases for the reporting year                               | 500                | 1,830                | 600                                 | 164            | 652                                   | 3.746           |
| Translation difference   | (438)              | (537)                | (118)                               | (27)           | -                                     | (1.119)         |
| Disinvestments for the reporting year                          | -                  | -                    | (209)                               | -              | -                                     | (209)           |
| Revaluations for reporting year                                | -                  | -                    | -                                   | -              | -                                     | -               |
| Write-downs  | -                  | -                    | -                                   | -              | -                                     | -               |
| Reallocation of items  | -                  | -                    | -                                   | -              | -                                     | -               |
| <b>Balance as at 31/12/2016</b>                                | <b>9,311</b>       | <b>15,504</b>        | <b>2,060</b>                        | <b>1,918</b>   | <b>652</b>                            | <b>29.446</b>   |
| <b>Progressive amortisation/depreciations as at 31.12.2015</b> | <b>(3,201)</b>     | <b>(9,017)</b>       | <b>(965)</b>                        | <b>(1,365)</b> | <b>-</b>                              | <b>(14.548)</b> |
| Translation difference   | -                  | -                    | -                                   | -              | -                                     | -               |
| Depreciation for the reporting year                            | (295)              | (1,319)              | (88)                                | (197)          | -                                     | (1900)          |
| Other activity   | -                  | -                    | -                                   | -              | -                                     | -               |
| (Utilisation) and reallocations for the reporting year         | -                  | -                    | -                                   | -              | -                                     | -               |
| <b>Progressive amortisation/depreciations as at 31.12.2016</b> | <b>(3,496)</b>     | <b>(10,336)</b>      | <b>(1,053)</b>                      | <b>(1,562)</b> | <b>-</b>                              | <b>(16,448)</b> |
| <b>Net tangible fixed assets</b>                               | <b>5,815</b>       | <b>5,168</b>         | <b>1,007</b>                        | <b>356</b>     | <b>652</b>                            | <b>12,998</b>   |

**B III) FINANCIAL FIXED ASSETS****RECEIVABLES FROM OTHERS**

As at 31st December 2016, these were entered as €10,000.

**OTHER SECURITIES**

As at 31st December 2016, this item was posted as zero, since - during 2016 (following the expiry of the lease agreement) - the bonds held by subsidiary Reflex S.r.l. and pledged to Hypo Alpe Adria Bank S.p.A. as security for the obligations undertaken with the finance lease agreement concerning the real property which the company uses as its premises - were cashed.

**C) CURRENT ASSETS C I) STOCK**

This entry is itemised below.

|   | Balance at<br>31.12.2016 | Balance at<br>31.12.2015 | Difference   |
|---|--------------------------|--------------------------|--------------|
| Raw materials, ancillaries, and consumables | 9,404                    | 7,188                    | 2,216        |
| Semi-finished items                         | 3,096                    | 3,342                    | (246)        |
| Finished products                           | 2,150                    | 2,581                    | (431)        |
| Advances                                    | -                        | -                        | -            |
| <b>Total</b>                                | <b>14,650</b>            | <b>13,111</b>            | <b>1,539</b> |

The values shown are net of the "Fund for obsolete and slow-moving stock", which totalled €1,450,000.

Activity concerning the provision is broken down as follows:

|   | Balance<br>as at<br>31/12/2015 | Reclassificat<br>ions | Uses         | Provisions | Balance<br>as at<br>31/12/2016 |
|---|--------------------------------|-----------------------|--------------|------------|--------------------------------|
| Fund for write-downs of raw material stocks           | 38                             | -                     | -            | 658        | 696                            |
| Fund for write-downs of stocks of semi-finished items | 4                              | -                     | -            | -          | 4                              |
| Fund for write-downs of stocks of finished items      | 723                            | -                     | (172)        | 199        | 750                            |
| <b>Total</b>  | <b>765</b>                     | <b>-</b>              | <b>(172)</b> | <b>857</b> | <b>1,450</b>                   |

**III) RECEIVABLES**

This entry is itemised below.

