

**ALMAS INDUSTRIES LIMITED**  
**(formerly BST BUTLER TECHNOLOGIES LIMITED)**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

**Company Number: 08124771**



**ALMAS INDUSTRIES LIMITED (Registered Number: 08124771)**

**CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

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**ALMAS INDUSTRIES LIMITED**

**CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

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**DIRECTORS, SECRETARY AND ADVISERS**

**Directors:**

Mr W. Butler

Mr F. Favreau (appointed on 1<sup>st</sup> September 2016)

Mr J. Dean (appointed on 19<sup>th</sup> December 2016)

**Registered Office:**

Fourth Floor

11 Hanover Street

London

W1S 1YQ

**Company Number:**

08124771

**Auditors:**

haysmacintyre

26 Red Lion Square

London

WC1R 4AG

## **ALMAS INDUSTRIES LIMITED**

### **STRATEGIC REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

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#### **Review of the business**

The principal activity of Almas Industries Limited and its subsidiaries (the "Group") is distribution of applied innovative technologies for corporate and personal security to individuals and corporates in Europe.

The Group started its activity in March 2012 following the acquisition of companies and assets of the Safetic Group. In 2013 the Group set up new subsidiaries in Brazil, Hong Kong and Spain.

The Group's fifth year of operation shows again a positive operating profit and also net profit. During the year, the business grew in every country except for UK and Ireland which faced some difficulties due to the Managing Director's resignation in August 2016. He was replaced in November 2016. Perspectives for 2017 are good and the first two months are generally in line with the budget.

In 2015, Hong Kong activities related to BST stopped and the company was proceeded investments in Asia on behalf of Butler Industries (ultimate shareholder of the Group). Company will be sold in 2017 to Butler Industries. For this reason, assets and liabilities related to this company are presented as held for sales in 2016 accounts.

#### **Description of the principal risks and uncertainties facing the group**

The Group faces a range of risks as part of its day to day operations and its corporate activities, these include the impact of general economic downturn, competition and foreign currency risk. Four of the Group's subsidiaries are based and operate outside the Euro area: Almas Industries Swiss S.A. in Switzerland, Almas Industries UK Limited in the UK, BST Brazil in Brazil and BST Hong Kong in Hong Kong. The Group's main operational exchange rate risks involve the conversion of the accounts in Swiss Francs ("CHF"), Sterling ("GBP"), Brazilian Real ("BRL") and Hong Kong Dollar ("HKD") of these subsidiaries. The Group is thus exposed to EUR/CHF, EUR/GBP, EUR/BRL and EUR/HKD exchange rate variations.

#### **Analysis of key financial performance indicators**

The key performance indicators recognised by the management are sales and group profit margins.

Consolidated sales have increased by 2% to €23,353,882 (2015: €22,937,361). Main contributor is Germany with 44% of total sales.

The operating profit before exceptional expenses amounts to €1,764,590 (2015: €1,643,531) corresponding to 7.6% of sales, compared to 7.2% last year. After taking into account exceptional expenses, the operating profit for 2016 represents 6.5% of sales, compared to 6.2% for 2015.

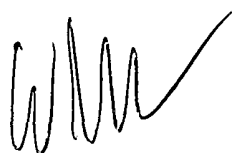
#### **Other**

During the year Butler Industries Benelux became the immediate parent of Almas Industries Limited. The ultimate parent company remains Butler Industries and the ultimate owner is W. Butler.

By order of the Board

Mr W Butler, Director

Date: 31/05/2017



## **ALMAS INDUSTRIES LIMITED**

### **DIRECTORS' REPORT**

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

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The Directors present their report together with the audited financial statements of Almas Industries Limited (the "Group") in respect of the year ended 31 December 2016.

#### **Results and Dividends**

The consolidated statement of comprehensive income is set out on page 7. The Directors do not recommend a payment of the final dividend for the year (2015: €nil).

#### **Directors**

The Directors of the Company during the year were:

Mr W Butler  
Mr V Mathieu (resigned on 31<sup>st</sup> July 2016)  
Mrs L Nolan (resigned on 15<sup>th</sup> November 2016)  
Mr F Favreau (appointed on 1<sup>st</sup> September 2016)  
Mr J Dean (appointed on 19<sup>th</sup> December 2016)

#### **Going Concern**

The Directors confirm that they are satisfied that the Group has adequate resources to continue in business for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

#### **Financial Instruments**

Details of the use of financial instruments by the Company and its subsidiaries are contained in Note 1 of the financial statements.

#### **Future Developments**

The Group intends to continue to grow its business through its established network of subsidiaries in Europe covering 8 countries: Germany, Austria, France, UK, Spain, Switzerland, Ireland and Portugal and in South America through its Brazilian subsidiary. The Group also reviews acquisition opportunities.

#### **Statement of Directors' Responsibilities**

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and enable them to ensure that the financial statements comply with the Companies Act 2006 and Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also required to prepare financial statements for the Group in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs). The Directors have chosen to prepare financial statements for the Company in accordance with UK Generally Accepted Accounting Practice.

#### **Group Financial Statements**

International Accounting Standard 1 requires that financial statements present fairly for each financial year the Group's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's "Framework for the preparation and presentation of financial statements." In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs.

**ALMAS INDUSTRIES LIMITED**

**DIRECTORS' REPORT (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2015**

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**Group Financial Statements (continued)**

A fair presentation also requires the Directors to:

- select suitable accounting policies in accordance with IAS 8 Accounting Policies, changes in Accounting Estimates and Errors and then apply them consistently.
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.
- state that the group has complied with IFRS, subject to any material departures disclosed and explained in the financial statements,
- and make judgements and estimates that are reasonable and prudent.

**Parent company financial statements**

Company law requires directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the Directors are required to:

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

**Auditors**

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the group's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

By order of the Board

Mr W Butler, Director

Date: 31/05/2017



## INDEPENDENT AUDITORS REPORT TO THE SHAREHOLDERS OF ALMAS INDUSTRIES LIMITED

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We have audited the financial statements of Almas Industries Limited for the year ended 31 December 2016 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows, the Company Balance Sheet and the related notes. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements (UK GAAP), as applied in accordance with the provision of the Companies Act 2006.

