

BOWERS & WILKINS HOLDING LTD
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2017

TUESDAY



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22/05/2018
COMPANIES HOUSE

Company number 10153033

BOWERS & WILKINS HOLDING LTD

COMPANY INFORMATION

For the period ended 30 September 2017

Company number: 10153033

Registered office: Dale Road
Worthing
West Sussex
BN11 2BH

Directors: G Yu
G I Edwards
D Liu

Company secretary: G I Edwards

Independent auditors: PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
The Portland Building
25 High Street
Crawley
West Sussex
RH10 1BG

BOWERS & WILKINS HOLDING LTD

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BOWERS & WILKINS HOLDING LTD

REPORT OF THE DIRECTORS

The directors present their report together with consolidated audited financial statements for the period ended 30 September 2017. This is the company's first financial period, beginning on the 28 April 2016 when the company was incorporated.

Principal activities

The company is a holding company as part of the corporate structure of EVA Automation Inc.. The group is principally engaged in the manufacture and wholesale distribution of high quality monitor loudspeakers, premium quality sound systems, high performance headphones and associated equipment and services.

Results and dividends

The group's loss for the financial period amounted to \$34,036,000. The directors are not recommending any dividend be paid for the period.

The group has presented the accounts in United States Dollars under IFRS.

Directors

The directors in office during the period and up to the date of signing the financial statements were, unless otherwise stated, as follows:

Executive:

D Liu (appointed 28 April 2016)

G Yu (appointed 3 January 2018)

G I Edwards (appointed 3 January 2018)

Directors' indemnities

As provided by the Articles of Association, the directors have had during the last financial period and continue to have, the benefit of a qualifying third party indemnity (as defined by Section 234 Companies Act 2006) through the maintenance of appropriate Directors and Officers liability insurance.

Research and development

Product development and innovation are considered key strategies to the group's competitive position within the market place and accordingly the group invests significantly in new products and technologies. More information is provided in the strategic report.

Employees

Details of the group's employee policy is detailed in the strategic report.

Branches outside the UK

Bowers & Wilkins Holding Ltd had no branches outside of the UK during the financial period.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have prepared the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the

BOWERS & WILKINS HOLDING LTD

REPORT OF THE DIRECTORS

state of affairs of the group and company and of the profit or loss of the group and company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union have been followed for the group financial statements and IFRSs as adopted by the European Union have been followed for the company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements 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 group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

The directors are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Independent auditors

PricewaterhouseCoopers LLP were appointed auditors for the company during the period to fill a casual vacancy. A resolution to appoint PricewaterhouseCoopers LLP as auditors will be proposed at the annual general meeting.

Future developments

Details of the planned future developments of the group are detailed in the strategic report.

Events after the end of the reporting period

During the period, management decided to cease development of products under the Classé brand. As a result of this decision the Canadian branch of the B&W Group Ltd was closed. Closure was completed on 6 October 2017.

Financial instruments

An analysis of the group's financial performance is provided within the strategic report. The strategic report also includes details of management's approach to risk management.

More detailed analysis of financial risk management can be found in note 4, *Financial risk management*.

BY ORDER OF THE BOARD



G I Edwards
Director

Date: 18 May 2018

Business review

The company was created as part of the acquisition of B&W Group Ltd by EVA Automation Inc (EVA) on 3rd May 2016. The driver behind the acquisition was the combination of EVA Automation's ground breaking technology with a globally recognised premium brand to create a future leading product range for the home audio visual market.

The company has adopted B&W Group Ltd's strategy of building upon its leadership position in the premium audio category as a consumer driven business. This has been the focus of its activities during the period ended 30 September 2017 and will remain so for 2018. As such, the business review acknowledges where projects within B&W Group have been ongoing from before the acquisition.

Towards the end of the financial period, the group launched the new '700 series' of speakers and the 'PX' noise cancelling headphones. Both products have received great reviews, which is particularly significant for the PX as this was the group's first noise cancelling headphone and is seen as a way of establishing the group as a more significant player within the headphones market. The sale of these products boosted the final quarter of 2017 and will further improve revenue performance in 2018.

The group has continued to invest heavily in research and development (R&D). The R&D not only continues to support the group's core brand position, critical acclaim and strong sales demand, but also with the innovative technology pioneered by the group's ultimate parent EVA the capability of revolutionising the audio visual space within the connected home. The full benefit of the new technology being developed will not be seen until the significant product launches planned for late 2018.

In line with the directors' decision to concentrate on a portfolio of fewer exceptional products, during the period the group decided to cease development of products under the Classé brand name. A summary of the costs relating to Classé are provided in note 30, *Closing costs of Classé*. As a result of this decision the Canadian branch of the company was closed. Closure of the branch was completed on 6 October 2017. In January 2018, the Classé brand and trading assets were sold. The group ceased sale of Classé products at this date and the existing warranties, indemnities and purchase commitments were transferred to the new owner. The transfer of these commitments ensures that the group can focus its resources on continuing to provide customers with the high level of service expected of a premium brand.

The leveraging of the group's premium audio leadership position into the automotive space has continued with the adoption of the Bowers & Wilkins brand and technology by BMW for its superior Diamond speakers in its new "5 series" executive cars. Additional business has been awarded for future "series" launches. These developments build upon the already successful take up of Bowers & Wilkins systems in BMW 7 series luxury cars and Volvo executive cars.

During the period the directors of EVA offered all employees within the group restricted stock units for shares in EVA. The awards are subject to a time-vesting condition, which the board believe will enhance staff performance, help retain key staff and encourage employees to feel more engaged in the success of the business. More details about the accounting treatment and costs of the scheme are detailed in note 3, *Critical Accounting Estimates and Assumptions* and note 7, *Employee Benefit Expense*.

As part of the group's focus on extending direct activities it has expanded its global and online presence. During the period the group established a distribution outlet in Australia, bringing distribution within the group which had previously been undertaken by a third party. In addition, the directors began work on a significant brand building strategy in connection with new websites and ecommerce platforms during the period, the sales benefit of which will not be seen until 2018/19.

The group has invested in its manufacturing facilities with the opening of a new purpose built factory facility in Zhuhai China and the innovative use of processes and robotics in the Worthing, UK operation.

The group's trading profitability after exceptional marketing, restructuring and research and development is forecast to be much lower than long term sustainable levels. Taking account of planned product launches over the next 18 months, the growth of ecommerce sales and the positive impacts expected from brand building, website activities and automotive customer introductions, the directors consider the group to be well positioned to compete

successfully going forward in an ever more ‘connected’ premium audio segment and in the high quality headphone category.

The group’s results are impacted by the turbulence in the foreign exchange markets, particularly following the UK referendum decision to leave the EU. Such foreign exchange movements continue to be monitored and the directors consider that the natural hedges of matched \$ sales and purchases and of € sales and € borrowings provide mitigation against normal fluctuations whilst providing flexibility and risk cover.

The combination of the investment in manufacturing, online presence and distribution networks means the group has the productive capacity, inventory, infrastructure and available finance to enable it to benefit from better than forecast sales growth should these occur. In particular, the group has committed financial resources for future growth through a combination of a medium term \$55m global banking facility and medium term loans secured on its facilities. In addition to third party financing, the parent company has provided \$7.5 million of funding to B&W Group Ltd and stated its intention to continue to provide the financial support required by the group to ensure the realisation of the developments described in this report.

Key performance indicators

The directors consider that the key measures of the group’s performance are the long term trends in the figures laid out below. Due to the significant closing costs associated with Classé (see note 30, *Closing costs of Classé* and *Financial summary and positions*) the directors consider it useful to adjust some of the ratios to account for these one off costs. A further adjustment was made for the fair value of inventory on acquisition of B&W Group Ltd because the increase in the opening value of inventory resulted in an additional expense of \$9,826,000 being recognised in the period:

Group Net Promoter Score (NPS)	2017
	79
	2017
	Gross
	Revenue Profit
Group revenue and (gross profit)	\$m \$m
- Loudspeakers and related equipment	187.7 94.9
- Wireless music systems	20.1 9.2
- Headphones	26.1 11.8
- Automotive earnings	2.4 2.4
	236.2 118.3
	\$m \$m
Ecommerce sales included in the above:	3.7 2.3
	2017
	\$m
Earnings before interest, tax, depreciation and amortisation (EBITDA)	(9.1)
EBITDA adjusted for one off Classé stock write off, purchase order costs and stock fair value adjustment	3.4
	Ratio
Group EBITDA to net bank indebtedness	-
Group net interest to EBITDA	-
Adjusted group EBITDA to net bank indebtedness	13.02
Adjusted group net interest to EBITDA	25.2

The revenue by geographical sector is as follows:

	2017 \$'m
United Kingdom	21.4
Rest of Europe	87.7
North America	80.5
Asia Pacific	38.7
Rest of World	7.8
	<u>236.2</u>

Financial summary and positions

The group's performance for the first financial period saw a significant loss. The group launched both the '700 series' speakers and 'PX' headphones near the end of the financial period and as a result incurred the expected development and launch cost within the current financial period but will not see a full year of revenue until the 2017/18 financial year. There has also been high levels of expenditure on a number of projects referenced in the *Business review*, with significant investment in research and development being a driving factor. Management expect the costs to remain high next year before major product launches planned in the 2018/19 financial year.

Profit has also been impacted by the fair value adjustments on the B&W Group Ltd assets, which have increased depreciation and amortisation expenses relative to the expense recognised within B&W Group Ltd's accounts. The most significant impact was on the fair value uplift on stock of \$9.8 million. As the directors consider it prudent to assume all stock held on the 3 May 2016 had been sold by 30 September 2017 all the uplift was recognised as an expense during the period.