**TRADE RECEIVABLES FROM THIRD PARTIES**

As at 31st December 2016, trade receivables from third parties amounted to €16,844,000, broken down as follows:

|                                  | Balance as at<br>31/12/2016 | Balance as at<br>31/12/2015 | Difference   |
|----------------------------------|-----------------------------|-----------------------------|--------------|
| Gross value of trade receivables | 17,012                      | 17,499                      | (487)        |
| Provision for doubtful accounts  | (168)                       | (61)                        | (107)        |
| <b>Net total</b>                 | <b>16,844</b>               | <b>17,438</b>               | <b>(594)</b> |

The provision for doubtful accounts appears to be appropriate in view of the likely future collection risks. Activity in 2016 concerning the provision for doubtful accounts is broken down as follows:

|                                 | Balance as<br>at 31/12/2015 | Uses | Provisions | Balance as<br>at 31/12/2016 |
|---------------------------------|-----------------------------|------|------------|-----------------------------|
| Provision for doubtful accounts | 61                          | 0    | 107        | 168                         |

Please note that there are no trade receivables recorded with a residual lifetime of over a year.

The geographical breakdown of trade receivables, net of the provision for doubtful accounts, is as follows:

|              | Balance as at<br>31/12/2016 | Balance as at<br>31/12/2015 | Difference   |
|--------------|-----------------------------|-----------------------------|--------------|
| Italy        | 2,077                       | 3,250                       | (1,173)      |
| EU area      | 6,115                       | 4,892                       | 1,223        |
| Non-EU area  | 8,652                       | 9,296                       | (644)        |
| <b>Total</b> | <b>16,844</b>               | <b>17,438</b>               | <b>(594)</b> |

## TAX RECEIVABLES

These amounted to €611,000, including €149,000 receivable by the parent company Finlite Srl, and refer to accounts receivable by Finlite Srl amounting to €112,000, to accounts receivable by the indirectly controlled company Reflex&Allen USA amounting to €317,000 and for those receivable by the controlled company EnergiProducts amounting to €33,000

## PREPAID TAX

As at 31st December 2016, this amounted to a balance of €2,109,000. This post mainly relates to the subsidiary Reflex S.r.l (€109,000) and consists of the tax benefits for costs that will be deductible in subsequent years. €6,000 relates to receivables for prepaid tax accrued by CM Composit, €260,000 for receivables for prepaid tax accrued by Reflex & Allen USA, €880,000 relates to deferred tax liabilities accrued by Reflex & Allen Automotiva and €854,000 for tax which will be deductible over the years by M&K Holding.

Prepaid tax, in particular, has been entered according to all the temporary differences between

taxable income and profit before tax, assuming that the future taxable income is sufficient to offset the temporary differences stated below in the time span contemplated.

## RECEIVABLES FROM OTHERS

These amounted to €544,000, itemised as follows:

|                                     | as at<br>31.12.2016 | as at<br>31.12.2015 | Difference |
|-------------------------------------|---------------------|---------------------|------------|
| Receivables from employees/agents   | 135                 | 138                 | (3)        |
| Receivables from public authorities | -                   | 2                   | (2)        |
| Advances to suppliers               | 158                 | 238                 | (80)       |
| Receivables from others             | 251                 | 8                   | 243        |
| <b>Total</b>                        | <b>544</b>          | <b>386</b>          | <b>158</b> |

The aforesaid receivables mature as follows:

|                           | as at 31.12.2016 | as at<br>31.12.2015 | Difference |
|---------------------------|------------------|---------------------|------------|
| Within the reporting year | 544              | 386                 | 158        |
| Within 1 to 5 years       | -                | -                   | -          |
| <b>Total</b>              | <b>544</b>       | <b>386</b>          | <b>158</b> |

## C IV)- CASH AND CASH EQUIVALENTS

The amount recorded at year end was €5,899,000 (the cash and cash equivalents as at 31st December 2016), €4,537,000 of which relates to bank and postal deposits, €1,339,000 to cheques, and €23,000 to cash on hand.

## D) ACCRUED INCOME AND PREPAYMENTS

These amounted to €720,000 and relate to items allocated on an accruals basis, €330,000 of which relates to a single contract held by Reflex Uk .

## LIABILITIES

### A) NET WORTH

On 31st December 2016, net worth amounted to €18,995,000, €16,880,000 of which is attributable to the group.