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

### Respective responsibilities of directors and auditors

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

### Scope of the audit of the financial statements

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

### Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2016 and the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

### Opinion on other matter prescribed by the Companies Act 2006

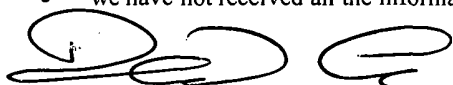
In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with those financial statements and such reports have been prepared in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

In the light of our knowledge and understanding of the Group and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report

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

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

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



**David Cox** (*Senior statutory auditor*)  
for and on behalf of haysmacintyre, Statutory Auditor

26 Red Lion Square  
London WC1R 4AG

Date: 31 May 2017

ALMAS INDUSTRIES LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	Year ended 31 December 2016 €	Year ended 31 December 2015 €
Sales	1	23,353,882	22,937,361
Other operating revenues		193,267	107,494
Raw materials and consumables used		(4,688,092)	(4,761,054)
External expenses		(7,612,684)	(7,240,949)
Staff costs		(8,679,572)	(8,613,135)
Amortisation		(570,000)	(498,877)
Depreciation and provisions - Net		31,553	(142,838)
Other operating expenses	3	(263,764)	(144,471)
<b>Operating profit before exceptional expenses</b>		<b>1,764,590</b>	<b>1,643,531</b>
Exceptional expenses	4	(251,355)	(222,169)
<b>Operating profit</b>		<b>1,513,235</b>	<b>1,421,362</b>
Finance income	5	967,145	571,188
Finance costs	5	(675,888)	(984,597)
<b>Profit before tax</b>		<b>1,804,492</b>	<b>1,007,954</b>
Tax	7	(505,815)	220,347
Net (loss) / income from activities held for sale		(7,362)	49,248
<b>Profit attributable to equity holders of the parent</b>		<b>1,291,315</b>	<b>1,277,548</b>
<b>Other comprehensive income</b>			
Translation differences on overseas operations		(413,418)	301,981
<b>Total comprehensive income for the year</b>		<b>877,897</b>	<b>1,579,529</b>



**ALMAS INDUSTRIES LIMITED (Registered Number: 08124771)**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

	<i>Notes</i>	<b>2016 €</b>	<b>2015 €</b>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	8	912,242	598,518
Intangible assets	9	6,650,775	6,609,962
Investments	10	-	2,500
Deferred tax assets	7	384,093	471,307
Other receivables	12	187,713	125,848
<b>TOTAL NON-CURRENT ASSETS</b>		<b>8,134,823</b>	<b>7,808,135</b>
<b>CURRENT ASSETS</b>			
Inventories	11	1,415,490	1,256,615
Trade and other receivables	12	10,943,675	8,669,985
Cash and cash equivalents		1,878,958	1,798,648
Total current assets and assets of disposal groups classified as held for sale		3,132,380	3,035,812
<b>TOTAL CURRENT ASSETS</b>		<b>17,370,503</b>	<b>14,761,060</b>
<b>TOTAL ASSETS</b>		<b>25,505,326</b>	<b>22,569,195</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Bank overdraft	14	103,705	5,876
Trade and other payables	13	4,392,588	4,111,811
Borrowings	14	50,695	51,380
Corporation tax liabilities		21,897	50,357
Total liabilities included in disposal groups classified as held for sale		3,092,118	3,042,720
<b>TOTAL CURRENT LIABILITIES</b>		<b>7,661,003</b>	<b>7,262,144</b>
<b>NON CURRENT LIABILITIES</b>			
Trade and other payables	15	10,951	13,771
Borrowings	14	12,575,277	11,230,249
Deferred tax liabilities	7	510,962	151,189
Retirement benefit obligations	17	35,655	26,380
Provisions for other liabilities and charges	18	1,658,221	1,710,104
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>14,791,066</b>	<b>13,131,693</b>
<b>TOTAL LIABILITIES</b>		<b>22,452,069</b>	<b>20,393,836</b>
<b>TOTAL NET ASSETS</b>		<b>3,053,256</b>	<b>2,175,359</b>
<b>CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT</b>			
Share capital	19	492,587	492,587
Foreign exchange reserve	20	(99,497)	313,921
Retained earnings	20	2,660,166	1,368,851
<b>TOTAL EQUITY</b>		<b>3,053,256</b>	<b>2,175,359</b>

**ALMAS INDUSTRIES LIMITED (Registered Number: 08124771)**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

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

Mr W Butler, Director

Date: 31/05/2017

A handwritten signature in black ink, appearing to be 'W Butler', written in a cursive style.

**ALMAS INDUSTRIES LIMITED**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

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	Share capital €	Foreign exchange reserve €	Retained earnings €	Total consolidated equity €
<b>At December 2014</b>	<u>492,587</u>	<u>11,940</u>	<u>91,303</u>	<u>595,830</u>
Translation difference	-	301,981	-	301,981
<b>Profit for the year</b>	-	-	1,277,548	1,277,548
<b>At December 2015</b>	<u>492,587</u>	<u>313,921</u>	<u>1,368,851</u>	<u>2,175,359</u>
Translation difference	-	(413,418)	-	(413,418)
<b>Profit for the year</b>	-	-	1,291,315	1,291,315
<b>At December 2016</b>	<u>492,587</u>	<u>(99,497)</u>	<u>2,660,166</u>	<u>3,053,256</u>

**ALMAS INDUSTRIES LIMITED**

**CONSOLIDATED STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

	2016 €	2015 €
<b>OPERATING ACTIVITIES</b>		
Profit before taxation and after income from activities held for sale	1,797,130	1,057,202
Adjustments for:		
Depreciation	(7,666)	46,752
Amortisation	570,000	498,877
Loss on disposal of property, plant and equipment	13,032	(796)
Finance costs	399,709	399,312
<b>Cash inflow from operations before changes in working capital and provisions</b>	<b>2,772,205</b>	<b>2,001,347</b>
Decrease in inventories	(151,261)	(122,779)
(Decrease) / increase in trade and other receivables	(797,680)	184,247
Increase in trade receivables – self-financed contracts	(1,627,469)	(1,885,921)
Increase in trade and other payables	(60,775)	238,109
<b>Cash inflow from operations</b>	<b>135,020</b>	<b>415,002</b>
Income taxes paid	(54,138)	(211,056)
<b>Cash inflow / (outflow) from operating activities</b>	<b>80,882</b>	<b>203,946</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(601,456)	(306,790)
Purchase of computer software and other intangible	(296,551)	(266,281)
Proceeds of sales from property, plant and equipment	13,413	2,472
Proceeds of sales from investments	100	-
Decrease in loans and deposits	(54,477)	(1,629,985)
<b>Net cash used in investing activities</b>	<b>(938,971)</b>	<b>(2,200,584)</b>
<b>FINANCING ACTIVITIES</b>		
New loan from the ultimate parent	956,640	2,912,180
Repayment of bank loans	(957)	(2,861)
Repayment of finance lease	(58,334)	(64,739)
Interest paid	(14,277)	(55,166)
<b>Net cash generated in financing activities</b>	<b>883,072</b>	<b>2,789,414</b>
Effects of exchange rate changes	(42,503)	20,855
<b>(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(17,520)</b>	<b>813,631</b>
<b>Cash at the start of the year</b>	<b>1,792,772</b>	<b>979,141</b>
<b>Cash at the end of the year</b>	<b>1,775,252</b>	<b>1,792,772</b>
<b>Cash and cash equivalents are made up as follows:</b>		
Cash at bank and in hand	1,878,958	1,798,648
Bank overdraft	(103,705)	(5,876)
	<b>1,775,252</b>	<b>1,792,772</b>

# ALMAS INDUSTRIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2016

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#### 1. ACCOUNTING POLICIES

##### **Basis of preparation**

These financial statements have been prepared in accordance with those IFRS standards and IFRIC interpretations issued and effective or issued and early adopted as at the time of preparing these statements (April 2017).