The group's net asset position has increased due to the capital injection provided from the parent company at the start of the period. Following this, net assets have been reduced as a result of the loss for the period which has been financed largely by additional borrowing undertaken during the period, both from third parties and from the ultimate parent company. There were also significant costs associated with the cessation of development of the Classé brand, including writing down of the development costs and inventory which are summarised in note 30, *Closing costs of Classé*.

Environmental

The group is committed to minimising the negative impact of its activities on the environment. The directors have taken steps to ensure that both the group and its suppliers comply with all relevant environmental legislation and in particular to ROHS II, REACH and WEEE directives and ESOS regulations.

Business risk management

As a group focussed on the distribution of its own and third party manufactured goods it is exposed to distributor and dealer, supply chain, production (including equipment issues), intellectual property, quality and financial risks. The directors review and agree policies for managing each of these risks and they are summarised below. These policies have remained unchanged up to the date of the approval of these financial statements.

The result of the referendum on "Should the United Kingdom remain a member of the European Union or leave the European Union?" on 23 June 2016 was to leave. In the short term the uncertainty arising may cause demand for the group's products to fluctuate but due to the premium nature of the products no significant impact is expected. Longer term the impact of the decision will depend upon the outcome of negotiations between the UK Government and Europe and thus long term impact is not reasonably foreseeable.

Distributor and dealer risk

Significant fluctuations in the level of consumer demand for audio products and therefore the business undertaken by dealers and distributors can affect their viability and in particular liquidity. The business plans and forecasts of distributors and key retail channels together with their credit balances and payment history are continuously reviewed and appropriate action taken where necessary.

Supply chain risk

Problems with suppliers can result in delivery or quality issues affecting production, customer satisfaction and brand reputation. Suppliers are selected on the basis of technology, capacity, quality, compliance with environmental and employee standards and finally cost. Wherever possible the company seeks to create long term working partnerships with suppliers whereby quality and delivery performance is regularly monitored and commercial viability continually reviewed and appropriate insurance held against business interruption.

Production risk

The group has a limited number of manufacturing facilities which if out of production through disaster or breakdown could affect the ability of the group to service its customers. In addition to appropriate insurance to cover catastrophic risk the group actively seeks to manage the production risk through business continuity plans and preventative maintenance.

Intellectual property risk

The group's premium product positioning and brands are based in part on the use of unique and innovative technologies, designs and processes. Copying of such products and technologies can damage the brand and hence where appropriate new technologies are patented and designs and trademarks are registered with appropriate registries worldwide. The group actively monitors the use of its intellectual property and pursues redress where used inappropriately.

Quality risk

The reputation of the brands distributed by the group rests on the quality of the underlying product. Quality is maintained through a mixture of quality assurance (e.g. staff training) and quality control (e.g. testing at all stages from component through to final product). In recognition of the importance of this risk area the company has undertaken an ISO 9001 exercise with the group receiving accreditation in early 2018. The group's quality programmes are also implemented and monitored at supplier level.

Financial risk

The group finances its activities mainly through a mixture of bank loans, trade creditors and loans from the ultimate parent company, and is therefore subject to risk from currency and interest rate movements and liquidity. Whilst currency movements, particularly US\$:£, Euro:£ and Euro:\$, can affect reported revenue and cost of raw materials, at the net profit level the currency gain/loss on sales are substantially matched by currency loss/gain on purchasing. Where appropriate foreign exchange costs/benefits on borrowings are matched by holding gain/loss on the assets thereby financed.

The group's loan finance is partly in the form of revolving loans which are therefore subject to short term interest rates, with the balance in the form of term loans. Where appropriate, the directors consider the use of term loans for investment borrowings so as to reduce exposure to short term rate fluctuations.

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs.

Research and development

Product development and innovation are considered key strategies to the group's competitive position within the market place and accordingly the group continues to invest significantly in new products and technologies with 5.4% of revenue being spent on research and development. Reflective of the long term benefits of the investment in development activities is the capitalisation of and subsequent amortisation of development costs. In the forthcoming financial year around 20 new products are scheduled to be launched.

Employees

The group keeps employees informed through staff briefings and newsletters of matters affecting them as employees and of the financial and economic factors affecting the performance of the group. The ethos of the group encourages involvement and feedback from employees on issues affecting the business.

The group is committed to employment practices based on equal opportunities for all employees irrespective of sex, race, colour, disability or sexual orientation. The group gives full and fair consideration to the employment of disabled persons having regard to their particular aptitudes and abilities irrespective of whether the disability arose before or during employment.

The group invests in appropriate training and development opportunities for employees with both graduate and apprentice schemes in operation.

BY ORDER OF THE BOARD



G I Edwards
Director

Date: 18 May 2018

Report on the audit of the financial statements

Our opinion

In our opinion:

- Bowers & Wilkins Holding Ltd's group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 30 September 2017 and of the group's loss and the group's and the company's cash flows for the 17 month period (the "period") then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union;
- the company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

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

- the consolidated statement of financial position and the company statement of financial position as at 30 September 2017;
- the consolidated income statement and the consolidated statement of comprehensive income for the period then ended;
- the consolidated statement of cash flows and the company statement of cash flows for the period then ended;
- the consolidated statement of changes in equity and the company statement of changes in equity for the period then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is IFRSs as adopted by the European Union, and applicable law and, as regards the company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Report of the directors for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the directors have been prepared in accordance with applicable legal requirements.

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

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

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

We have no exceptions to report arising from this responsibility.

Directors' remuneration

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

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements set out on pages 1 and 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

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

What an audit of financial statements involves

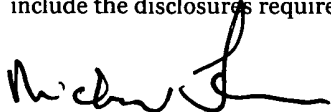
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error.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

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

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

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

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



Michael Jones (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Gatwick
18 May 2018

BOWERS & WILKINS HOLDING LTD**CONSOLIDATED INCOME STATEMENT**

For the period ended 30 September 2017

	Note	2017 \$'000
Revenue	5	236,240
Change in inventories of finished goods and work in progress		(7,444)
Raw materials and consumables used		(122,176)
Employee benefit expenses	7	(57,648)
Depreciation, amortisation and impairment expense	12, 13	(23,962)
Other operating income		832
Other operating expenses		(59,006)
Operating loss		(33,164)
Finance income	8	136
Finance expenses	8	(5,953)
Finance costs - net		(5,817)
Loss before income tax		(38,981)
Income tax expense	9	4,945
Loss for the period		(34,036)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEPTEMBER 2017

	2017 \$'000
Loss for the period	(34,036)
Items that may be subsequently reclassified to profit:	
Exchange differences arising on translating foreign operations	(3,010)
Other comprehensive loss for the period, net of tax	(3,010)
Total comprehensive loss for the period	(37,046)

All operations are continuing and commenced during the period.

The accompanying accounting policies and notes form an integral part of these financial statements.

The company has taken advantage of section 408 of the Companies Act 2006 and has not included its own profit and loss account in these financial statements.

BOWERS & WILKINS HOLDING LTD**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

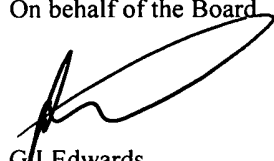
As at 30 September 2017

	Note	Group 2017 \$'000
Non-current assets		
Property, plant and equipment	12	28,058
Intangible assets	13	75,559
Investments	14	2
Debtors	18	330
Deferred income tax assets	15	6,052
		<u>110,001</u>
Current assets		
Inventories	16	59,687
Trade and other receivables	18	35,086
Cash and cash equivalents		1,937
		<u>96,710</u>
Current liabilities		
Trade and other payables	19	(36,651)
Current income tax liabilities		(1,691)
Borrowings	20	(10,139)
		<u>(48,481)</u>
Net current assets		<u>48,229</u>
Non-current liabilities		
Trade and other payables	19	(496)
Borrowings	20	(69,865)
Deferred income tax liabilities	15	(11,879)
Provisions	22	(546)
		<u>(82,786)</u>
Net assets		<u>75,444</u>
Equity		
Called up share capital	23	-
Capital contribution		112,490
Translation reserve		(3,010)
Accumulated losses		(34,036)
Total equity		<u>75,444</u>

The accompanying accounting policies and notes form an integral part of these financial statements.

The financial statements on pages 10 to 51 were approved by the Board of directors on 18 May 2018.

On behalf of the Board



G/I Edwards
Director

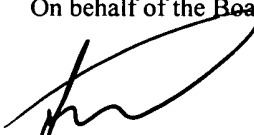
BOWERS & WILKINS HOLDING LTD**COMPANY STATEMENT OF FINANCIAL POSITION**As at 30 September 2017

Company number: 10153033

	Note	Company 2017 \$'000
Non-current assets		
Investments	14	<u>112,490</u> <u>112,490</u>
Current liabilities		
Trade and other payables	19	<u>(90)</u> <u>(90)</u>
Net current liabilities		<u>(90)</u>
Net assets		<u><u>112,400</u></u>
Equity		
Called up share capital	23	-
Capital contribution		112,490
Accumulated losses		<u>(90)</u>
Total equity		<u><u>112,400</u></u>

The accompanying accounting policies and notes form an integral part of these financial statements.

The financial statements on pages 10 to 51 were approved by the Board of directors on 18 May 2018.
On behalf of the Board.



G I Edwards
Director

BOWERS & WILKINS HOLDING LTD

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 30 September 2017

	Note	Called up share capital \$'000	Capital contribution \$'000	Translation reserve \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 28 April 2016		-	-	-	-	-
Loss for the period		-	-	-	(34,036)	(34,036)
Other comprehensive loss for the period		-	-	(3,010)	-	(3,010)
Total comprehensive loss for the period		-	-	(3,010)	(34,036)	(37,046)
Transactions with owners in their capacity as owners:						
Capital contributions received		-	112,490	-	-	112,490
Dividends paid	11	-	-	-	-	-
Total transactions with owners in their capacity as owners		-	112,490	-	-	112,490
Balance as at 30 September 2017		-	112,490	(3,010)	(34,036)	75,444

The accompanying accounting policies and notes form an integral part of these financial statements.

