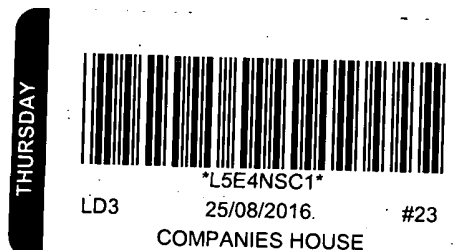


Financial Statements Helmet Integrated Systems Limited

For the Year Ended 31 December 2015

Registered number: 2766754



Helmet Integrated Systems Limited
Registered number:2766754

Company Information

Directors	L P Frieder III H Acker R Dellar
Company secretary	C Watson
Registered number	2766754
Registered office	Unit 3 Focus 4 Fourth Avenue Letchworth Hertfordshire SG6 2TU
Auditor	Grant Thornton UK LLP Grant Thornton House Central Milton Keynes MK9 1LW

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Strategic Report

For the Year Ended 31 December 2015

Introduction

The principal activity of the company ("HISL") during the year was the design, manufacture, assembly, testing and marketing of protective headgear for military and civilian aircrew, the emergency and law enforcement services, together with respiratory equipment for use in a variety of industrial applications.

Where appropriate HISL provides associated equipment such as radio communication systems, active noise reduction, microphones (including bone conductive), earphones and consumables such as filters and battery packs. HISL also undertakes funded research and design engineering as a subcontractor to a number of major international corporations to meet their specific requirements. In other areas research and development is undertaken, either as new initiatives for additional products, or to update and improve existing products.

Business review

Turnover for the year, on an annualised basis, showed a 32% increase on the previous 14 month period. This was largely accounted for by the completion of the deliverable phase of the supply of aircrew helmets and spares for the French DGA.

Considerable investment has been made in new staff, primarily in the sales and manufacturing engineering functions to take advantage of the greater opportunities resulting from the change of ownership in the previous year by Gentex Corporation ("Gentex").

Despite these additional costs, operating profit for the year was £899,144 against an operating loss of £15,527 for the previous 14 month period.

Future prospects

A review of the Gentex group's marketing and distribution strategy has been completed and as a result HISL has started to promote some of Gentex's products outside of the US. Investment in new products continues, and should generate revenue towards the end of the year, although the full benefit from the investment will not be forthcoming until 2017.

Strategic report (continued)

Principal risks and uncertainties

Global military and health and safety standards are constantly evolving, and the directors consider that there is a risk to the business of not staying at the forefront of industry developments. In last year's Financial Statements the directors referred to the planned introduction of two new quality standards: -

- "AS9100 is a widely adopted and standardized quality management system for the aerospace industry. Major aerospace manufacturers and contractors worldwide are beginning to require compliance and/or registration to AS9100 as a condition of doing business with them. A consultant specialising in this field has been appointed to assist and work has commenced with a view to having full accreditation by the end of September 2016."

A subsequent detailed analysis of the AS9100 standard has led the board to the conclusion that, while the AS9100 standard is our goal, it will be achieved through incremental steps – the first of which is to comply and become accredited to the latest ISO9001 standard (ISO9001:2015). The company's major customers have agreed with this policy.

- "The Design Approved Organisation Scheme (DAOS) is a mechanism by which competence of design organisations can be assessed by UK MoD. MoD policy is eventually to only procure from contractors who have been assessed as competent. The board is pleased to announce that provisional accreditation has been awarded. It was anticipated that final certification would be obtained by July 2015."

However, the delay by UK MoD to provide a suitable training course to assist with completion of one of the outstanding issues has delayed final accreditation until August 2016.

HISL constantly monitors its supply chain relationships and in particular the potential risks associated with parts obsolescence (mainly, but not limited to, electronic components). Working closely with suppliers, HISL's purchasing departments identify items that are due to be made obsolete, and, if necessary instigate "last time buys" to ensure stock availability while alternatives can be sourced, evaluated and approved.

As a more general point, the worldwide economic recession that has affected all businesses over the last five years, has required the board to carefully balance: -

- the need to control inflationary pressures on employee and overhead costs, as well as raw materials
- capital expenditure, and research and development costs
- new products and the updating of existing products
- control of working capital requirements

The board is determined that the future growth and success of HISL should be financed by internally generated funds without recourse to the banks.

