

Dialight A/S

Ejby Industrivej 91B

2600 Glostrup

CVR No. 13891443

Annual Report 2016

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 31 May 2017

Bent Kemplar
Chairman

Dialight A/S

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Dialight A/S

Management's Statement

Today, Management has considered and adopted the Annual Report of Dialight A/S for the financial year 1 January 2016 - 31 December 2016.

The Annual Report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the assets, liabilities and financial position of the Company at 31 December 2016 and of the results of the Company's operations for the financial year 1 January 2016 - 31 December 2016.

In our opinion, the Management's Review includes a true and fair account of the matters addressed in the review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Copenhagen, 31 May 2017

Executive Board

Jesper Engesgaard

Supervisory Board

Jesper Engesgaard

Fariyal Khanbabi

Michael George Sutsko

Independent Auditor's Report

To the shareholders of Dialight A/S

Opinion

We have audited the financial statements of Dialight A/S for the financial year 1 January 2016 - 31 December 2016, comprising income statement, balance sheet and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31. december 2016 and of the results of the Company's operations for the financial year 1 January 2016 - 31 December 2016 in accordance with the Danish Financial Statements Act.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The auditor's responsibility for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of financial statement users made on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- * identify and assess the risks of material misstatement of the company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
- * obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- * evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and

Independent Auditor's Report

related disclosures made by Management

- * conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern
- * evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control which we identify during our audit.

Statement on Management's Review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 31 May 2017

KPMG

Statsautoriseret Revisionspartnerselskab

CVR-no. 25578198

Kenn Wolff Hansen

State Authorised Public Accountant

Dialight A/S

Company details

Company	Dialight A/S Ejby Industrivej 91B 2600 Glostrup
Telephone	(+45) 8877 4400
Telefax	(+45) 3582 0099
email	www.dialightbti.com
Website	www.dialightbti.com
CVR No.	13891443
Date of formation	1 January 1990
Registered office	Glostrup
Financial year	1 January 2016 - 31 December 2016
Supervisory Board	Jesper Engesgaard Fariyal Khanbabi Michael George Sutsko
Executive Board	Jesper Engesgaard
Auditors	KPMG Statsautoriseret Revisionspartnerselskab Dampfærgevej 28 2100 København Ø CVR-no.: 25578198

Management's Review

Principal activities of the Company

The principal activities of the Company consist of development, production and trading activity mainly within aircraft warning signal lighting and maritime navigation equipment for windmills and any related business in connection with this according to the Board of Director's assessment.

Development in activities and financial matters

The Company's Income Statement of the financial year 1. januar 2016 - 31. december 2016 shows a result of DKK 4.950 thousand and the Balance Sheet at 31. december 2016 shows a balance sheet total of DKK 30.406 thousand and an equity of DKK 22.517 thousand.

Post financial year events

After the end of the financial year, no events have occurred which may change the financial position of the entity substantially.

Dialight A/S

Income Statement

	Note	2016 DKK '000	2015 DKK '000
Gross profit		26.623	24.689
Staff costs	1	-20.360	-19.441
Depreciation of property, plant and equipment		-230	-145
Profit from ordinary operating activities		6.033	5.103
Financial income		167	447
Financial expenses		-1	-11
Profit before tax		6.199	5.539
Tax expense	2	-1.249	-1.245
Profit		4.950	4.294
Proposed distribution of results			
Proposed dividend recognised in equity		8.927	9.783
Retained earnings		-3.977	-5.489
Distribution of profit		4.950	4.294

Dialight A/S

Balance Sheet as of 31. December

	Note	2016 DKK '000	2015 DKK '000
Assets			
Fixtures, fittings, tools and equipment	3	520	594
Leasehold improvements	4	392	435
Property, plant and equipment		912	1.029
Fixed assets		912	1.029
Manufactured goods and goods for resale		6.062	5.441
Inventories		6.062	5.441
Trade receivables		13.364	14.487
Receivables from group enterprises		8.763	9.575
Tax receivables		0	283
Other receivables		676	539
Prepayments		560	517
Receivables		23.363	25.401
Cash and cash equivalents		69	3.146
Current assets		29.494	33.988
Assets		30.406	35.017

Dialight A/S

Balance Sheet as of 31. December

	Note	2016 DKK '000	2015 DKK '000
Liabilities and equity			
Contributed capital		500	500
Retained earnings		13.090	17.067
Proposed dividend		8.927	9.783
Equity	5	22.517	27.350
Provisions for deferred tax		7	31
Warranty provisions		423	496
Provisions		430	527
Prepayments received from customers		0	824
Trade payables		4.708	4.331
Payables to group enterprises		786	723
Tax payables		208	0
Other payables		1.757	1.262
Short-term liabilities other than provisions		7.459	7.140
Liabilities other than provisions		7.459	7.140
Liabilities and equity		30.406	35.017
Contingent liabilities	6		
Ownership	7		

Notes

	2016	2015
	DKK '000	DKK '000
1. Staff costs		
Wages and salaries	15.957	16.503
Pensions	1.905	1.923
Social security contributions	209	208
Other employee expenses	2.289	807
	20.360	19.441
Average number of employees	27	25
2. Tax expense		
Current tax for the year	1.398	1.226
Deferred tax for the year	-24	78
Adjustment of tax concerning previous years	-125	-59
	1.249	1.245
3. Fixtures, fittings, tools and equipment		
Cost at the beginning of the year	1.566	1.079
Addition during the year, incl. improvements	113	487
Cost at the end of the year	1.679	1.566
Depreciation and amortisation at the beginning of the year	-972	-877
Depreciation for the year	-187	-95
Impairment losses and depreciation at the end of the year	-1.159	-972
Carrying amount at the end of the year	520	594