BOWERS & WILKINS HOLDING LTD**COMPANY STATEMENT OF CHANGES IN EQUITY**

For the period ended 30 September 2017

	Note	Called up share capital \$'000	Capital contribution \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 28 April 2016		-	-	-	-
Loss for the period		-	-	(90)	(90)
Other comprehensive result for the period		-	-	-	-
Total comprehensive loss for the period		-	-	(90)	(90)
Transactions with owners in their capacity as owners:					
Capital contributions received		-	112,490	-	112,490
Dividends paid	11	-	-	-	-
Total transactions with owners in their capacity as owners		-	112,490	-	112,490
Balance at 30 September 2017		-	112,490	(90)	112,400

The accompanying accounting policies and notes form an integral part of these financial statements.

BOWERS & WILKINS HOLDING LTD**CONSOLIDATED STATEMENT OF CASH FLOWS**

For the period ended 30 September 2017

	Note	Group 2017 \$'000
Cash flows from operating activities		
Cash generated from operations	24	5,061
Interest received		136
Interest paid		(2,855)
Income tax paid		(2,654)
Net cash generated from operating activities		(312)
Cash flows from investing activities		
Cash consideration for purchase of B&W Group Ltd	31	(97,390)
Purchases of intangible assets		(9,594)
Purchases of property, plant and equipment		(6,337)
Proceeds from sale of property, plant and equipment		314
Net cash used in investing activities		(113,007)
Cash flows from financing activities		
Proceeds from borrowings		30,035
Repayments of borrowings		(22,487)
Loans from parent company		7,500
Proceeds from capital contributions		100,000
Finance lease payments		(392)
Net cash generated from financing activities		114,656
Net increase in cash and cash equivalents		1,337
Effect of exchange rates on cash and equivalents		92
Cash and cash equivalents at the beginning of the period		-
Cash and cash equivalents at the end of the period		1,429
Cash and cash equivalents for the purpose of the cash-flow statement comprise:		
Cash and balances at banks		1,937
Bank overdrafts	20	(508)
		1,429

The accompanying accounting policies and notes form an integral part of these financial statements

BOWERS & WILKINS HOLDING LTD**COMPANY STATEMENT OF CASH FLOWS**

For the period ended 30 September 2017

	Note	Company 2017 \$'000
Cash-flows from operating activities		
Cash generated from operations	24	-
Income tax paid		-
Net cash generated from operating activities		-
Cash-flows from investing activities		
Purchase of investments		(100,000)
Net cash used in investing activities		(100,000)
Cash flows from financing activities		
Proceeds from capital contributions		100,000
Net cash generated from financing activities		100,000
Net increase in cash and cash equivalents		-
Effect of exchange rates on cash and equivalents		-
Cash and cash equivalents at the beginning of the period		-
Cash and cash equivalents at the end of the period		-
Cash and cash equivalents for the purpose of the cash-flow statement comprise:		
Cash and balances at banks		-
Bank overdrafts		-

The accompanying accounting policies and notes form an integral part of these financial statements.

BOWERS & WILKINS HOLDING LTD

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 September 2017

1. GENERAL INFORMATION

Bowers & Wilkins Holding Ltd (the 'company') is principally an intermediary UK holding company, holding the investment in B&W Acquisition Ltd as part of the Eva Automation group structure. The principal activities of the company's subsidiaries (the 'group') is the manufacture and wholesale distribution of high quality monitor loud speakers, premium quality sound systems, high performance headphones and associated equipment and services.

The company is a private company limited by shares and is incorporated and domiciled in the UK. The address of its registered office is Dale Road, Worthing, West Sussex, BN11 2BH.

2. SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) interpretations as adopted by the European Union and the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group and company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3, *Critical Accounting Estimates and Assumptions*. The group and company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic report and within the Report of the directors of these financial statements.

The principal accounting policies of the group and company are set out below. These policies have been consistently applied throughout the financial period.

Functional and presentational currencies

The functional currency of the company is US Dollars (USD), which is the currency the majority of the transactions are in. The consolidated and company financial statements are presented in USD which is the group and company's presentation currency.

The conversion rate used for GBP:USD was 1.3417 for the statement of financial position dated 30 September 2017.

GOING CONCERN

The group and company meet their day-to-day working capital requirements through bank facilities and the ongoing support of their ultimate parent, EVA Automation Inc, by way of an intercompany loan. The current economic conditions continue to create uncertainty, particularly over the level of demand for the company's products. The group and company's forecasts and projections, which take account of reasonably possible changes in trading performance, show that the group and company should be able to operate within the level of its current bank facilities. When preparing the forecasts and projections the directors received confirmation from EVA Automation Inc. that EVA Automation Inc. will continue to provide support to the group and company for the foreseeable future, and for a minimum period of 12 months from the date of approval of these financial statements. The directors have made enquiries of its ultimate parent, and have received appropriate assurances, that EVA Automation Inc is in a position to provide the necessary support for the foreseeable future.

In light of the above, and after reviewing the group and company's forecasts and projections, the directors have a reasonable expectation that the group and company has adequate resources to continue in operational existence for the foreseeable future. The group and company therefore continues to adopt the going concern basis in preparing its consolidated and company financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

CHANGES IN ACCOUNTING POLICY AND DISCLOSURE

New standards, amendments and interpretations

No new standards, amendments or interpretations, effective for the first time for the financial period beginning on or after 28 April 2016, have had a material impact on the group or company for the current period.

New standards, amendments and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning on or after 28 April 2016, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the group or company, with the possible exception of the following, set out below:

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through the consolidated statement of comprehensive income and fair value through the income statement. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. An assessment of the full impact of IFRS 9 is currently being undertaken. At this time the directors do not anticipate the adoption of IFRS 9 will have a material impact on the group as all the group's assets and liabilities are all held at amortised costs.

IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. An assessment of the full impact of IFRS 15 is currently being undertaken. At this time the directors do not anticipate the adoption of IFRS 15 will have a material impact on the group as 99% of sales see transfer of goods effectively at the point of sale, with less than 1% of revenue relating to online music subscriptions.

IFRS 16, 'Leases' addresses the definition of a lease, recognition and measurement of leases and establishes principles for reporting useful information to users of financial statements about the leasing activities of both lessees and lessors. A key change arising from IFRS 16 is that most operating leases will be accounted for on the statement of financial position for lessees. The standard replaces IAS 17 'Leases', and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2019 and earlier application is permitted and the entity adopting IFRS 15 'Revenue from contracts with customers' at the same time. The full impact of IFRS 16 has not yet been assessed.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

BASIS OF CONSOLIDATION

The group financial statements consolidate the financial statements of the company and of its principal subsidiary undertakings, drawn up to 30 September 2017, under uniform accounting policies. When necessary, amounts reported by subsidiaries have been adjusted to conform to the group's accounting policies. Inter-company transactions, balances and unrealised gains and losses on transactions between group companies are eliminated.

The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are expensed as incurred.

When the group ceases to have control over any retained interest in the entity, the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

The ultimate parent company (EVA Automation Inc.) is not required to produce publicly available accounts.

FOREIGN CURRENCY TRANSLATION

Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which each entity operates ('the functional currency'). The consolidated and company financial statements are presented in USD which is the group and company's presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where settlement of such transactions occurs and from the translation of assets and liability at period-end exchange rates. Foreign exchange gains and losses resulting from the settlement of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

All foreign exchange gains and losses are presented in the income statement within 'other operating income' and 'other operating expenses.'

All assets and liabilities are converted into USD at the date of the statement of financial position. Any foreign exchange differences arising due to the different exchange rates at period ends are recognised in the statement of comprehensive income / expense for the period.

Share capital and share premium are translated into USD at the historic rate. This treatment can causes a foreign exchange difference between equity and net assets as they are recorded at different rate. The effective foreign exchange on equity balances is recorded in the translation reserve. Foreign exchange differences on consolidation are also recorded in the translation reserve.

BOWERS & WILKINS HOLDING LTD

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 September 2017

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Group companies

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- a) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- b) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of each transaction); and
- c) all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

REVENUE

Revenue comprises the fair value for the supply of goods delivered and services performed, net of value-added tax and other similar based sales taxes, rebates and discounts and after eliminating sales within the group. Revenue is recognised within the financial period in which goods have been delivered, services performed or royalties earned. Service revenue relates to after sale service and warranty and royalties relates to licencing of technology.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at historical cost less accumulated depreciation and recognised impairment.

Depreciation is calculated to write down the cost of all property, plant and equipment except freehold land over their expected useful economic lives. The assets' useful economic lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

The rates/periods generally applicable are:

Freehold land	not depreciated
Freehold buildings	7 - 22 years straight line
Short leasehold premises	straight line over the period of the lease
Plant, equipment and vehicles	2 – 10 years straight line

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

INTANGIBLE ASSETS

Purchased intangibles for intellectual property are capitalised on the statement of financial position where the economic benefit to the group is greater than one year and then written off over the expected useful economic life, currently six years. Management have assessed this based on the historic life cycles of products and consider it an appropriate method to match the expenditure to the revenue.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

INTANGIBLE ASSETS (continued)

Customer lists, goodwill and purchased brands are capitalised based on a reasonable assessment of cost on the statement of financial position where the economic benefit to the group is greater than one year and then written off over the expected useful economic life. The useful economic life will be assessed on forecast cash flows from the assets based on management's experience of similar intangibles.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units (CGUs), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at a subsidiary level with impairments being considered for each subsidiary individually.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary acquired, in the case of a bargain purchase, the difference is recognised directly in the income statement.

RESEARCH AND DEVELOPMENT

Research expenditure is recognised in the income statement in the period it is incurred. Internal development expenditure is capitalised only if it meets the recognition criteria of IAS 38, 'Intangible assets'. Where there is uncertainty that the criteria will not be met, the expenditure is recognised in the income statement and development expenditure is written off to the income statement as it is incurred.

