

GLORY GLOBAL SOLUTIONS (INTERNATIONAL) LIMITED

Annual Report and Financial Statements

For the year ended 31 March 2017

(Registered Number: 06569621)

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Registered Address

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Directors

Akihiro Harada
Masato Ishida
Martin Rose
Michael Williams

Company Secretary

Martin Rose

Bankers

Lloyds Bank plc
2 Winchester Street
Basingstoke
Hampshire
RG21 7EB

Auditor

Deloitte LLP
Statutory Auditor
2 New Street Square
London
EC4A 3BZ
United Kingdom

Strategic Report

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

Glory Global Solutions (International) Limited ("the Company") operates in the worldwide cash handling market. Glory Global Solutions ("GGS") provides global cash optimisation across multiple sectors including banking, retail and gaming. It also undertakes the majority of research and development for the GGS group through a branch located in Bern, Switzerland.

The Company organises its solution suite under four main areas of expertise:

GGS Platforms Technology

GGS has a 100 year heritage of innovation, delivering a comprehensive range of technology systems encompassing cash dispensing and recycling, note and coin counting, self service solutions and integrated technology (OEM) mechanisms.

Individually, each technology platform addresses specific market needs and when combined within a complete GGS solution they drive business efficiency, enhance service and enable cost reduction.

GGS Total Support Services

The GGS service provision is a key differentiator for the business and covers both own manufactured and third party installations. The nature of service is changing and expanding, and globally within GGS, over 1,300 field engineers, customer service specialists and other support staff install, commission, maintain, upgrade and provide specialist services and expertise to ensure the availability of mission critical systems.

GGS Professional Services

Professional services represent the Glory Global Solutions Group's ("the Group") ability to dynamically affect customer efficiency, and ultimately profitability, through the adoption of a consultative approach.

GGS delivers unique insight into the entire cash cycle, incorporating needs assessment and pilot projects through to full scale deployment, benchmarking and return on investment analysis.

GGS has built relationships with a number of strategic partners in this area to deliver optimum business value to customers including the areas of workforce optimisation and branch design.

GGS Software Systems

Increasingly, customers need to integrate potentially diverse cash management technology. Connectivity solutions delivered by GGS, and carefully selected strategic partners, improve communications and increase access to key performance data delivering valuable business intelligence.

RESULTS AND DIVIDENDS

Results are presented for the year ended 31 March 2017.

Revenue for the year was \$374,752,000 (2016: \$331,206,000) resulting in a gross profit of \$77,002,000 (2016: \$73,453,000), giving a gross margin of 20.5% (2016: 22.2%). Administrative, selling and distribution costs excluding amortisation and exceptional items were \$87,314,000 (2016: \$81,444,000).

Operating profit excluding amortisation of trade names, customer relationships and technology and exceptional items was \$55,740,000 (2016: \$43,997,000) which is 14.9% of turnover (2016: 13.3%).

Total financial income for the year was \$1,214,000 (2016: \$161,000). Total finance expense for the year was \$3,559,000 (2016: \$5,990,000). After taxation, financing costs, exceptional items, amortisation and management charges the Company made a profit of \$45,077,000 (2016: \$26,560,000). The profit has been taken to reserves. No dividends have been paid during the year (2016: \$nil).

The Company operates pension schemes across its operations. Details of the schemes are disclosed in note 17 to the financial statements. The scheme administered for employees based in the United Kingdom is a defined contribution scheme. The scheme administered for employees based in Switzerland is a defined benefit scheme.

Strategic Report

KEY PERFORMANCE INDICATORS

The business monitors a number of financial and operational Key Performance Indicators ('KPIs') as part of the on-going management of its operations. The Company's key financial and other performance indicators (excluding intangible amortisation and exceptional items) during the year were as follows:

	2017	2016
Revenue	374.8m	331.2m
Percentage of revenue:		
Gross profit	20.5%	22.2%
Administrative expenses	9.4%	9.3%
Operating profit before amortisation of customer relationships and technology	15.0%	13.3%
EBITDA	17.5%	15.5%

EMPLOYEE MATTERS

The Company is committed to continuing its record as an equal opportunities employer and encourages diverse and inclusive approaches to employment within its international business. Employees are actively encouraged to develop their skills and capabilities through performance appraisal and individual development programmes. The Company continues to invest globally in a range of employee learning programmes including leadership, sales and technical training.

GGs promotes an open communication culture across the business in terms of one-to-one contact on a day-to-day basis. In turn, this is supported by employee forums/work councils whereby elected employees represent broader employee interests through engagement with management. The Company's 'Great Place To Work' (GPTW) scheme also actively encourages the expression of employee views and opinions, acting as a channel for feedback on the working environment and as a means for employee participation in effecting change. The Company has a defined Internal Communications programme and is committed to ensuring employees are actively informed and engaged on areas of particular importance to the business. Regular internal news communications and quarterly updates from the CFO are distributed to all employees in local language via the employee Intranet.

The health and wellbeing of employees is of prime importance and the Company has in place a number of global initiatives including web based training for all service engineers. A system of audits that review Health and Safety ('H&S') processes in all sites and the employment of a third party property risk consultant help ensure working environments that protect employees. The Company continues to monitor H&S KPIs at both site and board level.

The Company also encourages the promotion of local initiatives which range from one-to-one driver training for service personnel, third party evaluations and assessments of workshop facilities and service operations, blood pressure screenings, access to sport activities and free flu vaccines.

The Company promotes a healthy work-life balance and will consider individual flexible work arrangements. These arrangements require management approval and must be aligned with the operational workload.

Disabled employees

Applications for employment by disabled people are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled people should, as far as possible, be identical to that of other employees.

Company policy documentation in relation to all areas of employment is available on the Intranet and includes: Human Rights, Health & Safety, Young Workers, Equal Opportunities, Disciplinary, Anti-Corruption, Whistle Blowing & Grievance.

SOCIAL AND COMMUNITY ISSUES

The Company strives to play an active role in social and community issues and encourages staff to be involved with community projects. A commitment from both management and staff in this regard is considered an important part of GGS' role as a responsible corporate citizen.

Strategic Report

At the beginning of each fiscal year, management will determine the focus for social collaboration throughout the year.

The community investment has 3 main components:

Charitable Donations

GGs is an active sponsor of social causes donating money and goods to registered charitable organisations.

Furthermore, the Company encourages employees to undertake individual or group fund raising activities using the framework of the business as a means to communicate and promote the activity and raise donations.

Voluntary Work

Within operational constraints the Company will allow staff to donate their time to local causes and will accommodate requests for time away from the office (on an unpaid basis or in own time) to engage in community activities, in particular where there is a learning opportunity for the employee in addition to a benefit for the charitable organisation.

Tax Efficient Charitable Schemes

The Company runs Payroll Giving or Give as You Earn Schemes. These are an extremely easy and cost-effective way for employees to make charitable contributions without the administrative and cost implications usually involved. GGS encourages this kind of employee initiative as a way of participating in community projects.

RESEARCH AND DEVELOPMENT

GGs has a heritage of innovation which continues to be developed through enhancements to existing products, enabling the business to maintain market leadership within an evolving industry. The Company is dedicated to the development of new inventive solutions, to align with customer needs and developments in technology.

GGs and our parent company have over 300 patents and designs granted across 34 countries and the Company remains committed to an extensive programme of Research and Development. This investment is undertaken in order to build new capability to satisfy customers' current and future needs and enlarge the Company's intellectual property portfolio. Areas include software, electromechanical technology and detection capability. During the year, several new product extensions and features were delivered to market and both mid-term and long-term product and technology roadmaps are in place.

GGs firmly believes that the wealth of knowledge and inherent expertise of employees is one of the main contributing factors to the Company's success in this area and recognises this contribution through the GGS Patent Incentive Award Scheme. The scheme focuses on technical innovation and is designed to reward employees who originate a patentable idea which has commercial potential.