The share capital of the parent company amounted to €10,000.

Appendix B hereto highlights the activity relating to the net worth.

## B) FUNDS FOR RISKS AND CHARGES

These amounted to €1,562, itemised as follows:

|  | Balance as<br>at 31/12/2016 | Balance as<br>at 31/12/2015 | Difference   |
|--|-----------------------------|-----------------------------|--------------|
| Fund for tax, including deferred tax                               | 528                         | 386                         | 142          |
| Fund for retirement indemnities and similar<br>requirements Others | 30<br>1,004                 | 32<br>1,698                 | (2)<br>(694) |
| <b>Total</b>   | <b>1,562</b>                | <b>2,116</b>                | <b>(554)</b> |

### Reserve for tax

This amounted to €528,000 and relates to deferred tax including the tax effects of consolidation accounts.

### Other funds

As at 31st December 2016, this fund for future risks amounted to €1,034,000, including €1,004,000 for the allocation of the consolidation surplus relating to Reflex Allen do Brasile Automotiva, and to cover potential future losses, and €30,000 for retirement indemnities and similar requirements .

## C) SEVERANCE PAY

As at 31st December 2016, this was entered at €1,317,000 and consisted of the amount payable for this reason to the persons employed by the member companies.

The significant increase (of €635,000) is due to the fund allocated by M&K Holding and the subsidiaries thereof acquired in 2016.

Activity during the year concerning the debt to employees for severance pay, can be broken down as follows:

|   |              |
|---|--------------|
| Balance as at 01/01/2016  | 682          |
| Utilisation of the severance pay fund for employment relationships terminated during the reporting year | (242)        |
| Importing of M&K Holding provision for severance pay  | 807          |
| Advances granted to employees   | (76)         |
| Funds set aside for reporting year  | 146          |
| <b>Balance as at 31/12/2016</b>   | <b>1.317</b> |

## D) PAYABLES

### PAYABLES DUE TO BANKS

These amounted to €12,198,000 and consist of short-term and medium-term payables to banks/credit institutes. In particular, the short-term exposure due to business transactions



amounted to €3,389,000. The payables to banks are broken down according to transaction type/bank and duration:

|  | Within 1<br>year | Over 1<br>year | Over<br>5<br>years | Balance<br>as at<br>31/12/2016 | Balance<br>as at<br>31/12/2015 | Difference     |
|--|------------------|----------------|--------------------|--------------------------------|--------------------------------|----------------|
| Payables to banks for ordinary transactions                  | 3,389            | -              | -                  | 3,389                          | 7,001                          | (3,612)        |
| <b>Total payables to banks for ordinary transactions</b>     | <b>3,389</b>     | <b>-</b>       | <b>-</b>           | <b>3,389</b>                   | <b>7,001</b>                   | <b>(3,612)</b> |
| Payables to "Banca Popolare Emilia Romagna" bank             | 1,131            | 2,356          | -                  | 3,487                          | 2,000                          | 1,487          |
| Payables to "Banco Popolare S. Geminiano e S. Prospero" bank | 719              | 1,976          | -                  | 2,694                          | 1,737                          | 957            |
| Payables to Unicredit bank                                   | 186              | 1,164          | -                  | 1,350                          | -                              | 1,350          |
| Payables to HSBC bank  | 359              | 919            | -                  | 1,278                          | -                              | 1,278          |
| <b>Total payables to banks for loans</b>                     | <b>2,394</b>     | <b>6,415</b>   | <b>-</b>           | <b>8,809</b>                   | <b>3,737</b>                   | <b>5,072</b>   |
| <b>Total</b>   | <b>5,783</b>     | <b>6,415</b>   | <b>-</b>           | <b>12,198</b>                  | <b>10,738</b>                  | <b>1,460</b>   |

#### PAYABLES DUE TO OTHER FUNDERS

These amounted to €73,000 and originated from the application of IAS 17 to the lease agreements in place on 31st December 2016. The portion of payables with deadlines within the reporting year amounted to €38,000 while the remaining €35,000 refers to payables which mature after the reporting year.

