

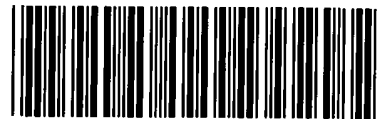
Registered number: 03088819

FIBA TECH INDUSTRIES LIMITED

DIRECTOR'S REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

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COMPANIES HOUSE

FIBA TECH INDUSTRIES LIMITED

COMPANY INFORMATION

Director	Mr Neil Smallwood
Company secretary	Mrs Karen Celia Smallwood
Registered number	03088819
Registered office	Little Fountains Dulcote Wells Somerset BA5 3NU
Independent auditors	Bishop Fleming LLP Chartered Accountants & Statutory Auditors 2nd Floor Stratus House Emperor Way Exeter Business Park Exeter EX1 3QS

FIBA TECH INDUSTRIES LIMITED

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FIBA TECH INDUSTRIES LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

Business review

The financial year to 31 December 2016 showed good levels of group profit before tax of £1.2m (£1.5m in 2015) despite the continuing low oil prices. FTI Korea had a record year and were able to support the necessary restructuring in the UK business. The devaluation in the levels of sterling assisted trading and net asset valuations of subsidiaries by £0.4m.

FTI UK have continued to make good progress in new product developments and to market existing and new products into diverse markets including aerospace, rail and HVAC. This in time will reduce our dependence on the oil and gas markets.

Although the oil price is depressed and the oil companies are spending considerably less on maintenance and new projects FTI have won sufficient work from Petronas and Statoil to be confident of the period to mid-2018. Although depressed the oil and gas majors have carried out significant restructuring so that many projects can be profitable even at 50US\$ per barrel. Accordingly, we are seeing several projects being rebid with a view to completing final investment decisions within the 2017-18 timescale.

Group net assets at 31 December 2016 are £4.1m (up from £3.3m in 2015) and net current assets are £2.6m (up from £2.0m in 2015).

Principal risks and uncertainties

Currency risk

Currency risk is the risk that the value of the financial instrument will fluctuate due to changes in foreign exchange rates. The Group reviews periodically foreign currencies to ensure that net exposure is kept at an acceptable level.

Liquidity risk

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

Credit risk

The carrying amount of cash and cash equivalents, trade and other debtors represent the company's maximum exposure to credit risk in relation to financial assets. Debt factoring is used.

Financial key performance indicators

Key financial performance indicators being gross and net profit before tax. The movement in these key performance indicators reflects the lower levels of gross profit in the products and services supplied to Petronas which dominated in 2016. These are as follows:

	2016 £000s	2015 £000s
Gross profit	6,406	7,611
Net profit before tax	1,214	1,588
	%	%
Gross profit	45	57
Net profit before tax	9	12

FIBA TECH INDUSTRIES LIMITED

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2016**

This report was approved by the board on 31.08.17

and signed on its behalf.


Mr Neil Smallwood
Director

FIBA TECH INDUSTRIES LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

The director presents his report and the financial statements for the year ended 31 December 2016.

Results and dividends

The profit for the year, after taxation and minority interests, amounted to £320,725 (2015: £868,066).

No dividend is proposed.

Director

The director who served during the year was:

Mr Neil Smallwood

Future developments and research and development

The Group wishes to continue to grow by pursuing opportunities within the oil and gas industry but also by diversifying as set out in the Strategic report. The U.K. business continues to invest in research and development to develop its offerings in existing and new markets. R&D expenditure of £145k was capitalised in 2016 (2015: £220k) and the amortisation charge in 2016 was £167k (2015: £141k).

Disclosure of information to auditors

The director at the time when this Director's report is approved has confirmed that:

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

Post balance sheet events

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

Auditors

The auditors, Bishop Fleming LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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



Director

Date: 31.08.17

Little Fountains
Dulcote
Wells
Somerset
BA5 3NU

**DIRECTOR'S RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2016**

The director is responsible for preparing the Group strategic report, the Director's report and the consolidated financial statements in accordance with applicable law and regulations.