Working closely with currency issuers, prototyping and research continues in key detection capabilities. In terms of software development and connectivity, GGS is engaged in a number of projects both internally and with partners to continually enhance the ability to connect GGS products into ever more demanding customer IT environments.

KEY CONTRACTUAL ARRANGEMENTS

GGs has a significant number of long term relationships with customers around the globe, providing a combination of service, solutions and technology. A high proportion of the teller automation technology sold is covered by managed service contracts. These are often multi-year agreements providing a solid base on which to plan the support services part of the business.

GGs has formed an alliance with the Venture Group, a subsidiary of Venture Corporation Limited, a global electronics services provider based in Singapore. The centrepiece is a state-of-the art facility in Pudong, Shanghai, which employs more than 850 workers, including approximately 40 GGS employees. The manufacturing facility is being used for the production of the Vertera® teller cash recycler, Benchmark teller cash dispenser, and CashStar automated teller machines, all used in bank branches across the world.

The relationship is governed by a Managed Service Agreement. These arrangements ensure GGS retains control over design, specification and quality whilst benefiting from the scale of these partners' procurement and other supply chain operations and their state of the art assembly facilities. The Agreements reinforce GGS' intellectual property rights by automatically assigning to GGS any jointly developed inventions.

GGs has similar arrangements with other, smaller indirect manufacturing partners in South Korea, to ensure the robustness of our supply chain and to improve our sales competitiveness worldwide.

Strategic Report

FUTURE DEVELOPMENTS

The Company continues to strive to be the partner of choice for customers in its target markets through end-to-end cash management solutions which deliver real business benefits to its customer base. The continued growth of cash in circulation and the forecast increase in demand for solutions to enable its effective and efficient handling, provide the confidence for the continued growth of GGS. The geographic coverage of the Company ensures it is ideally placed to take advantage of the forecast signs of economic recovery whilst the business critical service provision provides a key differentiator in the marketplace. Both factors provide a solid platform to deliver revenue and profit growth.

PRINCIPAL RISKS AND UNCERTAINTIES

The Directors are responsible for the identification and management of key business risks. A risk management policy for the GGS Group has been approved by the Main Board of Glory Global Solutions Limited. Glory Global Solutions (International) Limited has adopted this policy. The key aspects of this policy can be summarised as follows:

Risk management is the systematic process to positively identify, assess, treat and manage risks – which either threaten the Company's resources or provide beneficial opportunities – in order to enable the Company's business objectives to be achieved.

Risks are owned and managed at the designated functions where the risk resides. A common Risk Management System and reporting procedures have been implemented to allow overall risk to be identified and managed.

The operation of the Risk Management System enables the Company to understand and communicate the risks which the Company faces and accepts in order to ensure that these are positively managed at every level.

The key risks facing the Company are analysed into four categories below:

Market Risks

The business operates in competitive markets. It addresses the associated risks by actively promoting the GGS brand, predominantly via marketing collateral and customer events, designing and developing market leading hardware and software solutions and close contact with the end customer to fully understand their requirements.

Financing Risks

The Company is exposed to the performance of the Glory group as a whole. The Company carries a substantial amount of inter-company loan finance which attracts interest based on a fixed rate.

Operational Risks

The Company faces a number of manufacturing and supply chain exposures.

Product development programmes are managed through a central, gated process. Sufficient technical skills are maintained within the Company to sustain and develop its range of products and solutions. On major projects, external sources of advice and expertise are generally engaged. GGS' process features early modelling and simulation, allowing the Company to identify potential design and implementation shortcomings well before the first prototypes are finished. Quality risks commonly appear first in Manufacturing. Moving Sustaining Engineering closer to Manufacturing provides GGS with a proactive and efficient risk mitigation structure.

Where the product is outsourced, partners are selected only after a process of operational and financial due diligence. Long term relationships are built with key suppliers and contingency plans for potential supplier failure are reviewed regularly.

End of line quality assurance processes are a feature of GGS' supply chain management whether product is manufactured in-house or built to GGS' design by third party partners. In China, where a number of GGS' partners are located, there is a GGS team responsible for transitioning new products into the supply base and managing these suppliers.

Business continuity plans are in place to cover a break in supply. Fire risk is managed by an experienced firm of external consultants, supervised by the Company's Environmental Health & Safety ("EHS") Manager.

Strategic Report

Health and Safety is a standing item on the agenda of the GGS Group's Management Board. Performance is benchmarked against similar manufacturing and service organisations. EHS co-ordinators on each site are trained to recognised international standards.

Control Risks

A number of key powers are reserved for the Glory Global Solutions Main Board and GLORY Limited, the group's parent company in Japan.

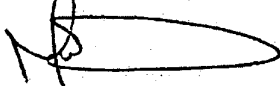
Authority is then delegated to senior management via minuted delegated authority, powers of attorney and the Company authority schedule. Senior management have significant industry experience and possess the relevant technical qualifications to perform their roles. Additional technical and legal training is provided as required by changes in the external environment.

The company has a Compliance and Internal Audit Director who leads an internal audit department to carry out a programme of internal control reviews across the business. These reports are reviewed by Glory Global Solutions Group's Audit and Risk Committee and recommendations are monitored.

As the company is a member of the Glory Group of Japan, it adheres to internal control requirements for the purposes of JSOX.

Through the processes noted above and by making specific enquiries of key management and commercial personnel, the Directors have satisfied themselves that the control processes within the Company are operating properly and key risks are being managed in a cost effective manner.

On behalf of the Board



Michael Williams
Director
13 December 2017

Directors' report

The Directors present their annual report and the audited financial statements for the year ended 31 March 2017 for the Company, registered number 06569621, (the 'Company').

OWNERSHIP

The equity is made up of 18,442,466 ordinary shares. All shares are of £1 value fully paid. Glory Global Solutions (Holdings) Limited owns 100% of the share capital of the Company.

ENVIRONMENTAL MATTERS

The Company has a solid foundation in environmental management and is committed to a process of continuous performance improvement and has recently been recognised by winning the Oracle Sustainability Innovation award.

GGs complies with all current environmental legislation and is committed to a process of continual improvement, including the on-going assessment and reduction in use of raw materials and CO₂ footprint.

In respect of product design, the Company continues to utilise the services of a world renowned eco consultancy and works actively to reduce the carbon burden generated by our products, supply chain, and services. This applies to both the manufacturing and distribution phase, where we focus on recycling and limiting waste, and also during the 'in use' part of the life cycle where we focus on reducing energy usage, with all newer products configured to enter lower-energy standby modes when not in use.

The Company continually monitors and implements initiatives to address environmental issues such as: reduction of electrical and water consumption, recycling of materials, motion sensitive light switches and the centralising of facilities such as copiers and printers. The service operation utilises electronic management processes to ensure minimal travel distances and use of paper by engineers, thus making more efficient use of fuel, reducing paper waste, and thereby reducing the Company's carbon footprint.

In terms of Waste Electrical and Electronic Equipment ('WEEE') Regulations, GGS actively assists customers with compliance for products deemed to be end of life. GGS also complies with the RoHS, REACH and Battery EU Directives.

Initiatives have been undertaken to reduce packaging levels and to ensure that parts used in the manufacturing process are shipped more efficiently. Within the supply chain processes used by the Company, major tier one partners also hold ISO14001 registration.

DIRECTORS

The directors of the Company since 1 April 2016 to the date of these financial statements are as follows:

Akihiro Harada appointed 1 April 2016

Masato Ishida appointed 1 April 2015

Martin Rose appointed 13 December 2013

Michael Williams appointed 23 May 2014

DIRECTORS' INTERESTS AND INDEMNITY ARRANGEMENTS

At no time during the year did any Director hold a material interest in any contract of significance with the Company other than an indemnity provision between each Director and the Company and service contracts between each Director and a Group company.