Financial controls

Annual budgets, phased by month are agreed by the board, and, on a monthly basis, management accounts are compared with budget to highlight variances enabling remedial action to be taken when necessary. All balance sheet items are reconciled on a monthly basis, with the exception of stock which is verified at each year end by physical count. Quarterly cash flow forecasts are produced, analysed by individual weeks, and are monitored against the actual weekly cash flows.

Capital expenditure is controlled by requiring all proposals for expenditure to be approved in accordance with the delegated levels of authority. Research and development private venture expenditure is only undertaken after a rigorous cost justification process has been undertaken, and the board is satisfied that a satisfactory return on investment will be achieved.

Strategic report (continued)

Financial risk management

The board regularly reviews the financial requirements of the group and the risks associated therewith. HISL's operations historically have primarily been financed from retained earnings and bank borrowings and the company does not use complex or derivative financial instruments for trading purposes other than forward exchange contracts.

The principal financial risks arising from HISL's activities are credit risk and exchange rate risk. These are monitored closely by the board. Credit risk is managed by obtaining credit checks on new commercial customers, using credit insurance wherever available and by monitoring payments against contractual agreements.

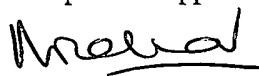
HISL's exchange rate exposure arises both from transactions with overseas customers denominated in foreign currency, and from its US subsidiary operations. The board will take steps to protect its anticipated foreign exchange cash inflows for the coming year by entering a series of forward exchange contracts and options with its bankers.

Key performance indicators ("KPIs")

A number of KPIs are used by the company:

- orders by customer and product group are measured against budget on a weekly basis
- sales by product group and customer are compared to budget on a monthly basis and deliveries to customers are the subject of weekly production meetings to enable any remedial action to be taken
- cash is closely monitored and revised projections are completed quarterly in parallel with profit forecasts
- customer satisfaction – a system has now been established to review on a monthly basis and to take remedial action where appropriate
- departmental overheads are monitored on a monthly basis as part of the management accounting package

This report was approved by the board on 20 / 5 / 2016 and signed on its behalf.


R Dellar
Director

Directors' Report

For the Year Ended 31 December 2015

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

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under Company law the directors must not approve the financial statements unless satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

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

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

Principal activity

The principal activity of the Company ('HISL') during the year was the design, manufacture, assembly, testing and marketing of protective headgear for military and civilian aircrew, the emergency and law enforcement services, together with respiratory equipment for use in a variety of industrial applications.

Where appropriate HISL provides associated equipment such as radio communication systems, active noise reduction, microphones (including bone conductive), earphones and consumables such as filters and battery packs. HISL also undertakes funded research and design engineering as a subcontractor to a number of major international corporations to meet their specific requirements. In other areas research and development is undertaken, either as new initiatives for additional products, or to update and improve existing products.

Directors' Report

For the Year Ended 31 December 2015

Results and dividends

The loss for the year, after taxation, amounted to £2,074,198 (2014 -profit £4,918,830).

The 2014 profit included a credit of £4,967,858 as a result of capitalising the inter-company loan with Interactive Safety Products Inc, ("ISPI"), HISL's wholly owned US subsidiary.

Subsequent to Gentex Corporation acquiring HISL on 4 July 2014, a review of the manufacturing facilities of the whole Gentex group was undertaken. As a result, some of the products that had been manufactured and marketed by ISPI were transferred to other group facilities. The HISL board is of the opinion that an impairment in HISL's investment in ISPI has therefore occurred and a charge of £2,812,315 has been made to the 2015 accounts.

The payment of dividends is decided by Gentex. The scenarios outlined in the Strategic Report under the heading "Future prospects" will require, over the ensuing 2 to 3 years, substantial additional working capital to finance higher levels of turnover, stock and work in progress and trade debtors. The board continues to consider that this expansion should be self-financing from within the Company, and accordingly no dividends have been declared for the period.

Directors

The directors who served during the year were:

L P Frieder III
H Acker
R Dellar

Future developments

Since the balance sheet date, considerable investment has been made in new staff, primarily in the sales and manufacturing engineering functions to take advantage of the greater opportunities resulting from the change of ownership. It is the intention of Gentex to use HISL to promote some of its products outside of the US and other international locations are being explored. As with most major investments there is a time lag between the investment and the returns from that investment. Consequently, no significant turnover from new markets and products has been budgeted for the year to 31 December 2016.