These consolidated financial statements have been prepared under the historical cost convention.

No separate income statement is presented for the parent Company as provided by Section 408, Companies Act 2006.

##### **Basis of consolidation**

The Group financial statements consolidate the financial statements of Almas Industries Limited and its subsidiaries (the "Group") for the year ended 31 December 2016.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All inter-company balances and transactions, including unrealised profits arising from them, are eliminated. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

##### **Foreign currencies**

Transactions denominated in foreign currencies are translated in Euro at the rates ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. These translation differences are dealt with in the income statement.

On consolidation, the statement of financial position of overseas operations are translated into Euro at the closing rate of exchange and trading results at the average rate of exchange for the period. These translation differences are dealt with and recognised directly in the foreign exchange reserve.

The presentational and functional currency of the Group is the Euro. The functional currency of the parent company is Euro as the majority of its transactions in that currency. The exchange rate used as at 31 December 2016 was £1=€1.17 (2015 : £1=€1.38).

##### **Going concern**

The assumption of continuous operation was used by the Board of Directors in consideration of the following items:

- The years 2015 and 2016 show a high net profitability.

Based on the above, the Directors have prepared the group financial statements on a going concern basis. The financial statements therefore do not include any adjustments that would result if the Group was unable to continue as a going concern. In the event the Group ceased to be a going concern, the adjustments would include writing down the carrying value of assets, including intangible assets and inventories, to their recoverable amount and providing for any further liabilities that might arise.

##### **Goodwill**

Business combinations are accounted for under IFRS 3 using the purchase method. Any excess of the cost of business combinations over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised in the balance sheet as goodwill and is not amortised.

## ALMAS INDUSTRIES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### FOR THE YEAR ENDED 31 DECEMBER 2016

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#### 1. ACCOUNTING POLICIES (continued)

##### Goodwill (continued)

After initial recognition, goodwill is not amortised but is stated at cost less any accumulated impairment loss, with the carrying value being reviewed for impairment, at least annually and whenever events or changes in circumstance indicate that the carrying value may be impaired.

For the purposes of impairment testing, goodwill is allocated to the related cash generating units monitored by management. Where the recoverable amount of the cash generating unit is less than its carrying amount, including goodwill, an impairment loss is recognised in the income statement.

##### Research and development costs

According to IAS 38, development costs are recorded as intangible assets only if all of the following criteria have been satisfied:

- (a) Technical feasibility necessary for the completion of the development project
- (b) Intention of the Company to complete the project and put it into operation
- (c) Capacity to use the intangible asset
- (d) Demonstration of the probability of future economic benefits attached to the asset
- (e) Availability of technical, financial and other resources to complete the project, and
- (f) Reliable evaluation of development costs

In pursuance of this standard, the Group has recognised its development costs as intangible assets. Those assets are amortized when projects are commercialized. They are amortised on a straight line basis over a 5-year period.

##### Trademarks

The costs relating to the acquired trademark are recorded as intangible assets in accordance with the activation criteria specified in IAS 38 for those costs. They are amortised on a straight-line basis over a five year period. A new mark is being developed by the Group. As of 31 December 2016, no amortization had been booked related to the new mark as it has been not yet launched.

##### Software

Costs relating to the acquisition of software licences are recorded as assets based on the costs incurred to acquire and install the software in question. They are amortised on a straight line basis over a period ranging from 1-3 years.

##### Customer contracts

Costs relating to the acquisition of customer contracts from former distributors are recorded as assets based on the costs incurred to acquire the contracts in question. They are amortised on a straight line basis over a period of 5 years.

##### Property, plant and equipment

Items of property, plant and equipment are initially recognised at cost. As well as the purchase price, cost includes directly attributable costs.

Depreciation is provided on all items of property, plant and equipment to write off the carrying value of items over their expected useful economic lives on a straight - line basis. It is applied at the following rates:

- |                                  |              |
|----------------------------------|--------------|
| ▪ Fixture and fittings           | 5 – 10 years |
| ▪ Computer equipment             | 3 years      |
| ▪ Office equipment and furniture | 3 – 5 years  |

##### Leased assets

Lease agreements for significant tangible fixed assets are classified as financial leases when the Group incurs substantially all the benefits and risks inherent in ownership of the asset. The assets covered under the financial leases are capitalised on the date of origin of the lease based on the fair value of the leased asset or the discounted

## ALMAS INDUSTRIES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### FOR THE YEAR ENDED 31 DECEMBER 2016

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#### 1. ACCOUNTING POLICIES (continued)

##### **Leased assets (continued)**

Value of future minimum lease payments, whichever is lower. Each rent is divided between debt and financial cost in order to determine a constant rate of interest on the outstanding capital. The corresponding leasing obligations, net of finance charges, are classified as other long-term debt. The part of the financial expense corresponding to interest is recorded as an expense over the term of the agreement. The fixed asset acquired under a financial lease is amortised over the term of use or the term of the agreement, whichever is shorter.

Lease agreements in which a significant portion of risks and benefits is retained by the lessor are classified as operating leases. Payments for these operating leases, net of any incentives, are recorded as expenses in the income statement on a straight-line basis over the term of the lease.

Tangible and intangible assets with a specific useful life are subject to an impairment test when the recoverability of their book value is in doubt. A loss of value equal to the book value is in doubt. A loss of value equal to the book value minus the recoverable value of the asset is recorded. The recoverable value of an asset corresponds to its fair value minus the disposable costs or its value in use, whichever is higher. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the income statement.

##### **Inventories**

Inventories are stated at lower of cost and net realisable value. Cost represents materials, direct labour and appropriate production overheads.

##### **Cash and cash equivalent**

Cash equivalents are held more for the purpose of handling short-term cash commitments than for investment or other ends. They are easily convertible into a known cash amount and are subject to a negligible risk of changes in value. Cash and cash equivalents are made up of immediately available liquidities, readily available term deposits and short-term investment securities. They are valued according to the IAS 39 categories to which they belong.