The Company has purchased and maintained throughout the year, Directors' and Officers' liability insurance in respect of itself and its Directors. The Directors also have the benefit of the indemnity provision contained in the Company's articles of association. The Company has in place further indemnities for the benefit of each Director of the Company and each person who was a Director of the Company during the year in respect of liabilities which may attach to them in their capacity as Directors of the Company or of associated companies.

These indemnities were granted at different times according to the law in place at the time and where relevant, are qualifying third-party indemnity provisions as defined by Section 234 of the Companies Act 2006. These indemnities were in force throughout the year and are currently in force.

Directors' report

PAYMENTS TO SUPPLIERS

The Company's policy is that suppliers are paid on the basis of agreed terms. The average number of days credit provided by suppliers to the Company has been calculated at 39 days as at 31 March 2017 (2016: 40 days).

DISCLOSURE OF INFORMATION TO THE AUDITOR

Each current Director has made enquiries of their fellow Directors and the Company's auditor and taken all the steps that they are obliged to take as a Director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Relevant audit information is that information needed by the auditor in connection with preparing its report. So far as each Director approving this report is aware, and based on the above steps, there is no relevant audit information of which the auditor is unaware.

GOING CONCERN

The Company's business activities and factors likely to affect its future development, performance and position are set out earlier in this report. In addition, the financial statements include notes on the Company's debt and other risk factors. The Company is also linked with the factors affecting the Glory Group of Japan.

At the balance sheet date the Company has net current liabilities of \$45,070,000. Included within these are amounts payable to parent and fellow subsidiary undertakings of \$88,463,000 which are repayable on demand. The Directors of the Company are also the directors of the parent undertaking and are therefore confident that these amounts will not be called within 12 months of the date these financial statements are approved. Excluding these amounts the company has net current assets of \$43,393,000. The Directors have assessed the cash flows and forecast profitability of the Company into the foreseeable future and are confident that the company will meet its debts as they fall due. After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they have adopted the going concern basis in preparing the financial statements.

APPOINTMENT OF AUDITOR

During the year, Deloitte LLP were reappointed as auditor by the members of the Board in accordance with section 485 of the Companies Act 2006.

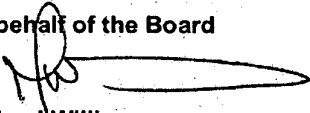
EVENTS AFTER THE REPORTING YEAR

On 1st April 2017 the Company became the direct shareholder of Glory Global Solutions Inc, Glory Global Solutions (Singapore) PTE. LTD. (and its subsidiary undertaking Glory Currency Automation India Private Limited) and Glory Global Solutions (Hong Kong) Limited. Further information is detailed within note 23.

On 28th April 2017 the Company redenominated its existing Ordinary share capital from £1.00 to \$1.25. This transaction reduced the value of share capital down to \$23,053,000 creating an increase to the foreign currency translation reserve of \$11,649,000.

There were no other subsequent events after 31 March 2017.

On behalf of the Board



Michael Williams
Director
13 December 2017

Directors' Responsibility Statement

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the 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 state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

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

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditor's Report to the Members of Glory Global Solutions (International) Limited

We have audited the financial statements of Glory Global Solutions (International) Limited for the year ended 31 March 2017 which comprise the income statement, statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flow and the related notes 1 to 24. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

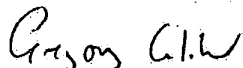
Opinion on other matters prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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



Gregory Culshaw ACA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
United Kingdom
13 December 2017

Income statement
for the year ended 31 March 2017

	Note	2017			2016		
		Before exceptional items	Exceptional items (Note 5.8)	Total	Before exceptional items	Exceptional items (Note 5.8)	Total
		\$000	\$000	\$000	\$000	\$000	\$000
Continuing operations							
Revenue	5.1	374,752	-	374,752	331,206	-	331,206
Cost of sales		(297,750)	-	(297,750)	(257,753)	-	(257,753)
Gross profit		77,002	-	77,002	73,453	-	73,453
Other income	5.2	66,052	-	66,052	51,988	-	51,988
Selling and distribution costs		(51,511)	-	(51,511)	(50,670)	-	(50,670)
Administrative expenses		(35,803)	563	(35,240)	(30,774)	138	(30,636)
Operating profit before amortisation of customer relationships and technology		55,740	563	56,303	43,997	138	44,135
Amortisation of customer relationships and technology	9	(4,355)	-	(4,355)	(5,229)	-	(5,229)
Operating profit		51,385	563	51,948	38,768	138	38,906
(Loss) on disposal of fixed assets		-	-	-	(29)	-	(29)
Financial income	5.3	1,214	-	1,214	161	-	161
Financial expenses	5.4	(3,559)	-	(3,559)	(5,990)	-	(5,990)
Profit before tax		49,040	563	49,603	32,910	138	33,048
Taxation	6	(4,413)	(113)	(4,526)	(6,461)	(27)	(6,488)
Profit for the year		44,627	450	45,077	26,449	111	26,560

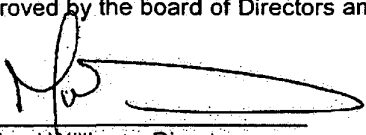
Statement of comprehensive income for the year ended 31 March 2017

	Note	2017 \$000	2016 \$000
Profit for the year		45,077	26,560
Other comprehensive income:			
Items that may be reclassified subsequently to profit loss:			
Foreign currency translation difference for foreign operations		49	33
Items that will not be reclassified subsequently to profit loss:			
Actuarial gains/(losses) on retirement benefit obligations	17	584	(884)
Income tax charge/credit on income and expenses recognised directly as equity		(123)	203
Other comprehensive gain/(loss) for the year		510	(648)
Total comprehensive income for the year		45,587	25,912

Statement of financial position
as at 31 March 2017

	Notes	2017 \$000	2016 \$000 Restated	2015 \$000
Assets				
Non-current assets				
Property, plant and equipment	8	2,157	3,098	2,670
Intangible assets	9	184,184	195,729	203,237
Trade receivables		17,479	14,986	22,014
Borrowings due from other group undertakings		2,707	2,606	2,504
Investments	7	19	19	19
		206,546	216,438	230,444
Current assets				
Inventories	11	38,078	35,538	27,251
Trade and other receivables	12	92,777	87,021	97,569
Income tax receivable		-	-	687
Borrowings due from parent undertakings		436	500	514
Borrowings due from other group undertakings		2,595	1,442	319
Cash and short-term deposits	13	46,114	27,567	10,116
		180,000	152,068	136,456
Total assets		386,546	368,506	366,900
Liabilities				
Current liabilities				
Borrowings due to parent undertakings	14	(63,675)	(97,371)	(111,247)
Other borrowings	14	(24,788)	(28,819)	(29,748)
Trade and other payables	15	(130,781)	(123,770)	(133,465)
Income tax payable		(3,990)	(2,570)	(3,231)
Provisions	16	(803)	(1,007)	(806)
Other current liabilities		(1,033)	(571)	(2,257)
		(225,070)	(254,108)	(280,754)
Non-current liabilities				
Deferred tax liability	6	(2,576)	(5,521)	(5,909)
Retirement benefit obligations	17	(1,742)	(3,192)	(2,209)
		(4,318)	(8,713)	(8,118)
Total liabilities		(229,388)	(262,821)	(288,872)
Net assets		157,158	105,685	78,028
Equity				
Ordinary share capital	19	34,702	34,702	34,702
Foreign currency translation reserve		(2,955)	(8,890)	(10,635)
Retained earnings		125,411	79,873	53,961
Total equity		157,158	105,685	78,028