Financial instruments

The board regularly reviews the financial requirements of the group and the risks associated therewith. HISL's operations historically have primarily been financed from retained earnings and bank borrowings and the Company does not use complex or derivative financial instruments for trading purposes other than forward exchange contracts.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Directors' Report

For the Year Ended 31 December 2015

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditors

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Charitable donations

During the year, the company made charitable donations of £1,280 (2014: £635).

This report was approved by the board and signed on its behalf.



R Dellar
Director

Date: 20/05/2016.

Independent Auditor's Report to the Members of Helmet Integrated Systems Limited

We have audited the financial statements of Helmet Integrated Systems Limited for the year ended 31 December 2015, 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 directors and auditor

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 2015 and of its loss 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 matter prescribed by the Companies Act 2006

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



Independent Auditor's Report to the Members of Helmet Integrated Systems Limited

Matters on which we are required to report by exception

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

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

Grant Thornton UK LLP

Jeremy Read (Senior statutory auditor)
for and on behalf of
Grant Thornton UK LLP
Statutory Auditor
Chartered Accountants
Milton Keynes
Date: *3 June 2016*

Statement of Comprehensive Income

For the Year Ended 31 December 2015

		2015	14 month period to 31 December 2014
	Note	£	£
Turnover	3	15,901,875	14,202,163
Cost of sales		(9,946,962)	(9,240,593)
Gross profit		5,954,913	4,961,570
Distribution costs		(1,105,753)	(1,536,876)
Administrative expenses		(3,971,806)	(3,440,221)
Other operating income	4	21,790	-
Operating profit/(loss)	5	899,144	(15,527)
Amounts written off investments		(2,812,315)	4,967,858
Interest receivable and similar income	8	491	-
Interest payable and expenses	9	-	(33,388)
(Loss)/profit before tax		(1,912,680)	4,918,943
Tax on (loss)/profit	10	(161,518)	(113)
(Loss)/profit for the year		(2,074,198)	4,918,830
Other comprehensive income for the year			
Other comprehensive income		-	-
Total comprehensive income for the year		(2,074,198)	4,918,830

The notes on pages 12 to 32 form part of these financial statements.

Statement of Financial Position

As at 31 December 2015

	Note	2015 £	2014 £
Fixed assets			
Intangible assets	11	345,252	287,984
Tangible assets	12	2,003,592	1,944,209
Investments	13	2,280,640	5,092,955
		<u>4,629,484</u>	<u>7,325,148</u>
Current assets			
Stocks	14	2,518,689	3,856,169
Debtors: amounts falling due after more than one year	15	-	396,677
Debtors: amounts falling due within one year	15	3,392,230	2,820,156
Cash at bank and in hand		402,854	1,414,344
		<u>6,313,773</u>	<u>8,487,346</u>
Creditors: amounts falling due within one year	16	(4,668,379)	(7,511,002)
Net current assets		<u>1,645,394</u>	<u>976,344</u>
Total assets less current liabilities		<u>6,274,878</u>	<u>8,301,492</u>
Provisions for liabilities			
Deferred tax	17	(112,961)	(65,377)
		<u>(112,961)</u>	<u>(65,377)</u>
Net assets		<u><u>6,161,917</u></u>	<u><u>8,236,115</u></u>
Capital and reserves			
Called up share capital	19	400,500	400,500
Profit and loss account	18	5,761,417	7,835,615
Shareholders' funds		<u><u>6,161,917</u></u>	<u><u>8,236,115</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



R Dellar
Director

Date: 20/05/2016

The notes on pages 12 to 32 form part of these financial statements.