Development expenditure comprises of staff costs for time spent on the projects, related overheads, direct costs and external fees capitalised and is capitalised usually when the following criteria are demonstrated:

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

Development costs capitalised are amortised based on the actual sales in the year as a percentage of the estimated total sales throughout its lifecycle. Estimates for each product are reviewed on an annual basis and the amortisation is updated to reflect revised forecasts and actual sales.

BOWERS & WILKINS HOLDING LTD

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 September 2017

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

IMPAIRMENT OF NON-FINANCIAL ASSETS

Intangible assets that have an indefinite useful life or intangible assets not ready to use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. 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 fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (CGUs). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

Investments in subsidiary undertakings are measured at cost less amounts written off. Impairments are charged to the income statement.

Investments in subsidiary undertakings held for resale within twelve months are included in current assets.

INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Provision has been made, where necessary, for slow moving and obsolete stock.

The cost of work in progress and finished goods consists of direct materials, direct labour and attributable production overheads. The rate at which costs are allocated to stock is reviewed on a regular basis by the group to ensure the allocations are reasonable.

CURRENT AND DEFERRED TAX

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

B&W Group Ltd, a subsidiary of the company, is currently claiming the research and development expenditure credit (RDEC). This is treated like a grant in the accounts in line with standard practice, resulting in income being recognised in the accounts within other income, rather than within taxation. The RDEC can be used to reduce tax payable or, if the company is in a tax loss position, can be claimed as a tax refund.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

BOWERS & WILKINS HOLDING LTD

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 September 2017

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

CURRENT AND DEFERRED TAX (continued)

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for any deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

LEASES

Finance leases, which transfer substantially all the risks and benefits to ownership of the leased asset to the group, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The corresponding liability, net of interest charges to the lessor, is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation. Finance charges are charged to the income statement as part of finance costs over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Assets held under finance leases contracts are capitalised in the statement of financial position and depreciated over the shorter of their lease term and their expected useful economic lives.

All other leases are regarded as operating leases and the payments made under them are charged to the income statement on a straight line basis over the lease term. The aggregate benefit of lease incentives are recognised as a reduction to the expense recognised over the lease term on a straight line basis.

PENSION COSTS

Pension contributions to money purchase schemes charged to the income statement represent the amount of the contributions payable in respect of the financial period.

PROVISIONS

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. The basis for the estimates is explained in note 3, *Critical accounting estimates and assumptions*.

BOWERS & WILKINS HOLDING LTD

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 September 2017

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

FINANCIAL INSTRUMENTS

Classification

The group classifies its financial assets, excluding derivatives, as loans and receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 1 year after the end of the reporting period. These are classified as non-current assets. Loans and receivables comprise 'trade and other receivables', 'amounts owed by group undertakings' and 'cash and cash equivalents'. Derivatives are classified as financial assets and liabilities at fair value through profit or loss.

Financial liabilities (excluding derivatives) and equity instruments are classified according to the substance of the contractual obligations entered into. An equity instrument is any contract that evidences a residual interest in the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the statement of financial position and are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Finance costs and gains or losses relating to financial liabilities are included in the income statement.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to reserves. Financial liabilities comprise 'trade and other payables', 'borrowings' and 'amounts owed to related parties'.

Recognition and measurement

Financial assets and liabilities are recognised when the group becomes party to the contractual provisions of the financial instrument. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the statement of financial position, bank overdrafts are shown within borrowings in current liabilities. The quality of receivables is discussed within note 4, *Financial risk management* and note 18 *Trade and other receivables*.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Borrowings comprise of overdrafts, finance leases, bank, intercompany and other loans which are disclosed in note 20, *Borrowings*.

Loans and receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Financial liabilities are recognised initially at fair value, net of transaction costs incurred. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

BOWERS & WILKINS HOLDING LTD

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 September 2017

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

FINANCIAL INSTRUMENTS (continued)

Financial assets and liabilities that are recognised at fair value are re-measured to fair value at each reporting date. Fair value gains and losses are recognised in the income statement in finance income and finance costs respectively. Fair value measurements can be made at three levels:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2); and
- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The company consider all financial instruments they hold to be level 3.

Impairment of financial assets carried at amortised cost

The directors assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Further details on management's approach to managing capital is included within note 4, *Financial risk management*.

FINANCE INCOME

Finance income is recognised using the effective interest method. When a loan and receivable is impaired, the group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Finance income on impaired loan and receivables is recognised using the original effective interest rate.

TRADE RECEIVABLES

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

TRADE AND OTHER PAYABLES

These amounts represent liabilities for goods and services provided to the group prior to the end of financial period which are unpaid. The amounts are unsecured and are paid within agreed terms. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

EMPLOYEE BENEFITS

Short term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the statement of financial position.

The obligations are presented as current liabilities in the statement of financial position if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

BOWERS & WILKINS HOLDING LTD

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 September 2017

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

EMPLOYEE BENEFITS (continued)

Post-employment obligations

Staff may belong to a group personal pension plan or money purchase scheme (defined contribution schemes). The assets of the schemes are administered in funds independent from those of the group. Figures in the accounts relate to the amounts paid, or due, to the independent pension fund.

Restricted share units

Staff may be granted restricted stock units within the ultimate parent company, EVA Automation Inc.. The expense for these are recognised in line with when the company received the benefit of the employee's service.

Holiday pay

Holiday entitlement varies across the group, depending on entitlement in line with the entities' jurisdictions.

CASH AND CASH EQUIVALENTS

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

BORROWING

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

BORROWING COSTS

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are expensed in the period in which they are incurred.

BOWERS & WILKINS HOLDING LTD

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 September 2017

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

CONTRIBUTED EQUITY

Ordinary shares are classified as equity as are non-repayable capital contributions.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

DIVIDENDS

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

3. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are addressed below.

a) Goodwill on B&W Group Ltd.

On the 3 May 2016, B&W Acquisitions, a subsidiary of the company, purchased all of the available share capital in B&W Group Ltd. The consideration was \$100 million in cash, a \$25 million secured loan note and 2,518,237 million class B common stock shares in the ultimate parent company EVA Automation Inc.. The fair value of the shares was assessed to be \$4.96 a share based an independent valuation undertaken by Teknos Associates LLC, an investment bank specialising in valuation services. The overall value of the shares was therefore determined to be \$12.5 million. The total value of the consideration was therefore assessed to be \$137.5 million.

To fair value B&W Group Ltd the directors engaged Duff and Phelps, a financial services company specialising in valuation and corporate finance, to provide a valuation of the group based on the statement of financial statements at 30 April 2016. There were no working days between the valuation date and the date of acquisition so this was considered a reasonable bases of the group's value at the acquisition date.

Fair value uplifts have been recognised on the inventory, intangible assets and property plant and equipment within the group. The book value of the net assets on acquisition was \$63.9 million, with fair value uplifts of \$25.4 million on net assets, off balance sheet intangibles of \$41.9 million identified as part of the evaluation and additional deferred tax liabilities of \$14.0 giving a fair value of \$117.2 million. The difference of \$20.3 million is considered to be the goodwill on the purchase.

At period end, the directors undertook a review of the goodwill. Although B&W group has seen a decrease in net assets during the period of \$16.6 million, the directors do not believe there is a need to impair the goodwill. The acquisition was based on potential future earnings based on combining the brand and expertise of B&W Group Ltd with the technological knowledge of the ultimate parent EVA Automation Inc.. The period was expected to be one of heavy investment and therefore the decline in net assets was expected.

3. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS (continued)

b) Brand name

Upon acquisition of B&W Group Ltd, the group acquired the right to develop and sell products under the Bowers and Wilkins and Classé brand name. The brand is one of the strongest within the stand-alone speaker market and has built a reputation over 50 years on the basis of their high quality products. The value of the brand on acquisition was determined to be \$30.9 million as part of the valuation of B&W Group Ltd by Duff & Phelps.

The brand valuation was based on a profit allocation of the forecast sales from the date of acquisition. It was determined that asset being reviewed annually for impairment rather than use an annual amortisation rate. The directors are satisfied that the basis of the valuation used by Duff and Phelps was reasonable, as the brand's reputation and customer base means that the brand is likely to grow in value as market awareness increases. The directors believe that the brand is only likely to reduce in value if there is an unforeseen catastrophic event that affects the brand and therefore annual impairment reviews are more appropriate than an amortisation rate.

At 30 September 2017, the directors do not believe that an impairment is required to the brand. The reasons for this are:

- The launch of the PX headphones has increased brand awareness and reputation in the wider headphones market, as the product has sold well following period end and received great reviews.
- The delays in launches have not impacted on the brand's overall reputation and therefore there has been no event which would imply an impairment is required.
- The revised model does not account for the further potential boost to awareness following the launch of the Libertie range of products using EVA Automation Inc. technology in late 2018.

To reflect the tax implications on any possible future sale of the brand, a deferred tax liability of 18% (\$5.6 million) of the brand's valuation on acquisition was recognised in accordance with IFRS 3. The brand originates and is held in a UK company registered company, so it was determined that it should be taxed at UK rates. At period end the rate was adjusted to 17% (\$5.3 million) to reflect the changes to tax legislation made during the period.

c) Customer relationships

Upon acquisition of B&W Group Ltd, the group acquired the existing customer relationships. The group has had historically long lasting relationships with its dealers and has strong customer loyalty. The value of the customer relationships on acquisition was determined to be \$9.8 million as part of the valuation of B&W Group Ltd by Duff & Phelps.

Customer relationships are amortised over 7 years as advised in the valuation. The directors believe that this is a reasonable rate based on historic retention rates, the long contract terms on automotive clients and the estimated gap between purchases of standalone speakers by end customers in line with product cycles. Amortisation of \$2.0 million has therefore been recognised in the accounts.