#### TRADE PAYABLES TO THIRD PARTY SUPPLIERS

These amounted to €16,793,000.

The chart below breaks down payables to suppliers (except those from the euro area) by geographic area:

|                   | Balance as at<br>31/12/2016 | Balance as at<br>31/12/2015 | Difference   |
|-------------------|-----------------------------|-----------------------------|--------------|
| Italian suppliers | 2,921                       | 2,345                       | 576          |
| E.U. suppliers    | 8,531                       | 6,783                       | 1,748        |
| Non-EU suppliers  | 5,341                       | 5,719                       | (378)        |
| <b>Total</b>      | <b>16,793</b>               | <b>14,847</b>               | <b>1,946</b> |

#### TAX PAYABLES

These amounted to €2,323,000 and mainly concern payables for income tax and VAT.

#### PAYABLES TO SOCIAL SECURITY INSTITUTES

These amounted to €545,000. There are no payables due beyond the year end.

## OTHER PAYABLES

These amounted to €2,542,000, itemised as follows:

|                       | Balance as<br>at 31/12/2016 | Balance as<br>at 31/12/2015 | Difference |
|-----------------------|-----------------------------|-----------------------------|------------|
| Payables to employees | 387                         | 267                         | 120        |
| Sundry payables       | 1.319                       | 902                         | 417        |
| State contributions   | 836                         | 726                         | 110        |
| <b>Total</b>          | <b>2.542</b>                | <b>1.895</b>                | <b>647</b> |

## E) ACCRUED EXPENSES AND DEFERRED INCOME

This item amounted to €501,000 and is mainly attributable to charges for deferred remuneration.

## OFF-BALANCE SHEET COMMITMENTS, GUARANTEES, AND POTENTIAL LIABILITIES

Off-balance sheet commitments, guarantees, and potential liabilities include the following items of note:

- sureties for credit facilities granted to subsidiary Reflex & Allen UK Ltd for trade transactions (invoice discounts, advances, etc.) and more specifically: sureties amounting to €5,000,000 granted to the Banca Popolare dell'Emilia Romagna bank and a surety totalling 2,000,000 GBP (€2,335,957 at the GBP/EUR exchange rate applicable on 31/12/2016) granted to the Unicredit Banca bank;
- sureties issued in favour of subsidiary ReflexAllen Composites S.r.l., amounting to €212,800, for credit lines (the guarantee is up to €1,250,000; the amount stated here refers to the actual use by the subsidiary as at 31/12/2016);
- a surety in favour of subsidiary Reflex & Allen USA for €621,383 (655,000 USD).

Note also commitments totalling €80,164, relating to the remaining payable due as result of lease instalments nearing due dates and final payments.

## EXAMINATION OF THE PROFIT AND LOSS ACCOUNT POSTS

### A) VALUE OF PRODUCTION

#### REVENUES FROM SALES AND SERVICES

In the current year, revenue from sales and services amounted to €92,502,000 and can be broken down as follows:

|  | 2016          | 2015          | Difference   |
|--|---------------|---------------|--------------|
| Core revenues from sales of goods and services | 92,502        | 89,286        | 3,216        |
| Other revenues                                 | 1,401         | 1,065         | 336          |
| Rebates on and adjustments to income           | -             | -             | -            |
| <b>Total</b>                                   | <b>93,903</b> | <b>90,351</b> | <b>3,552</b> |

Revenues from sales of goods and services are broken down geographically as follows:

|                      | 2016          | 2015         | Difference |
|----------------------|---------------|--------------|------------|
| Italy                | 10,965        | 10,071       | 894        |
| E.U.                 | 45,536        | 42,191       | 3,345      |
| Non-EU               | 36,001        | 37,024       | (1,023)    |
| <b>Total (92,02)</b> | <b>89,286</b> | <b>3,216</b> |            |

The section below shows a breakdown of the "Sale of goods and products" to third parties provided by the individual companies in the group:

#### Breakdown of revenues by company

|                      | 2016          | 2016        | 2015          | 2015        |
|----------------------|---------------|-------------|---------------|-------------|
| Reflex Srl           | 7,297         | 8%          | 7,896         | 9%          |
| CM Composit          | 3,669         | 4%          | 2,175         | 2%          |
| R&A Automotiva       | 3,744         | 4%          | 4,166         | 5%          |
| Reflex & Allen UK    | 41,858        | 45%         | 42,191        | 47%         |
| Reflex & Allen WUXI  | 10,279        | 11%         | 9,307         | 10%         |
| Reflex & Allen USA   | 8,768         | 9%          | 10,155        | 11%         |
| PACO ALLEN           | 10,876        | 12%         | 11,360        | 13%         |
| Reflex & Allen JAPAN | 2,334         | 3%          | 2,036         | 2%          |
| Energi Products      | -             | 0%          | -             | 0%          |
| Regifin              | -             | 0%          | -             | 0%          |
| M&K Holding          | 3,678         | 4%          | -             | 0%          |
| <b>Total</b>         | <b>92,502</b> | <b>100%</b> | <b>89,286</b> | <b>100%</b> |

#### OTHER REVENUES AND INCOME

Other revenues and income amounted to €1,401,000. The details of this post are shown below, broken down into subsidies for operating expenses to Reflex & Allen UK and contributions received by the Welsh government and other income.

| <b>a) Subsidies for operating expenses</b>           | <b>2016</b>  | <b>2015</b> | <b>Difference</b> |
|--|--------------|-------------|-------------------|
| State contributions                                  | 153          | 141         | 12                |
| <b>Total</b>   | <b>153</b>   | <b>141</b>  | <b>12</b>         |
| <b>b) Other income</b>                               | <b>2016</b>  | <b>2015</b> | <b>Difference</b> |
| Insurance indemnities                                | -            | -           | -                 |
| Recovery of provisions for stock write-downs         | -            | -           | -                 |
| Transportation cost charge-backs                     | -            | -           | -                 |
| Adjustments to provisions following estimate updates | -            | -           | -                 |
| Other revenues                                       | 1,248        | 923         | 325               |
| <b>Total</b>   | <b>1,248</b> | <b>923</b>  | <b>325</b>        |

**B) COSTS OF PRODUCTION****PURCHASES OF RAW MATERIALS, ANCILLARIES, AND CONSUMABLES**

On 31st December 2016, purchases of raw materials, ancillaries, and consumables amounted to €46,855,000.

**EXPENDITURE FOR SERVICES**

These were comprised of expenses and services relating to the industrial and commercial area, as well as those of a general nature, and amounted to €11,218,000.

This entry is itemised below:

| <b>B) COSTS OF PRODUCTION: 7) For services</b>           | <b>2016</b>   | <b>2015</b>   | <b>Difference</b> |
|--|---------------|---------------|-------------------|
| Outwork  | 55            | 40            | 15                |
| Utilities (electricity, gas, water)                      | 1,730         | 1,600         | 130               |
| Staff training courses                                   | 54            | 38            | 16                |
| Trade costs  | 323           | 246           | 77                |
| Fuel and lubricants                                      | 90            | 132           | (42)              |
| Technical advise and services                            | 1,502         | 252           | 1,250             |
| Legal and administrative advice                          | 774           | 1,386         | (612)             |
| Commission on sales                                      | 187           | 223           | (37)              |
| Remuneration of board of auditors                        | 164           | 161           | 3                 |
| Maintenance and repairs                                  | 727           | 737           | (10)              |
| Bank charges   | 184           | 51            | 133               |
| Insurance  | 355           | 286           | 69                |
| Remuneration and reimbursement of expenses for directors | 157           | 1,125         | (968)             |
| Representation expenditure                               | 731           | 762           | (31)              |
| Travel expenses  | 44            | 104           | (61)              |
| Telephone and internet expenses                          | 184           | 228           | (43)              |
| Carriage and shipping                                    | 2,764         | 2,189         | 576               |
| other  | 1,193         | 952           | 241               |
| <b>Total</b>   | <b>11,218</b> | <b>10,512</b> | <b>706</b>        |

The Sole Director of FINLITE S.r.l. does not receive remuneration for providing similar services to other companies in the group.