Statement of Changes in Equity

As at 31 December 2015

	Share capital	Retained earnings	Total equity
	£	£	£
At 1 January 2015	400,500	7,835,615	8,236,115
Comprehensive income for the year	-	(2,074,198)	(2,074,198)
Loss for the year	-	(2,074,198)	(2,074,198)
Total comprehensive income for the year	-	(2,074,198)	(2,074,198)
At 31 December 2015	400,500	5,761,417	6,161,917

As at 31 December 2014

	Share capital	Retained earnings	Total equity
	£	£	£
At 1 November 2013	400,500	2,916,785	3,317,285
Comprehensive income for the period	-	4,918,830	4,918,830
Profit for the period	-	4,918,830	4,918,830
Total comprehensive income for the period	-	4,918,830	4,918,830
At 31 December 2014	400,500	7,835,615	8,236,115

The notes on pages 12 to 32 form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 31 December 2015

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

Information on the impact of first-time adoption of FRS 102 is given in note 25.

The company was, at the end of the period, a wholly-owned subsidiary of another company incorporated in the EEA and in accordance with section 400 of the Companies Act 2006, is not required to produce, and has not published, group financial statements.

The group financial statements are prepared by Gentex HISL Limited and can be obtained from 20-22 Bedford Row, London, WC1R 4JS.

The financial statements are presented in GBP (£).

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 2).

The entity is a company limited by shares, incorporated in England and Wales. The registered office is Unit 3, Focus 4, Fourth Avenue, Letchworth, Hertfordshire, SG6 2TU.

The following principal accounting policies have been applied:

1.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.39 to 11.48A;
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.29;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

1.3 Going concern

After reviewing the Company's forecasts and projections, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

Notes to the Financial Statements

For the Year Ended 31 December 2015

1. Accounting policies (continued)

1.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.5 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed five years.

The estimated useful lives range as follows:

Development costs	-	5 - 10 years
Computer software	-	4 years

1.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Notes to the Financial Statements

For the Year Ended 31 December 2015

1. Accounting policies (continued)

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

Depreciation is provided on the following bases:

Freehold property	-	2%
Short-term leasehold property	-	10%
Plant and machinery	-	10%
Motor vehicles	-	25%
Computer equipment	-	25%
Exhibition equipment	-	33%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the Statement of Comprehensive Income.

1.7 Impairment of fixed assets

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

1.8 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. The carrying value of investments are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be reasonable.

1.9 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

Notes to the Financial Statements

For the Year Ended 31 December 2015

1. Accounting policies (continued)

1.10 Debtors

Short term debtors are measured at transaction price, less any impairment.

1.11 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

1.12 Financial instruments

The Company enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured initially and received. However if the arrangements of a short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Income Statement.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

1.13 Derivative financial instruments

Derivative financial instruments are recognised at fair value using a valuation technique with any gains or losses being reported in the Income Statement. Outstanding derivatives at reporting date are included under the appropriate format heading depending on the nature of the derivative.

Notes to the Financial Statements

For the Year Ended 31 December 2015

1. Accounting policies (continued)

1.14 Creditors

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

1.15 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Income Statement at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Income Statement in the same period as the related expenditure.

1.16 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

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

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

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement except when deferred in other comprehensive income as qualifying cash flow hedges.

1.17 Finance costs

Finance costs are charged to the Income Statement over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Notes to the Financial Statements

For the Year Ended 31 December 2015

1. Accounting policies (continued)

1.18 Leased assets: Lessee

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to profit or loss over the shorter of estimated useful economic life and the term of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to profit or loss over the term of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

1.19 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payments obligations.

The contributions are recognised as an expense in the Income Statement when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

1.20 Interest income

Interest income is recognised in the Income Statement using the effective interest method.

1.21 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Income Statement in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

Notes to the Financial Statements

For the Year Ended 31 December 2015

1. Accounting policies (continued)

1.22 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

1.23 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 5 to 10 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgments and estimates have been made include the impairment of fixed asset investments, considering impairments within stock and trade debtors and the useful economic life of plant and machinery.