The financial statements of Glory Global Solutions (International) Limited (registered number 06569621) were approved by the board of Directors and authorised for issue on 13 December 2017 and signed on its behalf by:


Michael Williams, Director

Statement of changes in equity
For the year ended 31 March 2017

	Notes	Ordinary share capital \$'000	Retained earnings \$'000	Foreign currency translation reserve \$'000	Total \$'000
At 1 April 2016 (restated)		34,702	79,873	(8,890)	105,685
Profit for the year			45,077		45,077
Other recognised income and (expense)	19		461	5,935	6,396
At 31 March 2017		34,702	125,411	(2,955)	157,158

For the year ended 31 March 2016

	Notes	Ordinary share capital \$'000	Retained earnings \$'000	Foreign currency translation reserve \$'000	Total \$'000
At 1 April 2015		34,702	53,961	(10,635)	78,028
Profit for the year			26,560		26,560
Other recognised income and (expense)			(648)	1,745	1,097
At 31 March 2016 (restated)		34,702	79,873	(8,890)	105,685

Statement of cash flows
for the year ended 31 March 2017

	Notes	2017 \$000	2016 \$000
Operating activities			
Net cash flows from operating activities	22	55,007	43,696
Investing activities			
Purchase of property, plant and equipment	8	(668)	(2,110)
Purchase of intangible assets	9	(3,223)	(3,292)
Investments acquired	7		
Net cash flows used in investing activities		(3,891)	(5,402)
Financing activities			
Funding to fellow group undertakings		(22,557)	(11,667)
Interest received		194	116
Interest paid		(3,494)	(4,182)
Net cash flows from financing activities		(25,857)	(15,733)
Net increase in cash and cash equivalents		25,259	22,561
Net foreign exchange differences		(6,712)	(5,110)
		18,547	17,451
Cash and cash equivalents at 1 April	13	27,567	10,116
Cash and cash equivalents at 31 March	13	46,114	27,567

Notes to the Company Financial Statements

1. CORPORATE INFORMATION

The financial statements of Glory Global Solutions (International) Limited ('the Company') for the year ended 31 March 2017 were authorised for issue in accordance with a resolution of the board.

The Company is a limited company incorporated and domiciled in England and Wales. The registered office is located at Infinity View, 1 Hazelwood, Lime Tree Way, Chineham, Basingstoke in England.

2.1 BASIS OF PREPARATION

The financial statements have been prepared on a historical cost basis. The financial statements are presented in US Dollars and all values are rounded to the nearest thousand (\$000) except when otherwise indicated.

Going concern

The Company's business activities and factors likely to affect its future development, performance and position are set out earlier in the Directors' Report. In addition the financial statements include notes on the Company's debt, contingent liabilities and other risk factors.

The Company's performance is also linked with the factors affecting the Glory Group.

At the balance sheet date the Company has net current liabilities of \$45,070,000. Included within these are amounts payable to parent and fellow subsidiary undertakings of \$88,463,000 which are repayable on demand. The Directors of the Company are also the directors of the parent undertaking and are therefore confident that these amounts will not be called within 12 months of the date these financial statements are approved. Excluding these amounts the company has net current assets of \$43,393,000. The Directors have assessed the cash flows and forecast profitability of the Company into the foreseeable future and are confident that the company will meet its debts as they fall due.

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they have adopted the going concern basis in preparing the financial statements.

Statement of compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the EU and the Companies Act 2006.

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURE

The following new and revised Standards and Interpretations have been adopted in the current year. Their adoption has not had any significant impact on the amounts reported in these financial statements but may impact the accounting for future transactions and arrangements.

IAS 27 Equity Method in Separate Financial Statements (Amendment)	Amends IAS 27 Separate Financial Statements to permit investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements.
IAS 1 Disclosure initiative (Amendment)	The amendment clarifies that information should not be obscured by aggregating or by providing immaterial information, emphasising materiality considerations apply to the all parts of the financial statements. It also provides clarification that the list of line items to be presented in the statements can be disaggregated and aggregated as relevant.
IAS 16 and IAS 38 Acceptable Methods of Depreciation and Amortisation (Amendment)	The amendment clarifies the depreciation method and introduces a rebuttable presumption that an amortisation method that is based on the revenue generated by an activity that includes the use of an intangible asset is inappropriate, which can only be overcome in limited circumstances.

Notes to the Company Financial Statements

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value. Acquisition costs incurred are expensed. When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions at the acquisition date.

Goodwill is initially measured at cost being the excess of the consideration transferred over the net identifiable assets acquired and liabilities assumed. If the consideration is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Company's cash generating unit that is expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Foreign currency translation

On 31st January 2017, the company implemented a new ERP system. This prompted an exercise to review the functional currency of the company, and it was noted that the trading activity had been predominantly in US dollars for a period of time, whereas historically British Pounds has been used as the functional currency. To correct this error where material, from 31st March 2015 the Company has restated its financial statements to adopt US dollars as the functional currency. Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to the income statement. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date of the initial transactions.

The assets and liabilities of foreign operations are translated into pounds at the rate of exchange prevailing at the balance sheet date and their income statements are translated at average exchange rates for the period. The exchange differences arising on the translation of non-monetary assets are recognised in other comprehensive income and accumulated in a separate component of equity.

The main rates used are:

	2017	2017	2017	2016	2016	2016
	USD – CHF	USD – GBP	USD – EUR	USD – CHF	USD – GBP	USD – EUR
Statement of financial position	1.00	0.80	0.94	0.97	0.70	0.88
Income Statement	0.99	0.76	0.91	0.97	0.67	0.91

Revenue recognition

Revenue represents sales to external customers of manufactured products and services which fall within the Company's ordinary trading activities. This excludes VAT and other sales taxes. Revenue is recognised in the income statement to the extent that it is probable that the economic benefits associated with the transaction will flow into the Company and the amount can be reliably measured. Where amounts have been invoiced in advance the portion not recognised in revenue is included in deferred income.

Sale of goods:

When goods and software are supplied, revenue is recognised in accordance with the terms of sale, when the significant risks and rewards of ownership have been transferred to the customer. For the majority of product sold directly to the end user this is when the product has been installed and functions correctly. Where the product is sold via a third party revenue is recognised once the product has been delivered.

Sale of services:

When services are supplied, revenue is recognised either when the service has been completed or for maintenance contracts on a straight-line basis over the length of the contract.

Where products and services are supplied together, the revenue is apportioned as if they had been sold separately in accordance with the policy described above.

Notes to the Company Financial Statements

Interest:

Interest income is recognised as it accrues using the effective interest method.

Taxes

Current income tax:

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted by the reporting date.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax:

Deferred tax is provided using the liability method providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured using tax rates that have been enacted or substantively enacted by the balance sheet date and that are expected to apply when the asset is realised or the liability is settled.

Deferred tax liabilities are recognised for all taxable temporary differences except where the deferred tax liability arises from the initial recognition of goodwill.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Pensions and other benefits

The Company operates a defined benefit pension plan which requires contributions to be made to a separately administered fund. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

The current service cost and gains and losses on settlements and curtailments are included in operating costs in the Company's income statement. Past service costs are similarly included where the benefits have vested, otherwise they are amortised on a straight line basis over the vesting period. The expected return on assets of funded defined benefit pension schemes and the imputed interest on pension scheme liabilities are disclosed as retirement benefit obligation finance income and retirement benefit obligation finance expense respectively in the income statement.

Differences between the actual and expected return on assets, changes in the retirement benefit obligation due to experience and changes in actuarial assumptions are included in other comprehensive income in full in the period in which they arise.

The liability recognised on the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation less the fair value of the scheme assets at the balance sheet date.

The Company's contributions to defined contribution plans are charged to the income statement in the period that they relate.