**Costs for leasing**

These amounted to €1,816,000 and concerned rents payable and hire fees for operating assets. These are broken down as follows:

| <b>B) COSTS OF PRODUCTION: 8) For use of third-party assets</b> | <b>2016</b>  | <b>2015</b>  | <b>Difference</b> |
|---|--------------|--------------|-------------------|
| Rent payable  | 208          | 367          | (159)             |
| Rental of operating assets                                      | 1.609        | 949          | 660               |
| <b>Total</b>  | <b>1.816</b> | <b>1.316</b> | <b>500</b>        |

### Labour cost

This amounted to €21,862,000 and comprised, in addition to salaries and wages paid, accrued expenses relating to year-end bonuses, holiday leave, severance pay, and contributions.

| <b>B) COSTS OF PRODUCTION: 9) For personnel</b> | <b>2016</b>   | <b>2015</b>   | <b>Difference</b> |
|---|---------------|---------------|-------------------|
| Wages and salaries                              | 18,343        | 15,786        | 2,558             |
| Social security contributions                   | 3,003         | 3,273         | (270)             |
| Severance pay                                   | 189           | 158           | 31                |
| Retirement indemnities and similar requirements | -             | -             | -                 |
| Other costs for personnel                       | 327           | 203           | 124               |
| <b>Total</b>                                    | <b>21,862</b> | <b>19,420</b> | <b>2,443</b>      |

### STAFF INFORMATION

The number of staff employed by the group (with reference to the companies included in the scope of consolidation as at 31.12.2016) is 1,217, broken down by category as follows

|  | <b>2016</b>  | <b>2015</b> | <b>Difference</b> |
|--|--------------|-------------|-------------------|
| Management                                 | 2            | 2           | -                 |
| White-collar staff (including apprentices) | 262          | 216         | 46                |
| Blue-collar staff (including apprentices)  | 953          | 693         | 260               |
| <b>Total</b>                               | <b>1,217</b> | <b>911</b>  | <b>306</b>        |

In accordance with standard OIC 12, the cost of agency workers has been reclassified under personnel costs.

### AMORTISATION OF INTANGIBLE FIXED ASSETS

This entry, which amounted to €1,087,000, reported the amortisation portion for the year. The amount included: the amortisation portion of the consolidation difference arising from the acquisition of Reflex & Allen UK Limited by subsidiary Reflex S.r.l., which amounted to €340,000 (10% of €3,400,000); the amortisation portion of the consolidation difference arising from the acquisition of CM Composit, which amounted to €159,000 (20% of €795,000); the amortisation portion of the consolidation difference arising from the acquisition of M&K Holding BV amounting to €151,000 (20% of €756,000).

### DEPRECIATION OF TANGIBLE FIXED ASSETS

This amounted to €1,900,000 and consisted of ordinary depreciation calculated at the maximum tax

Finlite Group - Consolidated financial statements as at 31 December 2016  
rates applicable, which reflects the actual deterioration of the assets concerned.

## DEVALUATION OF RECEIVABLES INCLUDED IN THE CURRENT ASSETS

These amounted to €107,000.

## PROVISIONS FOR RISKS

No provisions were made for the reporting year for 'other risks'.

## SUNDRY OPERATING EXPENSES

These amounted to €1,096, itemised as follows:

| <b>B) COSTS OF PRODUCTION: 14) Sundry operating expenses</b> | <b>2016</b>  | <b>2015</b> | <b>Difference</b> |
|--|--------------|-------------|-------------------|
| Taxes and duties other than on income                        | 154          | 126         | 29                |
| Complimentary and promotional items                          | 24           | 56          | (32)              |
| Ordinary capital losses                                      | -            | -           | -                 |
| Canteen running costs  | -            | -           | -                 |
| Other charges  | 918          | 813         | 104               |
| <b>Total</b>   | <b>1,096</b> | <b>995</b>  | <b>101</b>        |

## C) FINANCIAL INCOME AND CHARGES

### EARNINGS FROM SHAREHOLDINGS

Non-existent

## OTHER FINANCIAL INCOME

These amounted to €14,000, itemised as follows:

| <b>C) FINANCIAL INCOME AND CHARGES:</b>                   | <b>2016</b> | <b>2015</b> | <b>Difference</b> |
|---|-------------|-------------|-------------------|
| <b>17) Interest and other financial charges d) Others</b> |             |             |                   |
| Bank interest receivable                                  | -           | 1           | (1)               |
| Other interest  | 14          | 33          | (19)              |
| <b>Total</b>  | <b>14</b>   | <b>34</b>   | <b>(20)</b>       |