Notes to the Financial Statements

For the Year Ended 31 December 2015

3. Analysis of turnover

An analysis of turnover by class of business is as follows:

	2015 £	2014 £
Manufacturing and distribution of protective headgear and associated equipment	15,901,875	14,202,163
	<u>15,901,875</u>	<u>14,202,163</u>

4. Other operating income

	2015 £	2014 £
Government grants receivable	21,790	-
	<u>21,790</u>	<u>-</u>

5. Operating profit/(loss)

The operating profit/(loss) is stated after charging/(crediting):

	2015 £	14 month period ended 31 December 2014 £
Depreciation of tangible fixed assets	307,684	231,107
Amortisation of intangible assets, including goodwill	69,741	295,343
Impairment of intangible assets	30,000	-
Fees payable to the Company's auditor and its associates for the audit of the company's annual accounts	31,000	31,000
Fees payable to the Company's auditors and its associates for other services - Taxation compliance services	4,000	5,000
Exchange differences	(139,040)	(106,076)
Defined contribution pension cost	<u>118,511</u>	<u>113,237</u>

Notes to the Financial Statements

For the Year Ended 31 December 2015

6. Employees

Staff costs, including directors' remuneration, were as follows:

	14 month period ended 31 December	
	2015	2014
	£	£
Wages and salaries	4,096,007	4,418,839
Social security costs	398,911	440,692
Cost of defined contribution scheme	118,511	113,237
	<u>4,613,429</u>	<u>4,972,768</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2015	2014
	No.	No.
Production	97	97
Selling and distribution	13	13
Administration	48	47
	<u>158</u>	<u>157</u>

7. Directors' remuneration

	14 month period ended 31 December	
	2015	2014
	£	£
Directors' emoluments	259,977	406,054
Company contributions to defined contribution pension schemes	-	16,442
	<u>259,977</u>	<u>422,496</u>

The highest paid director received remuneration of £259,977 (2014 - £127,320).

During the year retirement benefits were accruing to NIL directors (2014 - 4 directors) in respect of money purchase pension schemes.

Notes to the Financial Statements

For the Year Ended 31 December 2015

8. Interest receivable

	2015 £	2014 £
Other interest receivable	491	-
	<u>491</u>	<u>-</u>

9. Interest payable and similar charges

	2015 £	2014 £
Bank interest payable	-	33,388
	<u>-</u>	<u>33,388</u>

10. Taxation

	2015 £	2014 £
Corporation tax		
Current tax on profits for the year	131,401	-
Adjustments in respect of previous periods	(17,467)	-
Total current tax	<u>113,934</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	47,584	113
Total deferred tax	<u>47,584</u>	<u>113</u>
Taxation on profit on ordinary activities	<u>161,518</u>	<u>113</u>

Notes to the Financial Statements

For the Year Ended 31 December 2015

10. Taxation (continued)

Factors affecting tax charge for the year/period

The tax assessed for the year/period is higher than (2014 -higher than) the standard rate of corporation tax in the UK of 20.25% (2014 -21.71%). The differences are explained below:

	2015 £	2014 £
Profit on ordinary activities before tax	<u>(1,912,680)</u>	<u>4,918,943</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.25% (2014 -21.71%)	(387,252)	1,067,903
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	569,454	7,442
Adjustments to tax charge in respect of prior periods	(17,467)	-
Non-taxable income	-	(1,078,509)
Adjust opening and closing deferred tax average rate of 20.25%	(13,208)	(136)
Other differences leading to an increase (decrease) in the tax charge	9,991	3,413
Total tax charge for the year/period	<u>161,518</u>	<u>113</u>

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

Notes to the Financial Statements

For the Year Ended 31 December 2015

11. Intangible assets

	Computer software £	Development costs £	Total £
Cost			
At 1 January 2015	316,872	557,086	873,958
Additions	39,026	117,983	157,009
At 31 December 2015	355,898	675,069	1,030,967
Amortisation			
At 1 January 2015	290,631	295,343	585,974
Charge for the year	23,574	46,167	69,741
Impairment charge	-	30,000	30,000
At 31 December 2015	314,205	371,510	685,715
Net book value			
At 31 December 2015	41,693	303,559	345,252
At 31 December 2014	26,241	261,743	287,984

Amortisation of intangible fixed assets is included in administrative expenses.

An impairment charge has been recognised in administrative expenses during the year arising on a project performing below forecast.