Exceptional items

Items which are both material by size and/or by nature and non recurring are presented as exceptional items within their relevant income statement category. The separate reporting of exceptional items charged to operating profit helps provide an indication of the Company's underlying business performance. Events which may give rise to a classification of items as exceptional include gains or losses on the disposal of businesses, restructuring of businesses and asset impairments.

Notes to the Company Financial Statements

Financial instruments

Investments

Investments are valued at cost less impairment. Investments are assessed at each reporting date to determine whether there is any objective evidence that it is impaired. An investment is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. An impairment loss in respect of an investment measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowings and trade and other payables. Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purposes of the statement of cash flows. Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses. Trade and other receivables and payables are discounted when the time value of money is considered material.

Derivative financial instruments

The Company occasionally holds derivative financial instruments, which include interest rate swaps and foreign exchange contracts, to hedge its interest rate and foreign currency exposures. Derivatives are recognised initially at fair value. Subsequent to initial recognition, derivatives are measured at fair value. Any gains or losses arising from changes in fair value of derivative financial instruments not designated as hedges are recognised immediately in the consolidated income statement.

No derivatives are designated as hedges.

Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognised in the income statement.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet ready for use, the recoverable amount is estimated at each reporting date.

Assets that are subject to amortisation are reviewed for impairment whenever events or circumstances indicate that the carrying value may not be recoverable. In addition, goodwill is tested at least annually for impairment. Impairment tests are performed on the Cash Generating Units ('CGUs') to which goodwill has been allocated at the balance sheet date or whenever there is indication of impairment. For all other intangible assets, an impairment test is performed whenever an indicator of impairment exists.

An impairment loss is recognised for the amount by which the asset's carrying value exceeds its recoverable amount, the latter being the higher of the assets fair value less costs to sell and value in use. Value in use calculations are performed using cash flow projections for the asset (or group of assets where cash flows are not identifiable to specific assets), discounted at a rate which reflects the asset specific risks and the time value of money.

Notes to the Company Financial Statements

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of their respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised as fixtures and fittings at an amount equal to the fair value of the leased asset or, if lower, the present value of minimum lease payments at the inception of the lease, and then depreciated over their useful economic lives. Lease payments are apportioned between repayment of capital and interest. The capital element of future lease payments is included in the balance sheet as a liability. Interest is charged to the income statement so as to achieve a constant rate of interest on the remaining balance of the liability.

Rentals payable under operating leases are charged to the income statement on a straight line basis over the lease term. Operating lease incentives are recognised as a reduction in the rental expense over the lease term.

Inventories

Stocks and work in progress are valued at the lower of cost and net realisable value. Cost is determined on a weighted average cost basis. Cost comprises directly attributable purchase and conversion costs an allocation of production overheads based on normal operating capacity. Raw materials are valued at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Intangible assets (excluding goodwill)

All intangible assets, except goodwill, are stated at cost less accumulated amortisation and any impairment losses. Amortisation is charged on a straight line basis over their finite useful lives. Goodwill has an indefinite useful life and is not amortised and is stated at cost less any accumulated impairment losses.

Research and development costs

Research costs are expensed as incurred. Development expenditure on an individual project is recognised as an intangible asset when the Company can demonstrate:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete and its ability to use or sell the asset;
- how the asset will generate future economic benefits;
- the availability of resources to complete the asset; and
- the ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit (between 5 – 7 years). During the period of development, the asset is tested for impairment annually.

Software costs (project Echo)

Research costs are expensed as incurred. Development expenditure on project Echo is recognised as an intangible asset when the Company can demonstrate:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete and its ability to use or sell the asset;
- how the asset will generate future economic benefits;
- the availability of resources to complete the asset; and
- the ability to measure reliably the expenditure during development.

Notes to the Company Financial Statements

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when the software is ready for use as intended by management. During the period of development, the asset is tested for impairment annually.

Other intangible assets

Intangible assets purchased separately, such as software licenses that do not form an integral part of the related hardware are capitalised at cost and amortised on a straight line basis over the shorter of their useful economic life or their licence period at rates which vary between three and five years. Customer relationships are amortised over 26 years and technology between 5 and 15 years. The amortisation period and method are reviewed at least annually.

Property, plant and equipment

Fixtures and fittings are stated at cost or valuation, less accumulated depreciation and any accumulated impairment losses.

The Company's policy is to write off the cost or valuation of fixtures and fittings evenly over their estimated remaining useful life on a straight line basis at rates which vary between eight per cent and 50 per cent per annum. The principal annual rates of depreciation used 10 per cent on fixtures and fittings. Residual values and useful lives are reviewed at least at each financial year end.

Borrowings

Obligations for loans and borrowings are recognised when the Company becomes party to the related contracts and are measured initially at the fair value of consideration received less directly attributable transaction costs. After initial measurement, interest bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate method (EIR). Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance expense in the income statement.

Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted.

Warranty

Warranty costs are accrued at the time of sale by the Company selling to the external customer. The cost is accrued as a percentage of sales based on the past warranty experience for that particular product group and contractual warranty period and cover provided. Past warranty experience is reviewed each year and the accrual rates adjusted accordingly. Warranty on new products which have not yet established a warranty experience pattern are accrued at an appropriate rate for that type of product for the first 18 months and then the accrual rate is adjusted to the level determined by experience.

Waste Electric and Electronic Equipment ('WEEE')

The Company is a provider of electrical equipment that falls under the EU Directive on WEEE. A provision is recognised when the Company becomes responsible for the costs of this waste management, with the costs recognised as cost of sales.

Dilapidations

A provision is recognised for the estimated cost expected to be incurred on restoring leased premises to their original state as specified in the underlying contracts. They are expected to be used over several years depending on the duration of the lease involved.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Notes to the Company Financial Statements

Accounting estimates are used in the areas relating to provisions on warranty costs, WEEE and dilapidations. The calculations for these are described within the accounting policies above. Management reviews the assumptions behind these calculations on a regular basis and adjust according to the latest information available. At the year end the values of the provisions recognised in the accounts are considered to be a reasonable of the values which will be realised.

In the process of applying the Company's accounting policies, management has made the following judgments which have the most significant effect on the amounts recognised in the financial statements:

Impairment of intangibles

The Company's impairment test for goodwill and intangible assets with indefinite useful lives is based on value in use calculations that use a discounted cash flow model. This requires the Company to estimate future cash flows and to identify a suitable discount rate. The key assumptions used to determine the recoverable amount for the different cash generating units are further explained in Note 10.

Income taxes

The Company is subject to income taxes in the jurisdictions of United Kingdom and Switzerland. Some judgement is required in determining the provision for income taxes. There are various transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Pension benefits

The cost of defined benefit pension plans as well as the present value of the pension obligation is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return of assets, future salary increases, mortality rates and future pension increases. All assumptions are reviewed at each reporting date. In determining the appropriate discount rate management considers the interest rates of high quality corporate bonds. The mortality rate is based on publicly available mortality tables for the specific country. Future salary increases and pension increases are based on expected future inflation rates for the specific country.

Development costs

Development costs are capitalised in accordance with the accounting policy in Note 2.3. Initial capitalisation of costs is based on management's judgment that technological and economical feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits. At 31 March 2017, the carrying amount of capitalised development costs was \$12,730,000 (2016: \$22,113,000).

4. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

At the date of authorisation of these financial statements, the following Standards and Interpretations that are potentially relevant to the Company and which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU).