Short term investment securities are easily convertible into a known cash amount and are subject to a negligible risk of changes in value. They are valued at their fair value and variations in value are recorded as financial income.

##### **Financial assets**

The Group classifies its assets into one of the following categories, depending on the purpose for which the asset was acquired. The Group's accounting policy for each category is as follows:

*Fair value through profit or loss:* This category comprises only in-the-money derivatives. They are carried in the statement of financial position at fair value with changes in fair value recognised in the statement of comprehensive income. Other than derivatives, the Group does not have any assets held for trading nor does it voluntarily classify any financial assets as being at fair value through the profit and loss account.

*Loans and receivables:* These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition or issue and subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

The effect of discounting on these financial instruments is not considered to be material.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the income statement. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

## ALMAS INDUSTRIES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### FOR THE YEAR ENDED 31 DECEMBER 2016

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#### 1. ACCOUNTING POLICIES (continued)

##### **Financial liabilities**

The Group classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired. Other than financial liabilities in a qualifying hedging relationship (see below), the Group's accounting policy for each category is as follows:

*Fair value through the profit and loss:* This category comprises only out-of-money derivatives. They are carried in the statement of financial position at fair value with changes in fair value recognised in the statement of comprehensive income.

*Other financial liabilities:* Other financial liabilities include the following items:

- Trade payables and other short term monetary liabilities, which are recognised at amortised cost.
- Shareholder loans are initially recognised at the amount advanced net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of liability carried in the statement of financial position "Interest expense" in this context includes initial transaction costs and premium payable on redemption, as well as any interest while the liability is outstanding.

##### **Deferred taxation**

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the balance sheet differs from its tax base, except for differences arising on:

- the initial recognition of goodwill
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit: and
- investments in subsidiaries and jointly controlled entities where the Group is able to control the timing of the reversal of the difference and it is probable the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the differences can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities, and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

##### **Income taxes**

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

##### **Provisions**

Provisions for risks and litigation correspond to commitments resulting from various disputes and risks for which the final date and amount are uncertain and which the Group may face as part of its activities.

A provision is recorded when the Group has a legal or implicit obligation to a third party resulting from a past event for which it is probable or certain that a withdrawal of funds for the benefit of such party will be caused, without at least an equal amount expected in exchange from such party, and that future liquidity outflows can be estimated reliably.

The amount recorded as a provision is the best estimate of the expenditure necessary to settle the obligation and is discounted if necessary on the date of closing.



## ALMAS INDUSTRIES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### FOR THE YEAR ENDED 31 DECEMBER 2016

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#### 1. ACCOUNTING POLICIES (continued)

##### **Retirement benefit obligations**

Employees from the French subsidiaries enjoy the retirement benefits provided for by French law:

- receipt of retirement benefit, paid by the Group, at the time of their retirement (defined benefit plan)
- payment of retirement pensions by social security bodies, which are financed by company and employee contributions (state defined contribution plan)

For defined benefit plans, the costs of retirement benefits are estimated using the projected credit unit method. According to this method, the pension cost is recorded as income in order to distribute it evenly over the length of employee service. Retirement commitments are measured at the current value of estimated future payments by applying the rate of return on the highest-grade long-term corporate bonds with maturity dates corresponding to that estimated for the plan. The Group appointed the qualified actuaries to conduct an annual review of the valuation of these plans.

Payments by the Group for defined contribution plans are recorded as expenses in the income statement for the period to which they relate.

##### **Revenue recognition**

Revenue represents sales to external customers at invoiced amounts less value added tax or local taxes on sales.

The Group's business model is to sell its products through Lease agreements, which are usually signed over 5 year period covering the economic life of the equipment. Lease agreements signed with the clients may be kept "in house" and are then treated as Captive contracts and are invoiced by the Group. Lease contract may also be sold to Leasing companies or Banks who then usually directly invoice the clients and take over the cash collection risk.

The sale of products is generally linked with the sale of a maintenance contract. Revenue received from the sale of maintenance contracts is spread over the period covered by the contract. When using financial lessors, revenue generated by maintenance contracts are mainly collected by the lessor on behalf of the Group.

Revenue is recognised when the risks and rewards of owning the goods has passed to the customer which is generally on delivery.

For "self-financed" contracts according to IAS 17 the revenue is recognised for the total amount of the present value of the minimum lease payments due taking into account an implicit interest rate. The difference between the cash received for each lease payment and the accounts receivable initially booked in the balance sheet is recognised as financial gain.

##### **Critical accounting estimates and judgments**

The preparation of the financial statements according to IFRS principles makes it necessary to make estimates and formulate assumptions that affect the amounts and information provided in the financial statements. Actual results may turn out to be appreciably different from those estimates based on different assumptions for conditions.

The estimates and judgements that management makes in implementing the accounting methods described above are based on the historical information and other factors, particularly including expectations of future events deemed reasonable under the circumstances. These estimates and judgements are mainly as follows:

- *Inventory provisions* – provisions are made against slow moving stock based on sales and production reports from prior periods. If sales of particular products do not meet past levels there is a risk that stock provisions can be understated.
- *Intangible assets* – are recognised only when it is probable that a project will be a success. There is a risk therefore that a project previously assessed as likely to be successful fails to reach the desired level of commercial or technological feasibility.

# ALMAS INDUSTRIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### FOR THE YEAR ENDED 31 DECEMBER 2016

#### 1. ACCOUNTING POLICIES (continued)

##### Newly issued accounting standards

The Group has chosen not to early adopt the following new regulations, amendments and interpretations which have not been adopted by the European Union or which are not applicable as at 31 December 2016.

The standards adopted by the European Union but not mandatory until after 31 December 2016 are:

- IFRS 15 «Revenue from Contracts with Customers »;
- IFRS 9 « Financial Instruments »;

The management does not expect the implementation of these standards to have a significant impact on the consolidated financial statements.

##### Management of capital

The Directors set the objectives, policies and processes for managing capital for the Group and evaluates the opportunities for raising capital either through debt or equity financing. At 31 December 2016 the Company has increased its debt from the parent company instead of rising the share capital.