An impairment review carried out at period end only identified one key customer that the group had lost since acquisition. The customer had filed for bankruptcy and accounted for less than 1% of the overall revenue so the directors are satisfied that this loss is covered as part of the normal impairment charge.

To reflect the tax implications on any possible future sale of the customer lists, a deferred tax liability of \$2.3 million of the customer relationship valuation on acquisition was recognised in accordance with IFRS 3. The rates used were calculated based on an estimated split of their country of origin. At period end the rates used were adjusted to reflect the changes to tax legislation made during the period.

3. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS (continued)

d) Warranty/remorse provision

The warranty provision comprised of warranty costs and remorse returns is based on the actual warranty costs and remorse provision incurred in the current financial period. The directors have assumed that the costs will remain materially consistent for the coming year. The assumption is based on the fact there are no major launches planned and no new widespread problems have been discovered with existing products post period end.

As the effective warranty period is 13 months on all products, the annual charge from the last 12 months is adjusted to reflect 13 months of costs.

The remorse provision is based on sales within the final quarter of the period. The remorse policy of 3 months means only sales in the final quarter will be affected by remorse returns. The provision rate is calculated by using an average remorse rate by product for the first three quarters of the final 12 months of the period. The directors do not believe that the remorse rate will change materially in the final 3 months of the period.

The directors have continued to review costs incurred in relation to warranty and remorse returns post period end. Cost are materially in line with the provision recognised.

e) Valuation of properties

The assets acquired on the acquisition of B&W Group Ltd. were added at cost based on their fair value using the valuation completed by Duff & Phelps. These assets are amortised over a useful economic life based on the rate used in the valuation.

The directors measure properties at cost less accumulated depreciation and impairment. The directors consider this appropriate due to the specialised nature of the properties any attempt to sell would incur significant modification and disposal costs. Valuations have been obtained by management and these are not materially different from the carrying values of the properties as at 30 September 2017.

f) Valuation of development costs

Internally generated development is measured at cost less accumulated amortisation and impairment. The development costs acquired on acquisition of B&W Group Ltd were added at cost based on their fair value using the valuation of B&W Group Ltd completed by Duff & Phelps and are amortised over a useful economic life based on the rate used in the valuation.

g) Inventories provision

The directors perform regular reviews of inventory held to assess whether a provision is necessary against specific products. Aged inventory is reviewed based on its condition and popularity within the relevant market. Provisioning is therefore undertaken on a product line basis within each plant.

As part of the review of the provisioning, management will also review whether general production costs are being correctly assigned to stock. Management will review absorption rates to ensure these are reasonable and adjust if necessary.

Inventory returned from customers will initially be fully provided for, as the potential re-saleability is not known until the item has been inspected. Once each individual stock item has been reassessed the provision will be adjusted, or removed, to reflect the product's condition and potential for resale.

3. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS (continued)

h) Investment in subsidiary undertakings

Investments in subsidiary undertakings are stated at cost less accumulated impairment. The directors undertake an annual review of the holdings in subsidiaries and compares these values to forecast cash flows to determine whether the holding requires impairment.

Forecast cash flows are based on a mixture of historic performance of the entity, forecast launch of new products and knowledge of any change in relationships with key customers. Cash flows are normally discounted at a 15% basis to provide a present value of future cash flows.

i) Restricted share units

During the period the directors of the ultimate parent company, EVA Automation Inc. (EVA), announced to the employees that they would be issued restricted share units within EVA as part of its existing scheme. The decision was approved by EVA's board of directors following the period end.

Employees will receive 25% of their units once they have completed one year of service from the 1 April 2017 and will then receive the rest equally each month over the subsequent three years. The units will vest if a trigger event occurs before April 2024.

The directors have based the estimated cost of the scheme for the financial period 2017 on the total number of units approved by the board in January 2018. The approval accounted for all employees still employed at this date and it was therefore assumed that effectively all employees granted units will complete the first year of service. As following April 2018 employees will earn units each month, it was determined that no reduction for staff turnover rate was required.

The valuation of the units has been based on the latest independent external stock valuation performed over EVA's stock prior to the grant date. The valuation used a combination of market and income approaches to determine the weighted average share price.

In determining the cost of the units for the group and company, the directors have used the following information and assumptions:

- a) units are granted for no consideration to the employees;
- b) the offer had been communicated to all employees by 30 June 2017
- c) grant date was 11 January 2018;
- d) vesting period began 1 April 2017;
- e) employees will retain units for the full vesting period;
- f) expense is incurred evenly over the vesting period; and
- g) a trigger event will occur within the timeframe.

The estimated cost of each RSU is therefore recognised on a pro rata basis over the period between the grant date and the total vesting period.

j) Deferred tax asset

The group contains subsidiaries which have significant tax losses. As a result there is a potential for a considerable deferred tax asset. Deferred tax assets are only recognised if it is more likely than not that the subsidiary will be able to get an economic advantage from the asset in the foreseeable future. The company are prudently treating the foreseeable future as within 3 years.

3. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS (continued)

j) Deferred tax asset (continued)

The deferred tax assets on tax losses carried forwards in some of the group's subsidiaries is greater than the deferred tax liability. The subsidiaries are not expected to produce a tax profit within the next 3 years based on the performance of the subsidiary over the last few years. Where there are deferred tax liabilities arising on consolidation, deferred tax assets on tax losses can be recognised against those which relate to the subsidiary (e.g. if a deferred tax liability arises on a customer list recognised in subsidiaries, excess tax losses in that subsidiary can be recognised as a deferred tax asset against the liability).

Management have decided to recognise a deferred tax asset for such tax losses on the basis that it can be offset against the subsidiaries' deferred tax liability and the tax charges arising from these liabilities. As a result the tax asset has been capped at the same amount as any deferred tax liability. This results in a net deferred tax position of nil.

Critical judgements in applying the group's accounting policies

a) Development costs

Management consider that the treatment of development costs is a critical judgement based on the material size of the balance. The policy of capitalisation is clarified within the research and development accounting policy and management will apply these policies when deciding whether it is appropriate to capitalise these costs.

Management use their experience from previous products and their knowledge of the market to ascertain whether it is appropriate to capitalise costs. Management will use forecast sales to assess whether it is believed that the product will generate more funds than the intangibles balance.

Measurement of cost is based on time dedicated to specific projects and is not considered a critical judgement.

BOWERS & WILKINS HOLDING LTD

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 September 2017

4. FINANCIAL RISK MANAGEMENT

The Business risk management note within the Strategic report includes the group's business objectives, policies and processes for managing its financial risk management objectives and its exposure to credit risk and liquidity risk. In addition note 20 to the financial statements sets out the group's borrowings which were at all times well within its agreed facilities.

Capital management

The group has exposure to three main areas of risk - liquidity risk, foreign exchange transactional currency exposure and customer credit exposure. The group has taken several steps to address this.

Liquidity risk

The group consolidated its bank holdings with Bank of America during the financial period. As a result, B&W Group Ltd (company) now receives the incoming funds from a number of the European subsidiaries and can view a greater number of bank accounts held within the group. This provides a greater level of financial control for the group as a whole and enable better co-ordination of capital.

The agreement with Bank of America includes access to a revolver facility of \$50 million that the group can draw down from and receive funds the same day and a medium term loan of \$5 million. The group holds facilities in US Dollars, Euros and Sterling.

The borrowing terms have been reassessed as part of the new credit agreement and is now based on an asset basis rather than a liquidity basis. The agreement came into effect on the 29 September 2016. The borrowing base is assessed each month by the group and the bank to ensure none of the borrowing covenants have been violated.

Within the agreement there are thresholds that can increase the frequency of reporting to the bank prior to the facilities being withdrawn. The additional reporting should provide adequate warnings of liquidity issues prior to defaulting on the bank covenants.

None of the banking covenants have been breached as of the signing date of the accounts. The group also prepares cash forecasts, which review expected movements over the coming 12 months. The forecast shows the group continuing to generate sufficient cash flows throughout the period to not breach any of the covenants.

The tables overleaf analyses the group's and company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date.

Group	< 3 months \$'000	3 months – 1 year \$'000	1 – 2 years \$'000	2 – 5 years \$'000	>5 years \$'000
At 30 September 2017					
Borrowings (excluding finance leases)	921	1,168	1,456	34,660	4,447
Loan note	-	-	-	27,833	-
Other loans	37	111	148	106	-
Loans from ultimate parent company	7,500	-	-	-	-
Finance leases	121	334	446	842	-
Trade and other payables	33,709	89	-	-	-
Total	42,288	1,702	2,050	63,441	4,447

Group	< 3 months \$'000	3 months – 1 year \$'000	1 – 2 years \$'000	2 – 5 years \$'000	>5 years \$'000
At 30 September 2017					
Trade and other payables	90	-	-	-	-
Total	90	-	-	-	-

BOWERS & WILKINS HOLDING LTD

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 September 2017

4. FINANCIAL RISK MANAGEMENT (continued)

Foreign exchange transactional currency exposure

The group is exposed to currency exchange rate risk due to a significant proportion of its receivables and operating expenses being denominated in non-US Dollar currencies. There are currently no official hedges used, however efforts have been made to limit foreign exchange impact within the group by selling between groups in US Dollars where appropriate.

Customer credit exposure

The group may offer credit terms to its customers which allow for payment of the debt after delivery of the goods or services. The group is at risk to the extent that a customer may be unable to pay the debt on the specified due date. This risk is mitigated by the strong on-going customer relationships. The group monitors debtor days to maintain an assessment of credit exposure and recovery. As of 30 September 2017, debtor days were 50.4. Trade receivables past due and not impaired has been disclosed in note 18, *Trade and other receivables*. The group believe the credit quality of financial assets is therefore reasonably high and expect the vast majority to be recoverable.