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers
- IFRS 16 Leases
- Annual improvements 2014-2016 Cycle
- Disclosure Initiative (Amendments to IAS 1 & IAS 7)
- Accounting for Acquisitions of interest in Joint Operations (Amendments to IFRS 11)
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

Notes to the Company Financial Statements

5. OTHER INCOME/EXPENSES AND ADJUSTMENTS

5.1 Revenue

	2017	2016
	\$000	\$000
Sale of goods	343,267	299,507
Rendering of services	31,485	31,699
	374,752	331,206

	2017	2016
	£'000	£'000
External sales	116,917	111,048
Sales to fellow subsidiary undertakings	257,835	220,158
	374,752	331,206

5.2 Other income

	2017	2016
	\$000	\$000
Management charge to fellow subsidiary undertakings	66,052	51,988
Total other income	66,052	51,988

5.3 Financial income

	2017	2016
	\$000	\$000
Interest (expense)/income on cash	-	15
Interest on balances due from fellow group undertakings	220	101
Expected return on pension plan assets (note 17)	24	45
Foreign exchange revaluation gain	970	-
Total financial income	1,214	161

Notes to the Company Financial Statements

5.4 Financial expenses

	2017	2016
	\$000	\$000
Interest on debts and borrowings	118	67
Interest on balances due to parent undertakings (note 20)	3,401	4,116
Interest on balances due to fellow group undertakings (note 20)	-	-
Pension plan interest cost (note 17)	40	68
Total interest expense	3,559	4,251
Foreign exchange revaluation losses	-	1,739
Total financial expenses	3,559	5,990

5.5 Operating profit is stated after charging

	2017	2016
	\$000	\$000
Staff costs (note 5.6)	30,815	32,532
Directors' emoluments (note 20)	1,113	1,769
Inventory written down to fair value	-	-
Depreciation (note 8)	1,283	2,313
Amortisation of development costs (note 9)	8,342	5,392
Amortisation of finite life intangible assets and software	4,632	5,498
Operating lease charges - land and buildings	704	569
Operating lease charges - plant and machinery	281	353
Amounts received by auditors and their associates in respect of:		
Audit of these financial statements	90	90

5.6 Employee benefits

	2017	2016
	\$000	\$000
Wages and salaries	28,382	28,263
Social security costs	1,880	2,561
Pension costs - defined benefit (note 17)	(478)	325
Pension costs - defined contribution (note 17)	1,031	1,383
	30,815	32,532

The average monthly number of employees in the year split by expense category was:

	2017	2016
Cost of sales	104	88
Selling and distribution	143	136
Administration	79	72
	326	296

5.7 Research and development costs

Research and development costs recognised as an expense in the income statement during the year amount to \$24,940,000 (2016: \$19,905,000). \$Nil (2016: \$72,000) has been capitalised during the year (Note 9).

Notes to the Company Financial Statements

5.8 Exceptional items

	2017	2016
	\$000	\$000
Restructuring costs	(563)	(138)
Total	(563)	(138)

Restructuring activity within the Bern branch led to severance and related costs during 2017. The 2016 transaction represents a release of the restructuring provision made in 2014.

6. TAXATION

	2017	2016
	\$000	\$000
Current tax charge		
Current year UK corporation tax at 20% (2016: 21%)	5,990	1,953
Double tax relief	(236)	-
Prior year UK corporation tax	1,234	4,727
Current year overseas tax charges	-	(77)
Prior year overseas tax charges	-	(82)
Total current tax	6,988	6,521
Deferred tax charge / (credit)		
Tax rate change	(1,276)	-
Current year	(466)	(152)
Prior year	(720)	119
Exchange differences	-	-
Total deferred tax	(2,462)	(33)
Total tax charge	4,526	6,488

The tax on the Company's profit / (loss) before tax differs from the UK tax rate of 20% (2016: 21%) as follows:

	2017			2016		
	Before exceptional items	Exceptional items	Total	Before exceptional items	Exceptional items	Total
	\$000	\$000	\$000	\$000	\$000	\$000
(Profit) / Loss before tax	49,040	563	49,603	32,910	138	33,048
Tax charge / (credit) at the UK rate of 20%	9,808	113	9,921	6,582	27	6,609
Enhanced relief for R&D/patent box	-	-	-	(1,051)	-	(1,051)
Expenses not deductible for tax purposes	(8)	-	(8)	156	-	156
Prior year items	514	-	514	4,727	-	4,727
Double tax relief	(236)	-	(236)	(159)	-	(159)
Transfer pricing regarding interest	-	-	-	-	-	-
Tax rate change	(1,276)	-	(1,276)	-	-	-
Group relief not paid	(4,389)	-	(4,389)	(3,794)	-	(3,794)
Tax charge / (credit)	4,413	113	4,526	6,461	27	6,488

Notes to the Company Financial Statements

Deferred taxation

The deferred tax balances are:

	2017 £000	2016 £000
Deferred tax (liability) / asset	(2,576)	(5,521)
Total	(2,576)	(5,521)

The movement in deferred tax balance during the year is as follows:

	Provisions	Accelerated depreciation	Retirement benefit obligations	Amortisation of intangible assets	Other temporary differences	Total
Asset / (liability)	\$000	\$000	\$000	\$000	\$000	\$000
At 1 April 2015	151	786	428	(7,404)	310	(5,729)
Credited / (charged) to the income statement	(151)	(86)	57	658	(310)	168
Prior year adjustment	-	(130)	-	11	-	(119)
Exchange difference	-	-	(16)	-	-	(16)
Credited directly to equity	-	-	175	-	-	175
Tax rate change	-	-	-	-	-	-
At 31 March 2016	-	570	644	(6,735)	-	(5,521)
Credited / (charged) to the income statement	-	62	(105)	509	-	466
Prior year adjustment	-	12	-	708	-	720
Exchange difference	-	(75)	(84)	881	-	722
Credited directly to equity	-	-	(239)	-	-	(239)
Tax rate change	-	-	-	1,276	-	1,276
At 31 March 2017	-	569	216	(3,381)	-	(2,576)

The Finance Act 2016, which provides for the reduction in the main rate of corporation tax from 19% to 17% effective from 1 April 2020, was substantively enacted on 6 September 2016. This rate reduction has been reflected in the calculation of deferred tax at the balance sheet date.

7. INVESTMENTS

	Total \$000
At 31 March 2016	19
Investment in fellow group undertaking	-
At 31 March 2017	19

In the year ended 31 March 2015 the Company invested £13,000 in 1% of the share capital in PT Glory Global Solutions Indonesia, a fellow subsidiary of GLORY Limited.

An annual impairment review was performed on the investments, no impairment was identified.

The percentage ownership of investments owned directly and indirectly by the Company is as follows:

Name	Country of incorporation	% equity interest	Ownership relationships	Nature of business
PT Glory Global Solutions Indonesia	Indonesia	1%	Direct	Trading

Notes to the Company Financial Statements

8. PROPERTY, PLANT AND EQUIPMENT

	Fixtures and fittings \$000
Cost:	
At 31 March 2015	9,678
Additions	2,110
Disposals	(1,858)
Exchange differences	(186)
At 31 March 2016	9,744
Additions	668
Disposals	
Exchange differences	(1,107)
At 31 March 2017	9,305
Depreciation:	
At 31 March 2015	(7,024)
Exchange differences	869
Disposals	1,822
Depreciation charge for the period	(2,313)
At 31 March 2016	(6,646)
Exchange differences	707
Disposals	74
Depreciation charge for the period	(1,283)
At 31 March 2017	(7,148)
Net book value:	
At 31 March 2016	3,098
At 31 March 2017	2,157