## FINANCIAL CHARGES

Financial charges amounted to €593,000, itemised as follows:

### C) FINANCIAL INCOME AND CHARGES:

| 2016  | 2015       | Difference |             |  |
|---|------------|------------|-------------|--|
| <b>17) Interest and other financial charges d) Others</b> |            |            |             |  |
| Interest and charges payable to banks                     | 563        | 578        | (15)        |  |
| Charges on interest-free transactions                     | -          | -          | -           |  |
| Financial discounts granted to customers                  | 19         | 26         | (7)         |  |
| Other interest  | 11         | -          | 11          |  |
| Interest payable on loans from other lenders              | -          | -          | -           |  |
| <b>Total</b>  | <b>593</b> | <b>604</b> | <b>(11)</b> |  |

## EXCHANGE RATE GAINS AND LOSSES

During the year, gains on foreign exchanges amounted to a net sum of €950,000.

The distinction between net gains and losses, both realised and unrealised, i.e. those originating from adjustment of entries in foreign currency at the year-end exchange rates, is shown in the table below:

| <b>C) FINANCIAL INCOME AND CHARGES: 17) b) Exchange rate profits and losses</b> | <b>2016</b>  | <b>2015</b> | <b>Difference</b> |
|---|--------------|-------------|-------------------|
| Losses from foreign exchanges   | 387          | 830         | (444)             |
| Losses on exchanges not realised  | -            | -           | -                 |
| Gains on foreign exchanges  | (1.337)      | (679)       | (658)             |
| Gains on foreign exchanges not realised   | -            | -           | -                 |
| <b>Total</b>  | <b>(950)</b> | <b>151</b>  | <b>(1.101)</b>    |

## D) ADJUSTMENTS OF FINANCIAL ASSETS

No value adjustments were made to financial assets during the year.

## INCOME TAX FOR REPORTING YEAR

These amounted to €2,180,000 and, in addition to €2,133,000 for current income tax, in accordance with accruals-basis accounting, the entry takes into account the allocation of deferred and prepaid tax, amounting to €47,000.

## RESULT FOR FINANCIAL YEAR

During the reporting year, the group achieved a positive result of €3,062,000, €2,731,000 of which is attributable to the group.

These financial statements are a true and accurate portrayal of the account books and records.

Finlite S.r.l.  
Antonella Bortolomasi,  
sole director

## Annex A

Reconciliation between the amounts of net worth and the net result for the year ending 31st December 2016

|   |
|---|
| STATEMENT OF RECONCILIATION BETWEEN FINANCIAL STATEMENTS (PURSUANT TO ITALIAN CIVIL LAW)<br>ISSUED BY PARENT COMPANY AND GROUP STATEMENTS |
|---|

|  | 2016       | 2016      |
|--|------------|-----------|
| Statement of reconciliation between financial statements (pursuant to Italian civil law) issued by parent company and group statements |            |           |
|  | Net result | Net worth |
| BALANCES REPORTED IN PARENT COMPANY'S FINANCIAL STATEMENTS   | 5          | 2.027     |
| Effect of removal of the consolidated shareholdings  | 6,712      | 22,432    |
| - Other changes  | 0          | 149       |
| Elimination of the impact of transactions between consolidated companies, net of tax effects:  |            |           |
| - Internal profits on assignments of assets  | -10        | -39       |
| - Foreign exchange differences   | 60         | 0         |
| - Distribution of dividends  | -6,098     | -6,098    |
| - Reversal of shareholding write-downs   | 3,109      | 3,109     |
| Other consolidation adjustments  |            |           |
| - Recognition of lease impact (IAS 17)   | 89         | 1,081     |
| - Realignment of lease repayment plan  | 0          | -17       |
| - Amortisation of consolidation difference   | -650       | -3,189    |
| - Tax effect on consolidation transactions   | 53         | 0         |
| - Other adjustments arising from consolidation   | -208       | 115       |
| - Translation reserves   | 0          | -577      |
| Effect of other adjustments:   |            |           |
| - Other adjustments  | 0          | 2         |
| BALANCES STATED IN CONSOLIDATED FINANCIAL STATEMENTS   | 3,062      | 18,995    |
| BALANCES STATED IN CONSOLIDATED FINANCIAL STATEMENTS   | -331       | -2,115    |
| - Shares pertaining to minorities  |            |           |
| BALANCES STATED IN CONSOLIDATED FINANCIAL STATEMENTS   | 2,731      | 16,880    |