5. REVENUE

Revenue is attributable to one activity, the manufacture and wholesale distribution of high quality monitor loudspeakers and associated equipment and services. Revenue comprises of the following:

	2017 \$'000
Sale of goods	233,886
Royalties	2,354
	<u>236,240</u>

Revenue resulting from the group's ecommerce sales platform amounted to \$3,694,000.

The revenue by geographical sector is as follows:

	2017 \$'000
United Kingdom	21,442
Rest of Europe	87,721
North America	80,510
Asia Pacific	38,742
Rest of World	7,825
	<u>236,240</u>

Turnover achieved by product segment was:

	2017 \$'000
Loudspeakers and related equipment	187,653
Wireless music systems	20,112
Headphones	26,121
Automotive earnings	2,354
	<u>236,240</u>

BOWERS & WILKINS HOLDING LTD

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 September 2017

6. AUDITORS' REMUNERATION

During the period the group obtained the following services from the company's auditors:

	2017 \$'000
Fees payable to the company's auditor for the audit of the company's financial statements	90
Fees payable to the company's auditors and its associates for other services:	
- the audit of the company's subsidiaries	247
- tax compliance services	29
- tax advisory services	106
- IFRS transition advisory services	45
- corporate structure advisory services	85
	<u>602</u>

7. EMPLOYEE BENEFIT EXPENSES

The average monthly number of employees (including executive directors) of the group during the financial period and their aggregate emoluments are shown below:

Group	2017 \$'000
Wages and salaries	50,052
Social security costs	5,339
Other pension costs (note 26)	1,973
Restricted stock units expense	284
	<u>57,648</u>

	2017 Number
Production	323
Selling	100
Administration	427
Average monthly number of employees	<u>850</u>

Restricted stock units expense

The directors received no remuneration from the company during the period.

BOWERS & WILKINS HOLDING LTD

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 September 2017

7. EMPLOYEE BENEFIT ANALYSIS (continued)

Restricted stock units expense

During the period, the group's employees were offered restricted share units in the ultimate parent company EVA Automation Inc. (EVA) as part of EVA's existing scheme. The offer had been formally announced to the group's employees by June 2017 and approved by board of directors of EVA in January 2018.

Units are granted to employees over the period that they remain an employee of the group. If a trigger event occurs before April 2024, the units will convert to class B common stock in EVA. If no trigger event occurs in this period, the units will expire.

	Group 2017
Number of units issued under the plan to participating employees	2,626,193

8. FINANCE INCOME AND EXPENSES

	2017 \$'000
Finance income:	
Bank interest receivable	<u>136</u>
Finance expenses:	
Bank loans and overdrafts	3,071
Loan note	2,833
Other loans	3
Finance charges in respect of finance leases	<u>46</u>
	<u>5,953</u>

BOWERS & WILKINS HOLDING LTD

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 September 2017

9. INCOME TAX EXPENSES

The tax charge is based on the group loss for the financial period and is made up as follows:

	2017 \$'000
Current tax	
UK corporation tax on losses for the period	-
Adjustment in respect of prior periods	11
	<u>11</u>
Foreign tax	
Foreign corporation taxes	3,749
Adjustment in respect of prior periods	114
	<u>3,863</u>
Total current tax	<u>3,874</u>
Deferred tax	
Origination and reversal of temporary differences	(8,284)
Adjustment in respect to prior periods	(186)
Rate changes	(349)
Total deferred tax	<u>(8,819)</u>
Income tax expense	<u>(4,945)</u>

The tax assessed for the period is different from the standard rate of corporation tax in the UK for the period ended 30 September 2017, 19.65%, as explained below:

	2017 \$'000
Loss before tax	<u>(38,981)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.65%	(7,660)
Effect of:	
Expenses not deductible for tax purposes	1,539
Income that is exempt from taxations	(91)
Higher rates on overseas earnings	1,085
Changes in income tax rates	(311)
Deferred tax on tax losses carried forwards on which no tax asset is recognised	590
Deferred tax recognised on the carrying value of buildings	(36)
Adjustments to tax charge in respect of prior periods	(61)
Total tax charge	<u>(4,945)</u>

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016). These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 17% from 1 April 2020. Deferred taxes at the statement of financial position date have been measured using these enacted tax rates and reflected in these financial statements.

BOWERS & WILKINS HOLDING LTD**NOTES TO THE FINANCIAL STATEMENTS**

For the period ended 30 September 2017

10. PROFIT FOR THE FINANCIAL PERIOD

The company has taken advantage of section 408 of the Companies Act 2006 and has not included its own profit and loss account in these financial statements. The group loss for the financial period includes a loss of \$90,000, which is dealt with in the financial statements of the parent company.

11. DIVIDENDS

No dividends were paid in respect of the financial period ended 30 September 2017.

12. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land and buildings \$'000	Short leasehold premises \$'000	Plant, equipment and vehicles \$'000	Total \$'000
Cost				
At 28 April 2016	-	-	-	-
Added on acquisition	12,345	496	18,424	31,265
Additions	-	1,521	6,814	8,335
Impairments	-	-	(69)	(69)
Disposals	(124)	-	(489)	(613)
Exchange differences	-	35	4	39
At 30 September 2017	12,221	2,052	24,684	38,957
Accumulated depreciation				
At 28 April 2016	-	-	-	-
Charge for the period	744	321	10,211	11,276
Eliminated on disposals	(3)	-	(379)	(382)
Exchange differences	(1)	5	1	5
At 30 September 2017	740	326	9,833	10,899
Net book amount at 30 September 2017	11,481	1,726	14,851	28,058

Lease rentals amounting to \$4,584,000 and \$649,000 relating to short leasehold premises and plant equipment and vehicles respectively, are included in the income statement.

The group figures stated above include assets held under finance leases contracts, as follows:

	Plant, equipment and vehicles \$'000
Net book amount at 30 September 2017	1,747
Depreciation provided in the period	589

BOWERS & WILKINS HOLDING LTD

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 September 2017

13. INTANGIBLE ASSETS

Group	Goodwill \$'000	Brand name \$'000	Customer relationships \$'000	Development costs \$'000	Other \$'000	Total \$'000
Cost						
At 28 April 2016	-	-	-	-	-	-
Added on acquisition	20,325	30,900	9,800	16,600	1,244	78,869
Additions	-	-	-	9,594	-	9,594
Disposals	-	-	-	(151)	-	(151)
Impairments	-	-	-	(214)	-	(214)
Exchange differences	-	-	-	(242)	-	(242)
At 30 September 2017	20,325	30,900	9,800	25,587	1,244	87,856
Accumulated amortisation						
At 28 April 2016	-	-	-	-	-	-
Charge for the period	-	-	1,983	9,176	1,244	12,403
Disposals	-	-	-	(151)	-	(151)
Exchange differences	-	-	-	45	-	45
At 30 September 2017	-	-	1,983	9,070	1,244	12,297
Net book amount at 30 September 2017	20,325	30,900	7,817	16,517	-	75,559

During the period the group expensed \$3,186,000, relating to research activities.

Management have reviewed the intangible assets held at the period end. Following the closure of the Canadian branch and cessation of development under the Classe brand name, it has been determined that any assets relating to Classe should be reduced to nil NBV. As result accelerate depreciation of \$1,236,000 was recognised against development costs.

BOWERS & WILKINS HOLDING LTD

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 September 2017

14. INVESTMENTS

Group	Other investments \$'000	Total \$'000
Cost		
At 28 April 2016	-	-
Additions on acquisition	2	2
Exchange differences	-	-
At 30 September 2017	<u>2</u>	<u>2</u>
Accumulated impairment at 30 September 2017	<u>-</u>	<u>-</u>
Net book amount at 30 September 2017	<u>2</u>	<u>2</u>

The long term investment represents a minority interest in an overseas distributor.

Company	Subsidiary undertakings \$'000	Total \$'000
Cost		
At 28 April 2016	-	-
Additions	112,490	112,490
At 30 September 2017	<u>112,490</u>	<u>112,490</u>
Accumulated impairment at 28 April 2016 and 30 September 2017	<u>-</u>	<u>-</u>
Net book amount at 30 September 2017	<u>112,490</u>	<u>112,490</u>

During the period, the company incorporated 100% of the shareholdings in B&W Acquisition Ltd on incorporation (registered address Dale Road, Worthing, West Sussex, BN11 2BH), a non-publically traded UK company. The acquisition comprised of 100 shares for £1 (\$1.46).

During the period B&W Acquisition Ltd acquired 100% of the shareholdings in B&W Group Ltd. Funds for the acquisition were provided by B&W Acquisition Ltd and the company's ultimate parent company EVA Automation Inc., which were provided through a capital contribution from EVA Automation Inc. to the company which was transferred as a capital contribution to B&W Acquisition Ltd. The capital contribution to B&W Acquisition Ltd is recognised as additional investment.

The directors believe the carrying value of the investments is supported by their underlying net assets.

A list of investments held by the company both directly and indirectly as of 30 September 2017 can be seen in the appendix.