Notes to the Company Financial Statements

9. INTANGIBLE ASSETS

	Development costs	Customer relationships	Technology	Goodwill	Software	Total
	\$000	\$000	\$000	\$000	\$000	\$000
Cost:						
At 31 March 2015	59,194	49,281	75,476	118,508	796	303,255
Additions	69	-	-	-	3,223	3,292
Disposals	-	-	-	-	-	-
Transfer	-	397	(398)	-	(6)	(7)
Exchange differences	49	-	-	4	-	53
At 31 March 2016 (restated)	59,312	49,678	75,078	118,512	4,013	306,593
Additions	-	-	-	-	3,223	3,223
Disposals	-	-	-	-	-	-
Transfer	-	-	-	-	-	-
Exchange differences	(1,798)	-	-	(155)	-	(1,953)
At 31 March 2017	57,514	49,678	75,078	118,357	7,236	307,863
Amortisation:						
At 31 March 2015	(31,766)	(12,078)	(55,713)	-	(455)	(100,012)
Charge for the period	(5,392)	(1,942)	(3,287)	-	(269)	(10,890)
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Transfer	-	(397)	394	-	6	3
Exchange differences	(41)	27	45	-	4	35
At 31 March 2016 (restated)	(37,199)	(14,390)	(58,561)	-	(714)	(110,864)
Charge for the period	(8,342)	(1,616)	(2,739)	-	(277)	(12,974)
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Transfer	-	-	-	-	-	-
Exchange differences	757	(209)	(354)	-	(35)	159
At 31 March 2017	(44,784)	(16,215)	(61,654)	-	(1,026)	(123,679)
Net book value:						
At 31 March 2016 (restated)	22,113	35,288	16,517	118,512	3,299	195,729
At 31 March 2017	12,730	33,463	13,424	118,357	6,210	184,184

The amortisation of development costs and software are included in selling and distribution costs. Customer relationships include the value of customer contracts and non-contractual customer relationships.

Amortisation of customer relationships and technology:

	2017	2016
	£'000	£'000
Customer relationships	1,616	1,942
Technology	2,739	3,287
	4,355	5,229

Notes to the Company Financial Statements

10. IMPAIRMENT TESTING OF GOODWILL AND INTANGIBLES WITH INDEFINITE LIVES

Goodwill acquired through business combinations and licences with indefinite lives have been allocated to one cash-generating unit for impairment testing. The carrying amount of the goodwill at the year-end is \$118,377,000 (2016: \$118,512,000).

The recoverable amount of the unit has been determined based on a value-in-use calculation using cash flow projections from the GGS Group's budget. The growth rate used to extrapolate beyond the five-year plan is 1.5% (2016: 1.5%), based on the average long term growth rate of OECD economies. The pre-tax discount rate applied to the cash flow projections is 11.94% (2016: 12.02%).

The calculation of the value-in-use is most sensitive to the following assumptions:

Gross margin
Sales volumes
Management recharges
Discount rates
Terminal value

Gross margins – Gross margins are based on pricing and cost assumptions. The estimation for pricing has been carried out on a territory by territory basis, taking into account the different characteristic of each territory. Costs in the value-in-use calculation are based on the projected cost base in the business.

Sales volumes – Sales volumes have been estimated based on a territory by territory basis taking into account the different market conditions in each territory.

Management recharges – Management recharges are recovered from other fellow group undertakings based on an entity by entity basis taking into account the resources of the company used in the financial year.

Discount rate – the discount rate was estimated based on the average percentage of a weighted average cost of capital for the industry. The rate has been updated for current interest rates.

Terminal value – the value-in-use calculation for the years beyond the strategy is derived from the cash flows in the last year of the strategy period.

With regard to the assessment of value-in-use, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

11. INVENTORIES

	2017	2016
	\$000	\$000
Work in progress	24	1
Finished goods	38,054	35,537
Total inventories	38,078	35,538

The amount of write-down of inventories recognised as an expense is \$2,662,000 (2016: \$1,353,000) which is recognised in cost of sales. All inventories are carried at the lower of cost and net realisable value and is not materially different to replacement stock.

Notes to the Company Financial Statements

12. TRADE AND OTHER RECEIVABLES (CURRENT)

	2017	2016
	\$000	\$000
Trade receivables	26,647	18,830
Prepayments and accrued income	3,079	3,983
Amounts due from fellow group undertakings (note 20)	62,841	62,087
Other taxation	(534)	1,710
Other debtors	744	411
	92,777	87,021

The ageing of trade receivables at 31 March 2017 is as follows:

	Gross 2017 \$000	Impairment 2017 \$000	Net 2017 \$000	Gross 2016 \$000	Impairment 2016 \$000	Net 2016 \$000
Aged 0-30 days	22,614	-	22,614	16,127	-	16,127
Aged 31-60 days	3,092	-	3,092	1,455	-	1,455
Aged 61-90 days	578	-	578	216	-	216
More than 90 days	1,187	(824)	363	2,904	(1,872)	1,032
Total	27,471	(824)	26,647	20,702	(1,872)	18,830

The movement in the impairment is:

	2017 \$000	2016 \$000
As at 1 April	(1,872)	(1,338)
Impairment loss (recognised) / released	807	(576)
Exchange differences	241	42
As at 31 March	(824)	(1,872)

13. CASH AND SHORT-TERM DEPOSITS

	2017 \$000	2016 \$000
Cash at banks and on hand	46,114	27,567
	46,114	27,567

Cash at banks earns interest at floating rates based on daily bank deposit rates.

For the purpose of the cash flow statement, cash and cash equivalents comprise the following at 31 March:

	2017 \$000	2016 \$000
Cash at banks and on hand	46,114	27,567

Notes to the Company Financial Statements

14. OTHER FINANCIAL LIABILITIES

Interest-bearing loans and borrowings

	2017 \$000	2016 \$000
Current liabilities		
Amounts due to parent undertakings (note 20)	63,675	97,371
Other borrowings:		
Amounts due to other group undertakings (note 20)	24,788	28,819
Total Borrowings	88,463	126,190

The amounts payable with other group undertakings are related to the intercompany funding structure put in place between Glory Global Solutions Group and the ultimate parent company, GLORY Limited in Japan.

At 31 March 2017 there were un-drawn borrowing facilities of \$nil (2016: \$nil).

Fair values

The fair values together with the carrying amounts of financial assets and liabilities as shown in the balance sheet are as follows:

	2017 Carrying amount \$000	2017 Fair value \$000	2016 Carrying amount \$000	2016 Fair value \$000
Trade and other receivables	92,777	92,777	87,021	87,021
Non-current receivables	20,187	20,187	17,592	17,592
Cash and short terms deposits	46,114	46,114	27,567	27,567
Amounts owed to group undertakings	(88,463)	(88,463)	(126,190)	(126,190)
Trade and other payables	(130,781)	(130,781)	(123,770)	(123,770)
	(60,166)	(60,166)	(117,780)	(117,780)

Fair values represent a level 3 measurement in the fair values hierarchy under IFRS 13.

Estimation of fair values

The following summarises the methods and assumptions of estimating the fair values of the above financial instruments:

Trade and other receivables and payables, cash and short-term deposits:

Approximate their carrying amounts largely due to the short-term maturities of these instruments.

Borrowings:

Borrowings are valued at amortised cost using the effective interest method.

Notes to the Company Financial Statements

15. TRADE AND OTHER PAYABLES

	2017 \$000	2016 \$000
Current liabilities		
Trade payables	20,318	10,495
Payments on account	2,174	1,305
Social security and other taxation	674	686
Accrued expenses	17,571	9,797
Deferred income	1,785	2,198
Creditors for capital expenditure	-	40
Other creditors	64	68
Balances due to fellow group undertakings (note 20)	88,195	99,181
	130,781	123,770

Payments received on account relate to monies received from customers under contract prior to commencement of production of goods.

Where amounts have been invoiced in advance, the portion not recognised in revenue is included in deferred income.