Notes

	2016 DKK '000	2015 DKK '000
4. Leasehold improvements		
Cost at the beginning of the year	882	633
Addition during the year, incl. improvements	0	450
Disposal during the year	0	-201
Cost at the end of the year	882	882
Depreciation and amortisation at the beginning of the year	-447	-491
Amortisation for the year	-43	-50
Reversal of impairment losses and amortisation of disposed assets	0	94
Impairment losses and amortisation at the end of the year	-490	-447
Carrying amount at the end of the year	392	435

5. Equity

	Contributed capital	Retained earnings	Proposed dividend	Total
Equity, beginning balance	500	17.067	9.783	27.350
Dividend paid	0	0	-9.783	-9.783
Proposed distribution of results	0	-3.977	8.927	4.950
	500	13.090	8.927	22.517

The share capital consist of 500 shares of a nominal value of DKK 1.000 each. All shares rank equally.

The share capital has remained unchanged for the last 5 years.

6. Contingent liabilities

Rental and lease obligations (operating leases) falling due within five years total DKK 2,782 thousand (2015: DKK 3,108 thousand).

7. Ownership

The following shareholders are registered in the Company's register of shareholders as holding at a minimum 5% of the voting rights or a minimum of 5% of the share capital:

Dialight Plc.
Leaf C, Level 36,
Tower 42, 25 Old Broad Street,
London EC2N 1QH

The consolidated financial statements of Dialight Plc. are available at the Company's address or on the website www.dialightplc.com.

Notes

8. Accounting policies

Reporting Class

The Annual Report of Dialight A/S for 2016 has been presented in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

As from 1 January 2016, the Company has implemented Act no. 738 of 1 June 2015 (The new Danish Financial Statement Act). The implementation has no monetary effect on the income statement or the balance sheet for 2016 or for the comparative figures.

Foreign currency translation

Transactions denominated in foreign currencies are translated at the exchange rates at the dates of transaction. Foreign exchange differences arising between the exchange rates at the transaction date and the dates of payment are recognised in the income statement as financial income or expenses.

Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose is recognised in the income statement as financial income and expenses.

Non-current assets acquired in foreign currencies are measured at the exchange rates at the date of transaction.

Income Statement

Gross profit

The Company uses the provisions in section 32 of the Danish Financial Statements Act, and accordingly, the Company's revenue is not disclosed.

Revenue

Income from the sale of goods for resale and finished goods is recognised in the income statement, provided that the transfer of risk to the buyer have taken place, and the income may be reliably measured and is expected to be received.

Revenue is measured at the fair value of the agreed consideration, excluding VAT and other indirect taxes charged on behalf of third parties. All discounts granted are recognised in revenue.

Other operating cost

Other operating costs comprise items secondary to the Company's activities, including losses on the sale of property, plant and equipment.

Staff expenses

Staff expenses comprise wages and salaries, pensions and social security costs.

Financial income and expenses

Financial income and expenses comprise interest income and interest expense, gains and losses on receivables and payables and transactions denominated in foreign currencies as well as surcharges and refunds under the on-account tax scheme, etc.

Notes

Tax on net profit for the year

Tax for the year comprises of current tax for the year and changes in deferred tax, including changes in tax rates. The tax expense attributable to the profit/loss for the year is recognised in the income statement, whereas the tax expense attributable to equity transactions is recognised directly in equity.

Balance Sheet

Property, plant and equipment

Fixtures and fittings, tools and equipment and leasehold improvements are measured at cost less accumulated depreciation and impairment losses. Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of selfconstructed assets comprises direct and indirect costs of materials, components, subsuppliers and wages and salaries.

The basis of depreciation is cost less any projected residual value after end of the useful life. Depreciation is provided on a straight-line basis over the expected useful life. The estimated useful lives are as follows:

	Useful life
Other fixtures and fittings, tools and equipment	1-5 years
Leasehold improvements	3-5 years

Depreciation is recognised as a separate item in the income statement.

Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

Impairment of fixed assets

The carrying amount of property, plant and equipment is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation.

If there are indications of impairment, an impairment test is carried out for each asset or group of assets. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets, incl. forecast net cash flows from the disposal of the group of assets after the end of the useful life.

Inventories

Inventories are measured at cost in accordance with the standard cost method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Finished goods and goods for resale are measured at cost, comprising purchase price plus delivery costs.

The net realisable value of inventories is calculated as the sales amount less costs of completion and cost necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

Notes

Receivables

Receivables are measured at amortised cost.

Write-downs is made for bad debts losses where there is an objective indication that a receivable has been impaired. If there is an objective indication that a receivable has been impaired, write-down is made.

Write-downs are calculated as the difference between the carrying amount of receivables and the present value of expected cash flows.

Prepayments

Prepayments comprise prepaid expenses relating to subsequent financial years.

Dividend

Proposed dividend is shown as a separate item under equity. Dividend is recognised as a liability at the date of adoption at the annual general meeting.

Warranties

Warranties comprise expected costs for remedy of work within the warranty period. Warranties are determined based on past experience with warranty work.

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on taxable income for the year adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured in accordance with the tax rules and tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Changes in deferred tax due in changes to tax rates are recognised in income statement.

Liabilities other than provisions

Liabilities other than provisions are measured at amortised cost, corresponding to nominal value.