BOWERS & WILKINS HOLDING LTD**NOTES TO THE FINANCIAL STATEMENTS**

For the period ended 30 September 2017

15. DEFERRED TAX

Deferred tax asset is reflected in the financial statements, as follows:

	Group 2017 \$'000	Company 2017 \$'000
At 28 April 2016	-	-
Balance gained on acquisition	(14,708)	-
Tax credit / (charge)	8,819	-
Exchange differences	62	-
At 30 September 2017	(5,827)	-

The analysis of deferred tax assets and liabilities is as follows

	Group 2017 \$'000	Company 2017 \$'000
Deferred tax assets to be recovered after more than 12 months	4,729	-
Deferred tax assets to be recovered within 12 months	1,323	-
	6,052	-
Deferred tax liabilities to be settled after more than 12 months	(10,065)	-
Deferred tax liabilities to be settled within 12 months	(1,814)	-
	(11,879)	-
Deferred tax liability net	(5,827)	-

Deferred tax liabilities - Group

	Capital Allowances \$'000	Other \$'000	Total \$'000
At 28 April 2016	-	-	-
Addition on acquisition	(5,150)	(11,809)	(16,959)
Tax credit	797	4,032	4,829
Exchange differences	210	41	251
At 30 September 2017	(4,143)	(7,736)	(11,879)

BOWERS & WILKINS HOLDING LTD

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 September 2017

15. DEFERRED TAX (continued)

	Capital Allowances \$'000	Other \$'000	Total \$'000
Deferred tax assets - Group			
At 28 April 2016	-	-	-
Addition on acquisition	-	2,251	2,251
Tax credit / (charge)	-	3,990	3,990
Exchange differences	-	(189)	(189)
At 30 September 2017	-	6,052	6,052

The deferred tax asset stems from the impact of provisions made within the group, timing differences in overseas subsidiaries and stock valuation differences as a result of potential unrealised profit.

Unrelieved tax losses of \$3,009,000 remain available to offset against future taxable trading profits. No deferred tax asset has been recognised for these losses due to uncertainty over the recovery of the losses in the future. The un-provided deferred tax asset as a result of these losses is \$590,000.

16. INVENTORIES

	Group 2017 \$'000	Company 2017 \$'000
Raw materials and consumables	9,708	-
Work in progress	4,192	-
Finished goods	45,787	-
	59,687	-

There were no significant differences between the replacement cost and the values disclosed for inventories. The cost of inventories recognised as an expense amounted to \$112,176,000. Finished goods are stated net of any provisions for obsolete and slow moving stock.

The provision included in the accounts was \$10,800,000 for the group. This provision includes an adjustment for the net reliable value of Classé stock sold following the period end of \$1,853,000. More information is provided within note 30, *Closing cost of Classé*.

BOWERS & WILKINS HOLDING LTD

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 September 2017

17. FINANCIAL INSTRUMENT CLASSIFICATION AND FAIR VALUE HIEARCHY

Classification

The following tables shows the group and company's financial instruments by classification:

	Group 2017 \$'000	Company 2017 \$'000
<i>Financial assets that are debt instruments measured at amortised cost</i>		
Trade receivables	27,704	-
Other receivables	3,963	-
Cash and cash equivalents	1,937	-
	<u>33,604</u>	<u>-</u>
<i>Financial liabilities measured at amortised cost</i>		
Bank overdrafts	508	-
Revolver loans	30,541	-
Loan Note	27,833	-
Bank loans	11,603	-
Other loans	375	-
Trade creditors	23,708	-
Loans from ultimate parent company	7,500	-
Other creditors	948	-
Finance leases	1,644	-
Accruals and deferred income	10,118	90
	<u>114,778</u>	<u>90</u>

Fair value hierarchy

For all financial assets and liabilities measured at amortised cost their fair values approximates their carrying values. All financial instruments are level 3 considered to be level 3 (unobservable inputs).

BOWERS & WILKINS HOLDING LTD

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 September 2017

18. TRADE AND OTHER RECEIVABLES

	Group 2017 \$'000	Company 2017 \$'000
Trade receivables	27,704	-
Corporation tax and overseas tax recoverable	2,082	-
Other receivables	3,963	-
Prepayments and accrued income	1,667	-
	<u>35,416</u>	<u>-</u>

Amounts owed by group undertakings relate to current accounts that are incurred in the course of normal trading activity. Balances are unsecured, repayable on demand and overdue balances incur interest of 4% to reflect a market rate of interest.

During the period the group wrote off trade receivables of \$549,000 in relation to a specific customer who had filed for bankruptcy.

Trade receivables balances are stated net of any provision for bad debts. At the date of the statement of financial position, group trade receivables included a provision of \$512,000.

As of 30 September 2017, group debtors contained \$330,000 due in over 12 months.

The ageing of group and company trade receivables which are past due but not impaired are as follows:

	Group 2017 \$'000	Company 2017 \$'000
3 to 6 months	198	-
6 to 9 months	269	-
9 months to a year	90	-
Over 1 year	289	-
	<u>846</u>	<u>-</u>

BOWERS & WILKINS HOLDING LTD

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 September 2017

19. TRADE AND OTHER PAYABLES

	Group 2017 \$'000	Company 2017 \$'000
Current liabilities		
Trade payables	23,708	-
Amounts owed to related parties	-	-
Taxes and social security	2,373	-
Other payables	452	-
Accruals and deferred income	10,118	90
	<u>36,651</u>	<u>90</u>
Non-current liabilities		
Other payables	496	-
	<u>496</u>	<u>-</u>

Amounts owed to group undertakings relate to current accounts that are incurred in the course of normal trading activity. Balances are unsecured, repayable on demand and overdue balances incur interest of 4% to reflect a market rate of interest.

20. BORROWINGS

	Group 2017 \$'000	Company 2017 \$'000
Current liabilities		
Bank overdrafts	508	-
Bank loans	1,581	-
Other loans	138	-
Loans from ultimate parent company	7,500	-
Finance leases (note 21)	412	-
	<u>10,139</u>	<u>-</u>
Non-current liabilities		
Bank loans	40,563	-
Loan note	27,833	-
Other loans	237	-
Finance leases (note 21)	1,232	-
	<u>69,865</u>	<u>-</u>

The average rate payable on the bank loans and overdrafts is 6.3% and these are secured by fixed and floating charges over certain assets of the group. The average rate payable on the other loans was 7.2%. The bank overdrafts and loans of the group are secured by a fixed and floating charge over its assets. At 30 September 2017 the group's net debt was less than 76% of agreed banking facilities.

Bank loans comprise of fixed term loans of \$11,478,000 for the group, revolver credit facilities of \$30,541,000 for the group and mortgages of \$125,000 for the group.

The secured loan note payable is repayable in full on the maturity date, 5 years from the date of acquisition. Interest of 8% per annum is charged on the loan note. This can either be paid at the anniversary of issue or added to the balance payable on the maturity date. The loan note is secured against the assets of B&W Group Ltd.

BOWERS & WILKINS HOLDING LTD**NOTES TO THE FINANCIAL STATEMENTS**

For the period ended 30 September 2017

21. FINANCE LEASE LIABILITIES

Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

Group	2017 \$'000
Gross finance lease liabilities– minimum lease payments:	
No later than 1 year	455
Later than 1 year and no later than 5 years	1,288
Later than 5 years	-
	<u>1,743</u>
Future finance charges on finance lease liabilities	(99)
Present value of finance lease liabilities	<u>1,644</u>
Present value of finance lease liabilities	
No later than 1 year	412
Later than 1 year and no later than 5 years	1,232
Total	<u>1,644</u>

22. PROVISIONS

	Group 2017 \$'000	Company 2017 \$'000
Warranty and remorse provision		
At 28 April 2016	-	-
Added on acquisition	1,090	-
Created in the period	546	-
Utilised in the period	(1,074)	-
Exchange differences	(16)	-
At 30 September	<u>546</u>	<u>-</u>

Provision for warranty work is made according to IAS 37 'Provisions, contingent liabilities and contingent assets.' The amount provided is the directors' best estimate of the obligation likely to arise.

23. CALLED UP SHARE CAPITAL

Group and Company	2017 Number	2017 \$'000
Allotted:		
Ordinary share of \$1.46 (£1) each	100	-
	<u>100</u>	<u>-</u>

BOWERS & WILKINS HOLDING LTD**NOTES TO THE FINANCIAL STATEMENTS**

For the period ended 30 September 2017

24. NET CASH GENERATED FROM OPERATING ACTIVITIES

	Group 2017 \$'000
Loss before income tax	(38,981)
Adjustments for:	
Depreciation	11,276
Amortisation	12,403
Impairments	283
Profit on disposal of property, plant and equipment	(83)
Restricted stock units expense	284
Finance income	(136)
Finance costs	5,953
Foreign exchange income in operating activities	253
Research and expenditure development credit	(509)
Changes in working capital:	
Decrease in inventories	8,574
Increase in trade receivables	(8,130)
Increase in trade payables	14,306
Decrease in provisions	(432)
Net cash generated from operating activities	<u>5,061</u>

	Company 2017 \$'000
Loss before income tax	(90)
Changes in working capital:	
Decrease/(increase) in trade and other receivables	-
Increase in trade and other payables	90
Net cash generated from operating activities	<u>-</u>

25. CAPITAL COMMITMENTS

Group	2017 \$'000
Authorised and contracted for	<u>316</u>

26. PENSION SCHEME

Staff may belong to a group personal pension plan or money purchase scheme (defined contribution schemes). The assets of the schemes are administered in funds independent from those of the group. The pension cost charged represents contributions payable to the schemes and amounted to \$1,973,000 for the group and nil for the company. At 30 September 2017 the group owed \$589,000 to pension schemes.

BOWERS & WILKINS HOLDING LTD

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 September 2017

27. OPERATING LEASE COMMITMENTS

The group is committed to leasing payments of \$3,590,000 in the next financial period. Future lease commitments at period end are as follows:

Group	2017 Land and buildings \$'000	2017 Other \$'000
Within one year	3,119	471
Between one and five years	5,987	483
After five years	3,542	70
	<u>12,648</u>	<u>1,024</u>

During the period the group lease expense was \$5,233,000.

28. RELATED PARTY TRANSACTIONS

Company

During the period the company received capital contributions from the ultimate parent company EVA Automation Inc of \$112,490,000. At 30 September 2017 the company owed EVA Automation Inc. \$nil.

The company has taken the exemption permitted under IAS 24 to not disclose transactions with other entities within the group.