Notes to the Financial Statements

For the Year Ended 31 December 2015

12. Tangible fixed assets

	Freehold land and property £	Short-term leasehold property £	Plant and machinery £	Motor vehicles £	Computer equipment £	Total £
Cost or valuation						
At 1 January 2015	742,000	52,017	9,366,340	8,136	573,361	10,741,854
Additions	2,231	-	336,844	-	27,992	367,067
At 31 December 2015	744,231	52,017	9,703,184	8,136	601,353	11,108,921
Depreciation						
At 1 January 2015	29,313	43,354	8,155,260	8,136	561,582	8,797,645
Charge owned for the period	13,000	1,911	279,528	-	13,245	307,684
At 31 December 2015	42,313	45,265	8,434,788	8,136	574,827	9,105,329
At 31 December 2015	701,918	6,752	1,268,396	-	26,526	2,003,592
At 31 December 2014	712,687	8,663	1,211,080	-	11,779	1,944,209

Included within freehold property is land of £90,000 (2014: £90,000), which is not depreciated.

Notes to the Financial Statements

For the Year Ended 31 December 2015

13. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2015	5,092,955
At 31 December 2015	<u>5,092,955</u>
Impairment	
At 1 January 2015	-
Charge for the period	2,812,315
At 31 December 2015	<u>2,812,315</u>
At 31 December 2015	<u>2,280,640</u>
At 31 December 2014	<u>5,092,955</u>

HISL's wholly owned subsidiary in the USA, Interactive Safety Products Inc. ("ISPI"), was incorporated in 1996 and was funded by a series of inter-company loans. In subsequent years impairment provisions against the loans were made in HISL's accounts. The acquisition by Gentex provided greater financial strength and this factor, together with ISPI's improved trading position led to the decision to capitalise the loan position as at 4 July 2014 in ISPI's accounts and to treat this sum as an investment in HISL's accounts. During the year it was determined that a significant portion of ISPI's contracts would be moved under Gentex leading to a decrease in profitability in ISPI. A charge of £2,812,315 has been made in the profit and loss account in the period, bringing the investment in line with the recoverable amount of ISPI.

Notes to the Financial Statements

For the Year Ended 31 December 2015

13. Fixed asset investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Country of incorporation	Class of shares	Holding	Principal activity
Interactive Safety Products Inc.	USA	Ordinary	100 %	Marketing, testing and assembly of protective helmets for military aircrew, emergency services, communication systems, visors and associated equipment.
Helmets Limited	UK	Ordinary	100 %	Dormant
Pureflo Safety Limited	UK	Ordinary	100 %	Dormant
Toptek International Limited	UK	Ordinary	100 %	Dormant

The aggregate of the share capital and reserves as at 31 December 2015 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

	Aggregate of share capital and reserves £	Loss for the year £
Interactive Safety Products Inc.	1,879,523	(85,259)
	<u>1,879,523</u>	<u>(85,259)</u>

14. Stocks

	2015 £	2014 £
Raw materials and consumables	423,203	2,074,060
Work in progress (goods to be sold)	1,608,456	1,198,458
Finished goods and goods for resale	487,030	583,651
	<u>2,518,689</u>	<u>3,856,169</u>

Stock recognised in cost of sales during the year as an expense was £5,994,897 (2014 - £4,821,754).

A credit of £15,000 (2014 - charge of £29,946) was recognised during the year in cost of sales relating to a movement in the stock provision arising on slow-moving and obsolete stock.

Notes to the Financial Statements

For the Year Ended 31 December 2015

15. Debtors

	2015 £	2014 £
Due after more than one year		
Amounts owed by group undertakings	-	396,677
	<u>-</u>	<u>396,677</u>
	2015 £	2014 £
Due within one year		
Trade debtors	3,076,761	1,872,122
Other debtors	31,244	321,373
Prepayments and accrued income	284,225	626,661
	<u>3,392,230</u>	<u>2,820,156</u>

16. Creditors: Amounts falling due within one year

	2015 £	2014 £
Payments received on account	-	2,047,508
Trade creditors	916,891	1,247,565
Amounts owed to group undertakings	3,179,218	997,925
Corporation tax	118,643	-
Taxation and social security	129,487	140,460
Other creditors	15,647	2,790,450
Accruals and deferred income	308,493	287,094
	<u>4,668,379</u>	<u>7,511,002</u>

Notes to the Financial Statements

For the Year Ended 31 December 2015

17. Deferred taxation

	Deferred tax £
At 1 January 2015	(65,377)
Charged to the profit or loss	(47,584)
At 31 December 2015	(112,961)

The provision for deferred taxation is made up as follows:

	2015 £	2014 £
Accelerated capital allowances	(112,961)	(65,377)
	<u>(112,961)</u>	<u>(65,377)</u>

18. Reserves

Profit and loss account

Includes all current and prior period retained profits and losses.