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

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

The director is 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 the Group and enable him to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF FIBA TECH INDUSTRIES LIMITED

We have audited the financial statements of Fiba Tech Industries Limited for the year ended 31 December 2016, set out on pages 7 to 33. The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditors

As explained more fully in the Director's responsibilities statement on page 4, the director is 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 Financial Reporting Council'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 Group's and the parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the director; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Group strategic report and the Director's 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.

Basis for qualified opinion on financial statements

Auditors were not appointed to the Korean subsidiary, FTI Korea Corporation, until after 31 December 2015. As a result, we were unable to obtain sufficient assurance regarding the subsidiary's results that were included in the consolidated accounts of the group for that year and we disclaimed an opinion on those consolidated accounts. Because of the timing of their appointment, with regard to the year ended 31 December 2016, the Korean auditors have been unable to satisfy themselves with the accuracy and existence of the opening stock balance in Korea at 31 December 2015 of £610,000. As a result they have been unable to provide sufficient assurance to us as group auditors and we have been unable to satisfy ourselves as to the accuracy and existence of the opening Korean stock by alternate means. Any adjustment to opening stock in the subsidiary would have a consequential effect upon the opening consolidated stock balance and consolidated cost of sales in the consolidated accounts for the year ended 31 December 2016.

Qualified opinion on financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and the Parent Company's affairs as at 31 December 2016; and

except for the possible effects of the matter described in the basis for qualified opinion paragraph:

- give a true and fair view of the Group's profit or loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

FIBA TECH INDUSTRIES LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF FIBA TECH INDUSTRIES LIMITED
(CONTINUED)**

Other matters

With regard to the comparative figures included in these financial statements, we draw attention to the fact that the results of the Korean subsidiary, FTI Korea Corporation, were not audited for the year ended 31 December 2015 and, as a result, we disclaimed an opinion on the consolidated accounts for that year. FTI Korea Corporation had turnover of £5.2 m in 2015 out of the total consolidated turnover reported of £13.3m.

Opinion on other matter prescribed by the Companies Act 2006

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

In the light of our knowledge and understanding of the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group strategic report and the Director's report.

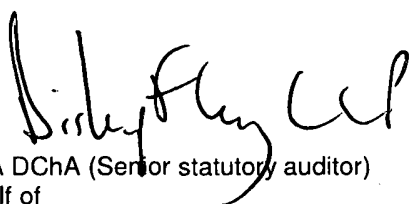
Matters on which we are required to report by exception

In respect solely of the matter described above in respect of opening stock of the Korean subsidiary:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit.

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

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made



Tim Borton FCA DChA (Senior statutory auditor)
for and on behalf of
Bishop Fleming LLP
Chartered Accountants
Statutory Auditors
2nd Floor Stratus House
Emperor Way
Exeter Business Park
Exeter
EX1 3QS
Date:

18 September 2017

FIBA TECH INDUSTRIES LIMITED
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Note	2016 £	As restated 2015 £
Turnover	4	14,180,470	13,331,280
Cost of sales		(7,773,998)	(5,719,993)
Gross profit		6,406,472	7,611,287
Administrative expenses		(5,202,635)	(6,080,989)
Other operating income	5	78,678	110,373
Other operating charges		(56,149)	(43,926)
Operating profit	6	1,226,366	1,596,745
Interest payable and expenses		(12,303)	(8,258)
Profit before taxation		1,214,063	1,588,487
Tax on profit	9	(184,532)	(377,554)
Profit for the year		1,029,531	1,210,933
Currency translation differences		406,875	(33,506)
Other comprehensive income for the year		406,875	(33,506)
Total comprehensive income for the year		1,436,406	1,177,427
Profit for the year attributable to:			
Non-controlling interests		708,806	342,867
Owners of the parent Company		320,725	868,066
		1,029,531	1,210,933
Total comprehensive income for the year attributable to:			
Non-controlling interest		708,806	342,867
Owners of the parent Company		727,600	834,560
		1,436,406	1,177,427