## Annex B

The following table shows the significant differences which occurred in the consolidated net worth items during the reporting year.

|  | GROUP NET WORTH  |                  |                              |  |                       |                                  |  |                   |   | TOTAL<br>(Group) | NET WORTH ATTRIBUTABLE TO<br>MINORITIES |                        |                   | CONSOLIDATE<br>D TOTAL |
|--|------------------|------------------|------------------------------|--|-----------------------|----------------------------------|--|-------------------|---|------------------|---|------------------------|-------------------|------------------------|
|  | SHARE<br>CAPITAL | Legal<br>reserve | EXTRAOR<br>DINARY<br>RESERVE | FOREIGN<br>EXCHANGE<br>DIFFERENC<br>ES | OTHER<br>RESERV<br>ES | JE<br>TRANSLA<br>TION<br>RESERVE | PROFI<br>TS<br>CARRI<br>ED<br>FORW<br>ARDS | CONSOL<br>RESERVE | PROFI<br>T FOR<br>REPOR<br>TING<br>YEAR |                  | THIRD-<br>PARTY<br>CAP./RE<br>SERVE     | MINORI<br>TY<br>PROFIT | MINORITY<br>TOTAL |                        |
| BALANCES AS AT 31ST<br>DECEMBER 2015.        | 10               | 2                | 1,998                        | 589                                    | 4                     | 0                                | 0  | 10,208            | 2,891                                   | 15,702           | 1,547                                   | 237                    | 1,784             | 17,486                 |
| ALLOCATION OF PROFIT<br>FROM 2015            | 0                | 0                | 7                            | 0                                      | 0                     | 0                                | 0  | 2,884             | (2,891)                                 | 0                | 237                                     | (237)                  | 0                 | 0                      |
| PROFIT FOR REPORTING<br>YEAR (2016)          | 0                | 0                | 0                            | 0                                      | 0                     | 0                                | 0  | 0                 | 2,731                                   | 2,731            | 0                                       | 331                    | 331               | 3,062                  |
| TRANSFER TO<br>CONSOLIDATION RESERVE<br>2016 | 0                | 0                | 0                            | (589)                                  | 0                     | 0                                | 0  | 589               | 0                                       | 0                | 0                                       | 0                      | 0                 | 0                      |
| FOREIGN EXCHANGE<br>DIFFERENCES 2016         | 0                | 0                | 0                            | (1,465)                                | 0                     | 0                                | 0  | 0                 | 0                                       | (1,465)          | 0                                       | 0                      | 0                 | (1,465)                |
| OTHER DIFFERENCE IN<br>CONSOL. AREA          | 0                | 0                | 0                            | 0                                      | 0                     | 0                                | 0  | (62)              | 0                                       | (62)             | 0                                       | 0                      | 0                 | (62)                   |
| REALIGNMENT OF LEASE<br>REPAYMENT PLAN       | 0                | 0                | 0                            | 0                                      | 0                     | 0                                | 0  | (17)              | 0                                       | (17)             | 0                                       | 0                      | 0                 | (17)                   |
| OTHER MINOR DIFFERENCES                      | 0                | 0                | 0                            | 0                                      | 0                     | 0                                | 0  | (11)              | 0                                       | (11)             | 0                                       | 0                      | 0                 | (11)                   |
| BALANCES AS AT 31ST<br>DECEMBER 2016.        | 10               | 2                | 2,005                        | (1,465)                                | 4                     | 0                                | 0  | 13,592            | 2,731                                   | 16,879           | 1,784                                   | 331                    | 2,115             | 18,995                 |