##### Assets for sale

A disposal group is classified as "held for sale" in the period in which all of the following criteria are met:

- Management commits to a plan to sell the component;
- The component is available for immediate sale in its present condition;
- An active program to locate a buyer has been initiated;
- The sale of the component is probable and the sale is expected to be complete within one year;
- The sale of the component is being actively marketed;
- Actions required to complete the sale make it unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

#### 2. OPERATING PROFIT

	2016 €	2015 €
This is stated after charging:		
Depreciation and amortisation – owned assets	512,803	435,488
Depreciation and amortisation –assets under finance leases	57,197	63,389
<u>Auditors' remuneration</u>		
Audit of parent company and group accounts	15,884	17,714
Audit of subsidiaries	5,968	9,660
Tax and other services	7,898	2,861
Operating lease rentals		
Plant and machinery	548,891	616,264
Land and buildings	638,345	713,975
Foreign exchange gains/(losses)	191,993	(344,014)

**ALMAS INDUSTRIES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

**3. OTHER OPERATING EXPENSES**

	2016 €	2015 €
Bad debts written off	102,922	76,667
Other operating expenses	160,842	67,804
	<u>263,764</u>	<u>144,471</u>

**4. EXCEPTIONAL EXPENSES**

	2016 €	2015 €
New Mark launch	17,817	-
Tax penalties	27,000	-
Recruitment fees	38,381	-
Severance costs	41,767	-
Non recurring fees	39,440	-
Implementation cost in Brazil	-	116,120
Costs from previous years	-	9,007
Other exceptional expenses	86,950	97,042
	<u>251,355</u>	<u>222,169</u>

**5. NET FINANCE COSTS**

	2016 €	2015 €
On shareholders loans	385,432	395,882
On finance leases	4,236	3,440
Other finance expense	286,220	585,275
	<u>675,888</u>	<u>984,597</u>
Interest receivable	(387,576)	(333,466)
Other finance income	(579,569)	(237,723)
	<u>(967,145)</u>	<u>(571,189)</u>
	<u>(291,257)</u>	<u>413,408</u>

**6. STAFF COSTS**

	2016 €	2015 €
Staff costs for all employees during the period, including the directors, were as follows:		
Wages and salaries	7,159,049	7,074,540
Social security costs	1,520,524	1,538,595
	<u>8,679,572</u>	<u>8,613,135</u>

During the year Directors received remuneration totalling €121,610 (2015 - €82,800).

	2016 €	2015 €
The average number of employees during the year, was as follows:		
Managers	14	15
Employees	185	175
Other	7	7
	<u>206</u>	<u>197</u>

**ALMAS INDUSTRIES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

**7. TAXATION ON PROFIT ON ORDINARY ACTIVITIES**

	<b>2016</b> <b>€</b>	<b>2015</b> <b>€</b>
<b>(a) The tax charge for the year:</b>		
UK Corporation tax	-	12,609
Overseas corporation tax	46,171	63,060
Deferred tax charge / (credit)	459,644	(296,015)
Total income tax	<u>505,815</u>	<u>(220,347)</u>
<b>(b) The tax reconciliation is as follows:</b>		
Profit on ordinary activities before tax	1,804,492	1,007,954
Profit on ordinary activities at the tax rate of 20% (2015 – 20%)	360,898	201,591
Effects of:		
Tax credit or flat tax	30,931	41,073
Permanent differences	100,278	19,615
Income tax rates differences between countries	159,732	100,306
Deferred tax asset not recognised	(146,913)	262,187
Correction deferred tax not recognised at the opening	-	(841,821)
Other	889	(3,299)
Tax charge for the year	<u>505,815</u>	<u>(220,347)</u>
<b>(c) Factor which may affect future tax charges</b>		
As at the year end, the group had accumulated losses of €9,592,943 (2015: €9,638,910) available for carry forward against future trading profits.		
<b>(d) Deferred tax – group</b>		
The deferred tax included in the balance sheet is as follows:		
Deferred tax asset	384,093	471,307
Deferred tax liability	(510,962)	(151,189)
	<u>(126,869)</u>	<u>320,118</u>

**ALMAS INDUSTRIES LIMITED**
**NOTES TO THE FINANCIAL STATEMENTS (continued)**
**FOR THE YEAR ENDED 31 DECEMBER 2016**
**8. TANGIBLE ASSETS**

	<b>Machinery and equipment €</b>	<b>Other assets €</b>	<b>Total €</b>
<b>Cost</b>			
<b>At 31 December 2014</b>	<b>440,293</b>	<b>780,770</b>	<b>1,221,063</b>
Additions	50,983	309,723	360,706
Reclassification (1)	(131,776)	119,425	(12,351)
Exchange rate movement	(29,023)	260	(28,763)
Disposals	(12,800)	(12,605)	(25,405)
<b>At 31 December 2015</b>	<b>317,677</b>	<b>1,197,573</b>	<b>1,515,250</b>
Additions	181,125	498,004	679,129
Reclassification	75,250	(75,250)	-
Exchange rate movement	28,948	4,752	33,700
Disposals	(98,091)	(205,150)	(303,241)
<b>At 31 December 2016</b>	<b>504,909</b>	<b>1,419,929</b>	<b>1,924,838</b>
<b>Depreciation</b>			
<b>At 31 December 2014</b>	<b>232,817</b>	<b>471,943</b>	<b>704,760</b>
Charge for the period	31,261	216,243	247,504
Reclassification	(37,949)	37,949	-
Exchange rate movement	(5,069)	(6,727)	(11,796)
On disposal	(12,295)	(11,442)	(23,737)
<b>At 31 December 2015</b>	<b>208,765</b>	<b>707,967</b>	<b>916,731</b>
Charge for the period	151,109	199,629	350,738
Exchange rate movement	8,037	13,788)	21,825
On disposal	(76,046)	(200,652)	(276,698)
<b>At 31 December 2016</b>	<b>291,865</b>	<b>720,731</b>	<b>1,012,596</b>
<b>Net Book Value</b>			
At 31 December 2015	108,912	489,606	598,518
<b>At 31 December 2016</b>	<b>213,044</b>	<b>699,198</b>	<b>912,242</b>
		<b>2016</b>	<b>2015</b>
		<b>€</b>	<b>€</b>
The net book value of assets held under finance leases, included above, is as follows:			
Other assets		134,647	112,850

(1) This relates to a reclassification from tangible assets to other non-current receivables relating to deposits.