Group

During the period the group received capital contributions of \$112,490,000 and loans of \$7,500,000 from the ultimate parent company EVA Automation Inc.. At 30 September 2017 the group owed EVA Automation Inc. \$7,500,000.

Key Management Personnel

Key management personnel are limited to the group's directors. Details of their compensation are included within note 7. During the period management received no post-employment benefits, share based payments or non-monetary benefits.

29. ULTIMATE CONTROLLING PARTY

EVA Automation Inc. is the group's immediate parent company and ultimate controlling party.

The financial statements prepared are for Bowers & Wilkins Holding Ltd and its subsidiaries (smallest and largest group to prepare publically available consolidate financial statements). Accounts are available from the group's company secretary at Dale Road, Worthing, West Sussex, BN11 2BH.

EVA Automation Inc. currently do not produce publically available group accounts.

BOWERS & WILKINS HOLDING LTD

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 September 2017

30. CLOSING COSTS OF CLASSÉ

The directors decided to cease developments under the Classé brand during the period. There were significant costs relating to this decision and the resulting closure of the Canadian branch of the company. The closure was completed on 6 October 2017. The directors have prepared the following note to provide readers with details of the non-recurring revenue and costs associated with the closure.

In addition to the redundancy and onerous lease costs relating to the closure of the Canadian branch of the company, the following additional costs were incurred:

- The directors reviewed Classé inventory held at period end within the group and determined that all raw materials should be fully provided for. The decision was based on the fact that the company would no longer manufacture Classé product and the raw materials were considered too specialised for general resale. This resulted in an additional provision of \$1,853,000.

No additional provision was made for Classé finished goods. Management are satisfied that it will be possible to recover at least cost for these products as the group would continue to sell the remaining Classé products.

- The group had \$852,000 worth of purchase orders for Classé raw materials outstanding at period end. These were commitments the group had made to purchase future bespoke stock prior to the ceasing of manufacture. In line with the treatment of raw materials described above, the directors have chosen to recognise the expense for all outstanding purchase order within the current financial period as any material received will be fully provided for.
- The company had capitalised development costs net of amortisation of \$1,236,000 relating to Classé at the period end. As during the period development on Classé products had been abandoned and there were no future developments planned, the directors consider it prudent to charge accelerate depreciation against the remaining balance to write it down to zero.

The above costs are included in the summary below. The directors expect there to a trivial amount of revenue and expenditure within future financial years relating to Classé.

	Note	2017 \$'000
Revenue	5	3,571
Change in inventories of finished goods and work in progress		(380)
Raw materials and consumables used		(4,240)
Employee benefit expenses	7	(1,667)
Depreciation, amortisation and impairment expense	12, 13	(3,824)
Other operating expenses		(850)
Operating loss		(7,390)
Finance expenses	8	(8)
Loss before income tax		(7,398)

In January 2018, the Classé brand, assets and commitments were sold to a third party for \$1.5 million.

BOWERS & WILKINS HOLDING LTD

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 September 2017

31. ACQUISITION OF A SUBSIDIARY

On 28 April 2016, the company incorporated B&W Acquisition Ltd. The company recognised an investment of \$146 in the subsidiary, the total share capital held in B&W Acquisition Ltd.

On 3 May 2016, the group acquired 100% of the shares and voting rights B&W Group Ltd. The acquisition was part of the acquisition of B&W Group Ltd by Bowers & Wilkins Holding Ltd's ultimate parent company EVA Automation Inc. (EVA). The purpose of the acquisition was the combination of EVA's ground breaking technology with a globally recognised premium brand to create a future leading product range for the home audio visual market.

Funds for the acquisition of B&W Group Ltd were supplied through a capital contribution from EVA to Bowers & Wilkins Holding Ltd of \$112,490 (see *Consideration transferred* below for breakdown). The funds were then immediately transferred as a capital contribution to B&W Acquisition Ltd. This has been recognised in Bowers & Wilkins Holding Ltd accounts as a further investment in B&W Acquisition Ltd.

For the 17 months ended 30 September 2017, B&W Group Ltd contributed revenue of \$236.2 million and a loss of \$19.7 million to the Group's results. Fair value adjustments on acquisition of the underlying assets resulted in an additional loss of \$11.1 million relating to B&W Group Ltd.

a) Consideration transferred

The following table summarises the acquisition date value of each major class of consideration transferred:

	\$'000
Cash consideration	100,000
Loan note	25,000
Shares in ultimate parent company	12,490
	<u>137,490</u>

For cash flow disclosure purposes the amounts disclosed are as follows:

	\$'000
Cash consideration	100,000
Less	
Cash and cash equivalents acquired	<u>(2,610)</u>
	<u>97,390</u>

Loan note

The secured loan note payable to B & W International Ltd, the former owner of B&W Group Ltd, for \$25 million is repayable in full on the maturity date, 5 years from the date of acquisition. Interest of 8% per annum is charged on the loan note. This can either be paid at the anniversary of issue or added to the balance payable on the maturity date. The loan note is secured against the assets of B&W Group Ltd. The interest is considered a reasonable market rate and therefore no fair value adjustment is required on consolidation.

Shares in ultimate parent company

The consideration include 2,518,237 million shares in the ultimate parent company EVA Automation Inc.. The fair value of the shares at the acquisition date was assessed to be \$4.96 a share based an independent valuation undertaken by Teknos Associates LLC, an investment bank specialising in valuation services. The overall value of the shares was therefore determined to be \$12,490,000 million.

BOWERS & WILKINS HOLDING LTD

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 September 2017

31. ACQUISITION OF SUBSIDIARY (continued)

b) Acquisition related costs

The group incurred acquisition related costs of \$340,000 of stamp duty. These costs have been included within 'other operating expenses.'

c) Identifiable assets acquired and liabilities assumed

The following table summarises the amount of assets acquired and liabilities assumed at the date of acquisition.

	Note	2017 \$'000
Property, plant and equipment	12	31,265
Intangible assets	13	58,544
Investments	14	2
Inventories		69,594
Trade and other receivables		30,025
Cash and cash equivalents		3,053
Trade and other payables		(23,436)
Borrowings		(36,084)
Net deferred tax liability	15	(14,708)
Provisions	22	(1,090)
Total identified net assets acquired		117,165

Fair value adjustments were made for the value of property, plant and equipment, Intangible assets and inventories. All adjustments were based on a valuation of the group performed by Duff and Phelps, a financial services company specialising in valuation and corporate finance, to provide a valuation of the group based on the statement of financial statements at 30 April 2016. This was considered a reasonable bases of the group's value at the acquisition date.

d) Goodwill

Goodwill arising from the acquisition has been recognised as follows

	\$'000
Consideration	137,490
Fair value of identifiable net assets	117,165
	<u>20,325</u>

The goodwill is attributable to the skills and technical expertise of B&W Group Ltd's workforce, particularly the research and development teams.

BOWERS & WILKINS HOLDING LTD

APPENDIX

For the period ended 30 September 2017

INVESTMENTS

At 30 September 2017 the company held investments in the ordinary shares of the following companies, none of which are publically traded:

Subsidiary undertaking	Registered Address	Country of incorporation	Shareholding	Direct/ indirect holding
B & W Acquisitions Ltd	Dale Road, Worthing, West Sussex, BN11 2BH	UK	100%	Direct
B & W Group Ltd	Dale Road, Worthing, West Sussex, BN11 2BH	UK	100%	Indirect
B & W Group (Asia) Limited	Units 2608-09, 26/F, Miramar Tower, 132 - 134 Nathan Road, Tsim Sha Tsui, Kowloon, Hong Kong	Hong Kong	100%	Indirect
B & W Group Belgium NV	Godefriduskaai 14, 2000, Antwerpen,	Belgium	100%	Indirect
B&W Group China Limited	Unit 804-806, 8/F, Block B, Xinzhou Road East, Shenzhen International Chamber of Commerce Building, Futian District, Shenzhen, P.R.C.	China	100%	Indirect
B & W Group Finland OY	Uudenmaankatu 4-6, 00120 Helsinki, Finland	Finland	100%	Indirect
B & W Group France SARL	15 Quai Pierre-Scize, 69009, Lyon	France	100%	Indirect
B & W Group Germany GmbH	Kleine Heide 12, 33790 Halle (Westfalen)	Germany	100%	Indirect
B & W Group (Logistics) Ltd	Dale Road, Worthing, West Sussex, BN11 2BH	UK	100%	Indirect
B & W Group Production (HK) Ltd	Units 2608-09, 26/F, Miramar Tower, 132 - 134 Nathan Road, Tsim Sha Tsui, Kowloon, Hong Kong	Hong Kong	100%	Indirect
B & W Group (Schweiz) GmbH	Ilganstrasse 5, 8952 Schlieren	Switzerland	100%	Indirect
B & W Loudspeakers Espana S.A.	c/Rossello, 362-364, Barcelona, 8025	Spain	100%	Indirect
B & W Loudspeakers Nederland BV	Hagerpad 3, 5509 LS, Veldhoven	Netherlands	100%	Indirect
B & W Loudspeakers Ltd (Dormant)	Dale Road, Worthing, West Sussex, BN11 2BH	UK	100%	Indirect
Bowers & Wilkins Australia Pty Limited	Suite 303, 754 Pacific Highway, Chatswood, NSW 2067	Australia	100%	Indirect
Bowers & Wilkins Trading (Zhuhai) Co. Ltd	No. 11 Warehouse, Hengli Industrial Park No.5, Zhuhai Trade Zone, Zhuhai 519030, Guangdong	China	100%	Indirect
Classé Audio Inc (Dormant)	5070, Rue Francois Cusson, Lachine, Quebec, H8T 1B3	Canada	100%	Indirect
Equity International Inc	54, Concord Street, North Reading, Massachusetts	USA	100%	Indirect
Equity International (Canda) Inc	233 Alden Road, Markham, Ontario L3R3W6	Canada	100%	Indirect