FIBA TECH INDUSTRIES LIMITED
REGISTERED NUMBER:03088819

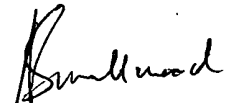
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Note	2016 £	As restated 2015 £
Fixed assets			
Intangible assets	10	459,357	487,160
Tangible assets	12	1,111,559	1,264,996
		<u>1,570,916</u>	<u>1,752,156</u>
Current assets			
Stocks	14	1,343,404	1,442,512
Debtors	15	1,923,361	3,202,983
Cash at bank and in hand	16	1,289,743	250,419
		<u>4,556,508</u>	<u>4,895,914</u>
Creditors: amounts falling due within one year	17	(1,952,457)	(2,914,555)
Net current assets		<u>2,604,051</u>	<u>1,981,359</u>
Total assets less current liabilities		<u>4,174,967</u>	<u>3,733,515</u>
Creditors: amounts falling due after more than one year	18	(36,120)	(47,580)
Provisions for liabilities			
Deferred taxation	20	-	(146,999)
Other provisions	21	-	(260,786)
		<u>-</u>	<u>(407,785)</u>
Net assets		<u><u>4,138,847</u></u>	<u><u>3,278,150</u></u>
Capital and reserves			
Called up share capital	22	1,193,747	1,193,747
Share premium account	23	108,505	108,505
Foreign exchange reserve	23	373,144	(33,731)
Profit and loss account	23	1,645,002	1,534,087
Equity attributable to owners of the parent Company		<u>3,320,398</u>	<u>2,802,608</u>
Non-controlling interests		818,449	475,542
		<u><u>4,138,847</u></u>	<u><u>3,278,150</u></u>

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

FIBA TECH INDUSTRIES LIMITED
REGISTERED NUMBER:03088819

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2016


Director

Date: 31.08.17

The notes on pages 16 to 33 form part of these financial statements.

FIBA TECH INDUSTRIES LIMITED
REGISTERED NUMBER:03088819

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Note	2016 £	As restated 2015 £
Fixed assets			
Intangible assets	10	425,291	447,478
Tangible assets	12	1,019,215	1,162,193
Investments	13	261,702	261,702
		<u>1,706,208</u>	<u>1,871,373</u>
Current assets			
Stocks	14	844,497	1,111,205
Debtors	15	941,116	2,535,009
Cash at bank and in hand	16	88,224	39,413
		<u>1,873,837</u>	<u>3,685,627</u>
Creditors: amounts falling due within one year	17	(1,210,916)	(2,865,702)
Net current assets		<u>662,921</u>	<u>819,925</u>
Total assets less current liabilities		<u>2,369,129</u>	<u>2,691,298</u>
Creditors: amounts falling due after more than one year	18	(145,736)	(157,196)
Provisions for liabilities			
Deferred taxation	20	-	(146,999)
Other provisions	21	-	(260,786)
		<u>-</u>	<u>(407,785)</u>
Net assets		<u><u>2,223,393</u></u>	<u><u>2,126,317</u></u>
Capital and reserves			
Called up share capital	22	1,193,747	1,193,747
Share premium account	23	108,505	108,505
Profit and loss account	23	921,141	824,065
		<u><u>2,223,393</u></u>	<u><u>2,126,317</u></u>

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



Director

Date: 31.08.17

FIBA TECH INDUSTRIES LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Called up share capital	Share premium account	Foreign exchange reserve	Profit and loss account	Equity attributable to owners of parent Company	Non- controlling interests	Total equity
	£	£	£	£	£	£	£
At 1 January 2016 (as previously stated)	1,193,747	108,505	(33,731)	1,831,961	3,100,482	475,542	3,576,024
Prior year adjustment	-	-	-	(297,874)	(297,874)	-	(297,874)
At 1 January 2016 (as restated)	1,193,747	108,505	(33,731)	1,534,087	2,802,608	475,542	3,278,150
Comprehensive income for the year							
Profit for the year	-	-	-	320,725	320,725	708,806	1,029,531
Currency translation differences	-	-	406,875	-	406,875	-	406,875
Dividends paid to NCI	-	-	-	-	-	(575,709)	(575,709)
Transfer of shareholding	-	-	-	(209,810)	(209,810)	209,810	-
Other comprehensive income for the year	-	-	406,875	(209,810)	197,065	(365,899)	(168,834)
Total comprehensive income for the year	-	-	406,875	110,915	517,790	342,907	860,697
Total transactions with owners	-	-	-	-	-	-	-
At 31 December 2016	1,193,747	108,505	373,144	1,645,002	3,320,398	818,449	4,138,847