**ALMAS INDUSTRIES LIMITED**
**NOTES TO THE FINANCIAL STATEMENTS (continued)**
**FOR THE YEAR ENDED 31 DECEMBER 2016**
**9. INTANGIBLE ASSETS**

	Trademarks and licences €	Development expenditure €	Customer Contracts £	Goodwill €	Total €
<b>Cost</b>					
<b>At 31 December 2014</b>	<b>642,658</b>	<b>735,568</b>	<b>175,000</b>	<b>5,399,352</b>	<b>6,952,578</b>
Additions	56,900	209,381	-	-	266,281
Disposals	(6,753)	-	-	-	(6,753)
<b>At 31 December 2015</b>	<b>692,805</b>	<b>944,949</b>	<b>175,000</b>	<b>5,399,352</b>	<b>7,212,106</b>
Additions	31,103	262,448			293,551
Disposals	(3,270)				(3,270)
<b>At 31 December 2016</b>	<b>723,638</b>	<b>1,207,397</b>	<b>175,000</b>	<b>5,399,352</b>	<b>7,502,387</b>
<b>Depreciation</b>					
<b>At 31 December 2014</b>	<b>277,883</b>	<b>90,144</b>	<b>39,488</b>	<b>-</b>	<b>357,515</b>
Charge for the period	109,139	104,543	37,692		251,374
On disposal	(6,745)	-	-	-	(6,745)
<b>At 31 December 2015</b>	<b>330,277</b>	<b>194,687</b>	<b>77,180</b>	<b>-</b>	<b>602,144</b>
Charge for the period	96,362	122,579	36,795		255,736
On disposal	(3,268)				(3,268)
<b>At 31 December 2016</b>	<b>423,371</b>	<b>317,266</b>	<b>113,975</b>	<b>-</b>	<b>854,612</b>
<b>Net Book Value</b>					
<b>At 31 December 2015</b>	<b>362,528</b>	<b>750,262</b>	<b>97,820</b>	<b>5,399,352</b>	<b>6,609,962</b>
<b>At 31 December 2016</b>	<b>300,267</b>	<b>890,131</b>	<b>61,025</b>	<b>5,399,352</b>	<b>6,650,775</b>

The development expenditure capitalised principally relates to developing the products and are amortised when marketed. Goodwill has been allocated to the subsidiaries' cash generation units for impairment testing purposes. The recoverable amount has been determined based on a value in use calculation using risk-adjusted cash flow projections based on financial budgets prepared by the Group. At the year-end no impairment provision was required.

The goodwill allocation is as follows:

	SafeTIC AG	SafeTIC GmbH	Other subsidiaries	Total
	Germany	Austria		
<b>At 31 Dec 2015 &amp; 2016</b>	<b>3,184,566</b>	<b>673,133</b>	<b>1,541,653</b>	<b>5,399,352</b>

**ALMAS INDUSTRIES LIMITED****NOTES TO THE FINANCIAL STATEMENTS (continued)****FOR THE YEAR ENDED 31 DECEMBER 2016****10. INVESTMENTS**

The Group's investment relating to 10% held in Biofive GmbH was disposed during 2016. The company was liquidated and Safetic AG was fully reimbursed for its nominal investment.

**11. INVENTORIES**

	2016 €	2015 €
Raw materials	683,445	682,734
Finished goods	60,152	27,373
Goods for resale	671,893	546,507
	<u>1,415,490</u>	<u>1,256,615</u>

**12. TRADE AND OTHER RECEIVABLES**

	2016 €	2015 €
<b>Non-current</b>		
Other receivables	<u>187,713</u>	<u>125,848</u>
<b>Current</b>		
Trade receivables	2,631,268	2,062,429
Amounts receivable under finance leases	7,656,630	6,029,165
Prepayments	175,033	63,633
Other receivables	<u>480,744</u>	<u>514,758</u>
	<u>10,943,675</u>	<u>8,669,985</u>

**13. TRADE AND OTHER PAYABLES (CURRENT)**

	2016 €	2015 €
Accounts payable	2,608,730	2,445,726
Staff and social security payable	887,368	626,833
Other taxes payable	489,514	545,783
Other payables	239,994	337,186
Accruals and deferred revenues	<u>166,982</u>	<u>204,900</u>
	<u>4,392,588</u>	<u>4,160,428</u>

**14. BORROWINGS**

	2016 €	2015 €
<b>Non-current</b>		
Bank loan	-	7,279
Finance lease liabilities	83,117	62,047
Butler Industries Group loans	<u>12,492,160</u>	<u>11,160,923</u>
	<u>12,575,277</u>	<u>11,230,249</u>
<b>Current</b>		
Bank loan – current portion	703	957
Bank overdrafts	103,705	5,876
Finance lease liabilities	<u>49,992</u>	<u>50,423</u>
	<u>154,400</u>	<u>57,256</u>

Butler Industries Group loans relate to the unsecured loans advanced by the former parent company, Butler Management Limited, and the ultimate company, Butler Industries S.A., and are subject to 3.5% annual interest.

**ALMAS INDUSTRIES LIMITED****NOTES TO THE FINANCIAL STATEMENTS (continued)****FOR THE YEAR ENDED 31 DECEMBER 2016****14. BORROWINGS (continued)****Finance lease liabilities**

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

**Gross finance lease liabilities – minimum lease payments**

	2016 €	2015 €
No later than 1 year	54,813	53,851
Later than 1 year and no later than 5 years	85,756	65,758
Future finance charges on finance leases	(10,461)	(7,333)
<b>Present value of finance lease liabilities</b>	<b>130,108</b>	<b>112,276</b>

**15. TRADE AND OTHER PAYABLES (NON – CURRENT)**

	2016 €	2015 €
Other payables	10,951	13,771

**16. FINANCIAL INSTRUMENTS**

The Group's main financial instruments are comprised of financial assets, loans and cash. The goal of the management of these instruments is the funding of the Group's business activities. Group policy prohibits subscribing for financial instruments for speculative purposes. The Group does not use any financial derivative instruments.

**Exchange rate risk**

Only four subsidiaries are based outside the Euro area: Almas Industries Swiss S.A. in Switzerland, Almas Industries UK Ltd in the UK, BST Brazil in Brazil and BST Hong Kong in Hong Kong. The purpose of these subsidiaries is to distribute and market the Group's products in these countries except for Hong Kong which will be sold in 2017.

The Group's main operational exchange rate risks involve the conversion of the accounts in Swiss Francs ("CHF"), Sterling ("GBP"), Brazilian Real ("BRL") and Hong Kong Dollar ("HKD") of these subsidiaries. The Group is thus exposed to exchange rate variations in these currencies.

The effect of an exchange rate variation should not impact materially the Group's earnings and shareholders' equity.

The main exchange rate risks for investments made in the subsidiary in foreign currency (current accounts) are not considered to be significant for shareholders' equity.

At this stage of development, the Group has not made hedging provisions to protect its business activities against fluctuations in exchange rates. However, the Group cannot rule out that a significant increase in its activity could force it to increase its exposure to exchange rate risks. If that happens, the Group will consider the adoption of a suitable policy to hedge those risks.

**Interest rate risk**

The Group's exposure to interest rate risk primarily affects cash equivalents and investment securities. These consist of money market funds and term deposits. Changes in interest rates have a direct impact on the rate of return on those investments and the cash flows generated.

As of 31 December 2016, the Group's financial debt is not subject to interest rate risk because it relates to a loan from the parent company, on which an interest rate has been agreed.