Notes to the Financial Statements

For the Year Ended 31 December 2015

19. Share capital

	2015 £	2014 £
Authorised		
1,000,000 Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>
Allotted, called up and fully paid		
400,500 Ordinary shares of £1 each	<u>400,500</u>	<u>400,500</u>

All shares are of the same class and have equal voting rights and equal rights to dividends and any repayments of capital.

20. Contingent liabilities

The Company has given a guarantee to provide financial support to its subsidiary undertaking Interactive Safety Products Inc. until at least 30 June 2017. The Company has an agreement with its ultimate parent company to provide the necessary funds to meet this obligation.

21. Capital commitments

At 31 December 2015 the Company had capital commitments as follows:

	2015 £	2014 £
Contracted for but not provided in these financial statements	-	43,460
	<u>-</u>	<u>43,460</u>

22. Commitments under operating leases

At 31 December 2015 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2015 £	2014 £
Not later than 1 year	26,519	15,840
Later than 1 year and not later than 5 years	110,141	66,714
Later than 5 years	562,500	652,500
Total	<u>699,160</u>	<u>735,054</u>

Notes to the Financial Statements

For the Year Ended 31 December 2015

23. Related party transactions

	2015	2014
	£	£
Management charge payable to Gentex Corporation	253,860	257,269
Key management personnel compensation	666,824	765,643
	<u>920,684</u>	<u>1,022,912</u>

24. Controlling party

Gentex Corporation, a company incorporated in the United States of America, is the controlling party in the current year and the prior year.

Helmet Integrated Systems Limited

Notes to the Financial Statements

For the Year Ended 31 December 2015

25. First time adoption of FRS 102

	As previously stated 1 November 2013	Effect of transition 1 November 2013	FRS 102 (as restated) 1 November 2013	As previously stated 31 December 2014	Effect of transition 31 December 2014	FRS 102 (as restated) 31 December 2014
Note	£	£	£	£	£	£
Fixed assets	3,002,839	-	3,002,839	7,325,148	-	7,325,148
Current assets	10,549,887	-	10,549,887	8,487,346	-	8,487,346
Creditors: amounts falling due within one year	(10,170,176)	-	(10,170,176)	(7,511,002)	-	(7,511,002)
Net current assets	379,711	-	379,711	976,344	-	976,344
	3,382,550	-	3,382,550	8,301,492	-	8,301,492
Provisions for liabilities	(65,264)	-	(65,264)	(65,377)	-	(65,377)
Net assets	3,317,286	-	3,317,286	8,236,115	-	8,236,115
Capital and reserves	3,317,286	-	3,317,286	-	8,236,115	8,236,115
Shareholders' funds	3,317,286	-	3,317,286	-	8,236,115	8,236,115

Notes to the Financial Statements

For the Year Ended 31 December 2015

25. First time adoption of FRS 102 (continued)

	Note	As previously stated 31 December 2014 £	Effect of transition 31 December 2014 £	FRS 102 (as restated) 31 December 2014 £
Turnover		14,202,163	-	14,202,163
Cost of sales		(9,240,593)	-	(9,240,593)
Gross profit		4,961,570	-	4,961,570
Distribution expenses		(1,536,876)	-	(1,536,876)
Administrative expenses		(3,440,221)	-	(3,440,221)
Operating profit		(15,527)	-	(15,527)
Amounts written off investments		4,967,858	-	4,967,858
Interest payable and similar charges		(33,388)	-	(33,388)
Taxation		(113)	-	(113)
Profit on ordinary activities after taxation and for the financial period		4,918,830	-	4,918,830

1 No material adjustments were identified by the directors in the transition. As described in the Strategic Report, the company from time to time uses forward currency contracts to hedge its exposure to movements in exchange rates. There were forward currency contracts in place as at 1 November 2013 and 31 December 2014. The directors have not recorded the fair value of these contracts at the respective dates on the grounds of materiality and consider it appropriate to present the results for the 14 month period then ended as previously recorded.