16. PROVISIONS

	Warranties \$000	WEEE \$000	Dilapidations \$000	Total \$000
At 31 March 2015	599	207	-	806
Charge for the year	254	-	-	254
Utilised in year	(29)	-	-	(29)
Released in year	-	-	-	-
Exchange differences	(17)	(7)	-	(24)
At 31 March 2016	807	200	-	1,007
Charge for the year	18	-	1	19
Utilised in year	(91)	-	-	(91)
Transfer	(342)	-	342	-
Released in year	-	-	-	-
Exchange differences	(106)	(26)	-	(132)
At 31 March 2017	286	174	343	803

Warranties

A provision is recognised for expected warranty claims on products sold based on past experience of the level of repairs and returns.

WEEE (Waste electrical and electronic equipment)

The provision for waste electrical and electronic equipment is calculated based on sales in the current year (new waste) and expected disposals of old waste (sales before August 2005).

Dilapidations

Provision recognised for the estimated cost expected to be incurred on restoring leased premises to their original state as specified in the underlying contracts. They are expected to be used over several years depending on the duration of the lease involved.

Notes to the Company Financial Statements

17. PENSIONS AND OTHER POST-EMPLOYMENT BENEFIT PLANS

The Company operates a pension plan covering the employees located in Switzerland. This plan is devised in accordance with local conditions and practices in Switzerland. The scheme administered for employees based in Switzerland is a defined benefit scheme. The assets of the Company's plans are held in separately administered trusts or are insured.

Defined benefit pension plans

Changes in the present value of the defined benefit obligation are as follows:

Amounts recognised in the Statement of financial position:

Benefit liability

	2017	2016
	\$'000	\$'000
Defined benefit obligation	(6,782)	(8,219)
Fair value of plan assets	5,040	5,027
Net deficit	(1,742)	(3,192)

Net benefit expense (recognised in cost of sales)

The following tables summarise the components of net benefit expense recognised in the income statement:

	2017	2016
	\$'000	\$'000
Amounts recognised in the income statement:		
Current service cost	(501)	(435)
Past service cost	995	131
Net service cost	494	(304)
Expected return on plan assets	24	43
Interest cost	(40)	(64)
Net finance cost	(16)	(21)
Total cost recognised in the income statement	478	(325)
Amounts recognised in the statement of comprehensive income:		
Actuarial gains on plan assets	35	43
Actuarial gain/(losses) on defined benefit pension obligations	549	(927)
Total recognised in the statement of comprehensive income	584	(884)

The principal assumptions used in determining pension benefit obligations for the Company's plans are shown below:

	2017	2016
Future salary increases	1.50%	1.50%
Future pension increases	0.00%	0.00%
Discount rate	0.60%	0.50%
Inflation rate	1.00%	1.00%
Expected rate of return on assets	0.60%	0.50%

The Company used standard mortality rates.

The overall expected rate of return on assets is determined based on the market expectations prevailing on that date, applicable to the period over which the obligation is to be settled.

Notes to the Company Financial Statements

Sensitivity of results to changes in the main assumptions:

	2017	2016
<u>Sensitivity to discount rate assumptions</u>		
Discount rate + 0.50% - Effect on defined benefit obligation	(6.90%)	(9.70%)
Discount rate - 0.50% - Effect on defined benefit obligation	8.00%	11.40%
<u>Sensitivity to salary increase rate assumptions</u>		
Salary increase rate + 0.50% - Effect on defined benefit obligation	0.60%	0.90%
Salary increase rate - 0.50% - Effect on defined benefit obligation	(0.60%)	(0.80%)
<u>Sensitivity to mortality assumptions</u>		
Life expectancy + 1 year - Effect on defined benefit obligation	1.30%	1.90%
Life expectancy - 1 year - Effect on defined benefit obligation	(1.40%)	(1.90%)

The sensitivity analysis for each main assumption has been determined based on reasonably possible changes to the assumptions at the end of the reporting period. It is based on a change in the key assumption while holding all other assumptions constant. When calculating the sensitivities, the same methodology used to calculate the liability recognised in the balance sheet has been applied.

Changes in the fair value of plan assets

	\$'000
As at 31 March 2015	4,551
Exchange differences	30
Expected return on plan assets	43
Actuarial gains	43
Employee contributions	363
Employer contributions	277
Benefits paid	(280)
As at 31 March 2016	5,027
Exchange differences	(182)
Expected return on plan assets	25
Actuarial gains	36
Employee contributions	225
Contributions paid by plan participants	101
Employer contributions	283
Benefits paid	(475)
As at 31 March 2017	5,040

Notes to the Company Financial Statements

Compensation of key management personnel of the Company

	2017	2016
	\$'000	\$'000
Salaries and other short term employee benefits	1,043	1,646
Post-employment benefits	70	123
Total compensation paid to key management personnel	1,113	1,769
	2017	2016
	\$'000	\$'000
In respect of highest paid director:		
Aggregate remuneration in respect of qualifying services	372	710
Aggregate value of company contributions paid into a pension scheme	-	56
Total	372	766

Key management comprises members of the Board (including fees of non-executive Directors).

21. COMMITMENTS AND CONTINGENCIES

Operating lease commitments – Company as lessee

The Company has entered into commercial leases on certain buildings, motor vehicles and items of machinery. There are no restrictions placed upon the Company by entering into these leases.

Future minimum rentals payable under non-cancellable operating leases as at 31 March are as follows:

	2017	2016
	\$'000	£'000
Within one year	1,120	1,092
After one year but no more than five years	1,507	1,934
More than five years	-	-
	2,627	3,026

Capital commitments

At 31 March 2017, the Company had capital commitments of \$6,123,000 (2016: \$647,000). The Company has a bank guarantee in place to cover its liability for import duty up to \$20,000 (2016: \$29,000).

22. NOTES TO CASH FLOW STATEMENT

	2017	2016
	\$'000	\$'000
Profit before tax	49,603	33,048
Depreciation of property, plant and equipment	1,283	2,313
Amortisation of intangible assets	12,975	10,890
Loss on disposal of property, plant and equipment	(74)	(29)
Loss on disposal of intangible assets	-	-
Finance income	(1,214)	(161)
Finance expense	3,559	5,990
Net increase in provisions and pensions	(659)	566
Increase in long term creditors	537	(1,623)
Decrease / (Increase) in trade and other receivables and prepayments	(22,573)	13,264
(Decrease) / Increase in trade and other payables	22,757	(6,487)
Increase in inventory	(7,190)	(9,113)
Taxation paid	(3,997)	(4,962)
Net cash flows from operating activities	55,007	43,696

Notes to the Company Financial Statements

23. EVENTS AFTER THE REPORTING PERIOD

On 1st April 2017 the Company became the direct shareholder of Glory Global Solutions Inc, Glory Global Solutions (Singapore) PTE. LTD. (and its subsidiary undertaking Glory Currency Automation India Private Limited) and Glory Global Solutions (Hong Kong) Limited (all of which were previously direct subsidiaries of Glory LTD, the Company's ultimate parent) in exchange for the issuance of Preference shares in the Company to the value of \$121,386,625.

On 28th April 2017 the Company redenominated its existing Ordinary share capital from £1.00 to \$1.25. This transaction reduced the value of share capital down to \$23,053,000 creating an increase to the foreign currency translation reserve of \$11,649,000.

There were no other subsequent events after 31 March 2017.

24. RESTATEMENT

On 31st January 2017, the company implemented a new ERP system. This prompted an exercise to review the functional currency of the company, and it was noted that the trading activity had been predominantly in US dollars for a period of time, whereas historically British Pounds has been used as the functional currency.

To correct this error where material, from 31st March 2015 the Company has restated its financial statements to adopt US dollars as the functional currency.

The only financial statement items materially affected were Intangible assets and the foreign currency translation reserve.

	2016	2016	2016
	Previously reported balance	Restatement	Restated balance
	\$000	\$000	\$000
Intangible assets	190,492	5,237	195,729
Net assets	100,448	5,237	105,685
Foreign currency translation reserve	(14,127)	5,237	(8,890)
Total equity	100,448	5,237	105,685