As of this date, the Group has not contracted loans from credit institutions and therefore has very low exposure to interest rate risk.



**ALMAS INDUSTRIES LIMITED****NOTES TO THE FINANCIAL STATEMENTS (continued)****FOR THE YEAR ENDED 31 DECEMBER 2016****16. FINANCIAL INSTRUMENTS (continued)****Credit risk**

With respect to its clients, the Group does not have a significant concentration of credit risk. The Group's main client is notably the leasers of many end clients. The Group has implemented policies that provide assurances that its clients have an appropriate credit-risk history.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2016 €	2015 €
Trade and other receivables	10,943,675	8,669,985
Cash and cash equivalents	1,878,958	1,798,648
	<u>12,822,633</u>	<u>10,468,633</u>

**Geographic region: mainly in Europe**

The Group policy is to make a provision against those debts that are overdue, unless there are grounds for believing that all or some of the debts will be collected. During the year the value of provisions made in respect of bad and doubtful debts was €107,241, which represented 0.5% of revenue (compared to 0.6% for the previous year).

The Group records impairment losses on its trade receivables separately from gross receivables. The movements on this allowance account during the year are summarised below:

	€
At 31 December 2015	1,104,296
Increase in provisions	109,262
Written off against provisions	(206,976)
Currency difference	1,985
<b>At 31 December 2016</b>	<b><u>1,008,567</u></b>

The main factor used in assessing the impairment of trade receivables is the age of the balances and the circumstances of the individual customer.

**Financial liabilities**

	2016 €	2015 €
Butler Industries Group loan	12,492,160	11,160,923
Bank loan	703	8,236
Finance lease liabilities	133,108	112,470
Bank overdraft	103,705	5,876
	<u>13,927,586</u>	<u>11,287,505</u>

**Interest rate risk**

The Group finances its business through a shareholder loan. As a consequence, the interest rate risk is managed by the Group.

**Foreign currency risk**

The Group's main foreign currency risk is the short term risk associated with accounts receivable and payable denominated in currencies that are not the subsidiaries functional currency. The risk arises on the difference in the exchange rate between the time invoices are raised/received and the time invoices are settled/paid. For sales denominated in foreign currencies the Group ensures that the purchases associated with the sale are in the same currency through the implementation of subsidiaries in the related countries (Switzerland, the UK, Brazil and Hong Kong).

**ALMAS INDUSTRIES LIMITED****NOTES TO THE FINANCIAL STATEMENTS (continued)****FOR THE YEAR ENDED 31 DECEMBER 2016****16. FINANCIAL INSTRUMENTS (continued)**

All monetary assets and liabilities of the Group are denominated in euros with the exception of the following items which are denominated in GBP, CHF, BRL and HKD, and which are included in the financial statements at the euro value based on the exchange rate ruling at the statement of financial position date.

The following table shows the net liabilities in CHF, GBP, BRL and HKD exposed to exchange rate risk that the Group has at 31 December 2016:

	2016 €	2015 €
Trade receivables	2,399,773	2,228,937
Cash and cash equivalents	227,924	595,943
Trade payables	(3,324,314)	(3,182,725)
Finance lease liabilities	(133,108)	(112,470)
	<u>(829,725)</u>	<u>(470,315)</u>

The effect of a strengthening of 10% in the rate of exchange in the currencies against Euro at the statement of financial position date would have resulted in an estimated net decrease in pre-tax profit for the year and an increase in net assets of €21,564 and the effect of a weakening of 10% in the rate of exchange in the currencies against Euro at the statement of financial position date would have resulted in an estimated net increase in pre-tax profit for the year and a decrease in net assets of approximately €8,261.

**17. RETIREMENT BENEFIT OBLIGATIONS**

	2016 €	2015 €
Pension plan provisions	<u>35,655</u>	<u>26,380</u>

The Group operates defined benefit pension plans for its employees of the French subsidiaries.

For defined benefit plans, the costs of retirement benefits are estimated using the projected credit unit method. According to this method, the pension cost is recorded as an expense in order to distribute it evenly over the length of employee service. Retirement commitments are measured at the current value of estimated future payments by applying the rate of return on the highest-grade long-term corporate bonds with maturity dates corresponding to that estimated for the plan. The Group appointed the qualified actuaries to conduct an annual review of the valuation of these plans.

**18. PROVISIONS FOR OTHER LIABILITIES AND CHARGES**

	Lessor buy back €	Bundle contracts buy back €	Maintenance provision €	Other provisions €	Total €
At 31 December 2015	244,000	36,500	1,420,167	15,000	1,710,104
Increase in provisions	20,000	-	184,336	-	204,336
Written off against provisions	(39,000)	(36,500)	(182,250)	-	(257,750)
Currency differences	-	-	1,532	-	1,532
At 31 December 2016	<u>225,000</u>	<u>-</u>	<u>1,423,785</u>	<u>15,000</u>	<u>1,658,221</u>

**a. Lessor buy back provision**

The provision covers the financial risk on some contracts financed by party lessors, which includes buy back obligations for the Group if the end client fails to meet the monthly payment obligations.

**ALMAS INDUSTRIES LIMITED****NOTES TO THE FINANCIAL STATEMENTS (continued)****FOR THE YEAR ENDED 31 DECEMBER 2016****18. PROVISIONS FOR OTHER LIABILITIES AND CHARGES (continued)****b. Bundle contracts buy back provision**

This provision covers the financial risk on contracts sold to third party lessors where the Group collects the monthly rental directly from the clients and is liable to the lessors for their payment. This provision is determined using the cash collection performance on each of the contracts concerned and takes into account the residual life of the contracts.

**c. Other provisions**

This provision covers the financial risks related to a former employee subpoena in front of the Labour Court

**19. SHARE CAPITAL**

	2016 €	2015 €
<b>Allotted issued and fully paid</b>		
402,000 Ordinary shares of £1 each	492,587	492,587

**20. RESERVES**

Full details of movements in reserves are set out in the consolidated statement of changes in equity on page 10. The following describes the nature and purpose of each reserve within owners' equity.

Reserve	Description and Purpose
Foreign exchange	Gains/losses from the retranslation of net assets of overseas operations into Euros
Retained earnings	Cumulative net gains and losses recognised in the consolidated income statement.

**21. LEASING COMMITMENTS**

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2016		2015	
	€		€	
	<i>Land and building</i>	Other	<i>Land and building</i>	Other
No later than 1 year	367,597	62,741	114,909	44,938
Later than 1 year and no later than 5 years	880,706	20,271	451,153	115,533
	1,248,303	83,011	566,062	160,471

**22. RELATED PARTY TRANSACTIONS**

As at December 2016, the Group owed €11,475,315 (2015: €10,595,558) to Butler Management Limited, its former immediate parent company in respect of the Butler Industries Group loans. Interest accruing on these loans amounting to €950,796 (2015: €565,364), and has been included in the accruals as at the year end.

**23. NET INCOME FROM ACTIVITIES HELD FOR SALE**

In 2015, Hong Kong activities related to BST stopped and the company was proceeded investments in Asia on behalf of Butler Industries (ultimate shareholder of the Group). Company will be sold in 2017 to Butler Industries. For this reason, assets and liabilities related to this company are presented as held for sales into 2016's accounts.

**24. ULTIMATE CONTROLLING AND PARENT UNDERTAKING**

The immediate parent undertaking is Butler Industries Benelux, a company incorporated in Belgium. The ultimate parent undertaking is Butler Industries, a company incorporated in France.

The ultimate controlling party is considered to be Mr Butler.

**ALMAS INDUSTRIES LIMITED (Registered Number: 08124771)**

**COMPANY BALANCE SHEET**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

	<i>Notes</i>	<b>2016 €</b>	<b>2015 €</b>
<b>ASSETS</b>			
<b>FIXED ASSETS</b>			
Investments	3	2,464,038	2,464,438
Intangible assets	4	110,235	138,426
Tangible assets	5	267,460	-
<b>TOTAL FIXED ASSETS</b>		<b>2,841,733</b>	<b>2,602,864</b>
<b>CURRENT ASSETS</b>			
Debtors	6	8,287,359	7,181,398
Cash and cash in hand		44,493	21,878
<b>TOTAL CURRENT ASSETS</b>		<b>8,331,852</b>	<b>7,203,864</b>
<b>CREDITORS: amounts falling due within one year</b>	7	(1,265,310)	(637,037)
<b>NET CURRENT ASSETS</b>		<b>7,066,542</b>	<b>6,566,239</b>
<b>CREDITORS: amounts falling due after one year</b>	8	(11,475,163)	(10,518,523)
<b>NET (LIABILITIES)/ASSETS</b>		<b>(1,566,888)</b>	<b>(1,349,420)</b>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	9	492,587	492,587
Retained earnings		(2,059,475)	(1,842,007)
<b>TOTAL (DEFICIT) / EQUITY</b>	10	<b>(1,566,888)</b>	<b>(1,349,420)</b>

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

W Butler

Date: 31/05/2017



# ALMAS INDUSTRIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2016

#### 1. ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

##### **Basis of preparation**

The financial statements have been prepared in accordance with applicable UK accounting standards and under the historical cost convention. The accounts have been prepared on the going concern basis.

##### **Profit and loss account**

Under section 408(4) of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account. The loss for the year ended 31 December 2016 is disclosed in Note 10.

##### **Investments in subsidiaries**

Investments in subsidiaries are stated at cost less amounts provided for impairment.

##### **Intangible fixed assets**

The costs relating to the acquired trademark are recorded as intangible assets in accordance with the recognition criteria specified in IAS 38 for those costs. They are amortised on a straight-line basis over a five years period.

Development costs relating to the new CRM system are amortised on a straight-line basis over a three year period.

##### **Tangible fixed assets**

Tangible assets include devices rented to Spanish customer. As the company acquired these on 31 December 2016, no depreciation charge has been included in the financial statements for the year ended 31 December 2016.

##### **Foreign currencies**

Assets and liabilities in foreign currencies are translated into Euros at closing rates of exchange.

##### **Other financial liabilities**

Other financial liabilities include the following items:

- Amounts owed by group undertakings and other creditors, which are recognised at amortised cost.

#### 2. STAFF COSTS

There were no employees during the period.

#### 3. INVESTMENTS

	Group undertaking €
<b>Cost</b>	
At 31 December 2015	2,464,438
Disposal	(400)
<b>At 31 December 2016</b>	<b>2,664,038</b>

During the period, the Company sold 1 share of Almas Industries Lda (Portugal) to F. Favreau, a director of the company, to ensure the compliance with Portuguese laws.

**ALMAS INDUSTRIES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

**4. INTANGIBLE ASSETS**

	Development costs €	Branding €	Trademarks €	Total €
<b>Cost</b>				
At 31 December 2015	65,000	48,850	193,974	307,824
Additions	-	31,050	-	31,050
<b>At 31 December 2016</b>	<b>65,000</b>	<b>79,900</b>	<b>193,974</b>	<b>338,874</b>
<b>Amortisation</b>				
At 31 December 2015	46,945	-	122,453	169,398
Charge for the period	18,055	1,332	35,880	55,267
<b>At 31 December 2016</b>	<b>65,000</b>	<b>1,332</b>	<b>158,333</b>	<b>224,665</b>
<b>Net Book Value</b>				
At December 2015	18,055	48,850	71,521	138,427
At December 2016	-	78,568	31,667	110,235

**5. TANGIBLE ASSETS**

	Spanish contracts €	Total €
<b>Cost</b>		
Additions	267,460	267,460
<b>At 31 December 2016</b>	<b>267,460</b>	<b>267,460</b>
<b>Amortisation</b>		
Charge for the period	-	-
<b>At 31 December 2016</b>	<b>-</b>	<b>-</b>
<b>Net Book Value</b>		
At 31 December 2016	267,460	267,460

**6. DEBTORS**

	2016 €	2015 €
Trade debtors	426,229	136,676
Amounts owed by group undertakings	7,854,994	7,044,722
Other debtors	6,136	-
	<b>8,287,359</b>	<b>7,181,398</b>

Included in amounts owed by group undertakings above is €7,854,994 (2015: €7,044,722) due after more than one year.

**ALMAS INDUSTRIES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

**7. CREDITORS: Amounts falling due within one year**

	2016 €	2015 €
Trade creditors	283,662	34,177
Other creditors	950,796	565,365
Accruals	30,852	37,494
	<u>1,265,310</u>	<u>637,037</u>

**8. CREDITORS: Amounts falling due after more than one year**

	2016 €	2015 €
Amounts owed to group undertakings	<u>11,475,163</u>	<u>10,518,523</u>

**9. SHARE CAPITAL**

	2016 €	2015 €
<b>Allotted issued and fully paid</b>		
402,000 Ordinary shares of £1 each	<u>492,587</u>	<u>492,587</u>

**10. RESERVES**

	Share Capital €	Profit & Loss Account €	Total €
At 31 December 2015	492,587	(1,842,007)	(1,349,420)
Loss for the period	-	(217,468)	(217,468)
<b>At 31 December 2016</b>	<u>492,587</u>	<u>(2,059,475)</u>	<u>(1,566,888)</u>