FIBA TECH INDUSTRIES LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Called up share capital	Share premium account	Foreign exchange reserve	Profit and loss account	Equity attributable to owners of parent Company	Non- controlling interests	Total equity
	£	£	£	£	£	£	£
At 1 January 2015	1,193,747	108,505	(225)	666,021	1,968,048	132,675	2,100,723
Comprehensive income for the year							
Profit for the year	-	-	-	868,066	868,066	342,867	1,210,933
Currency translation differences	-	-	(33,506)	-	(33,506)	-	(33,506)
Other comprehensive income for the year	-	-	(33,506)	-	(33,506)	-	(33,506)
Total comprehensive income for the year	-	-	(33,506)	868,066	834,560	342,867	1,177,427
Total transactions with owners	-	-	-	-	-	-	-
At 31 December 2015	1,193,747	108,505	(33,731)	1,534,087	2,802,608	475,542	3,278,150

The notes on pages 16 to 33 form part of these financial statements.

FIBA TECH INDUSTRIES LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2016 (as previously stated)	1,193,747	108,505	1,067,735	2,369,987
Prior year adjustment	-	-	(243,670)	(243,670)
At 1 January 2016 (as restated)	1,193,747	108,505	824,065	2,126,317
Comprehensive income for the year				
Profit for the year	-	-	97,076	97,076
At 31 December 2016	1,193,747	108,505	921,141	2,223,393

FIBA TECH INDUSTRIES LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2015	1,193,747	108,505	547,209	1,849,461
Comprehensive income for the year				
Profit for the year	-	-	276,856	276,856
Total comprehensive income for the year	-	-	276,856	276,856
Total transactions with owners	-	-	-	-
At 31 December 2015	1,193,747	108,505	824,065	2,126,317

The notes on pages 16 to 33 form part of these financial statements.

FIBA TECH INDUSTRIES LIMITED
**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016**

	2016 £	As restated 2015 £
Cash flows from operating activities		
Profit for the financial year	1,029,531	1,210,933
Adjustments for:		
Amortisation of intangible assets	178,501	151,303
Depreciation of tangible assets	322,968	295,085
Interest paid	12,303	8,258
Taxation charge	184,532	377,554
Decrease/(increase) in stocks	99,108	(1,044,528)
Decrease/(increase) in debtors	1,279,622	(1,907,297)
(Decrease)/increase in creditors	(654,813)	1,497,708
(Decrease)/increase in provisions	(260,786)	-
Corporation tax (paid)	(316,624)	(36,602)
Effect of exchange rates on operating activities	368,509	(3,145)
Net cash generated from operating activities	2,242,851	549,269
Cash flows from investing activities		
Purchase of intangible fixed assets	(145,152)	(220,370)
Purchase of tangible fixed assets	(169,233)	(871,098)
HP interest paid	(3,257)	(1,386)
Net cash from investing activities	(317,642)	(1,092,854)
Cash flows from financing activities		
Repayment of/new finance leases	(3,981)	16,139
Interest paid	(9,046)	(6,872)
Dividends paid to non controlling interests	(597,390)	-
Net cash used in financing activities	(610,417)	9,267
Net increase/(decrease) in cash and cash equivalents	1,314,792	(534,318)
Cash and cash equivalents at beginning of year	(104,158)	430,160
Cash and cash equivalents at the end of year	1,210,634	(104,158)
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	1,289,743	250,419
Bank overdrafts	(79,109)	(354,577)
	1,210,634	(104,158)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

1. General information

Fiba Tech Industries Limited is a limited liability company incorporated in England. The registered office is Little Fountains, Dulcote, Wells, Somerset, BS5 3NU.

2. Accounting policies

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Company's accounting policies (see note 3).

The financial statements are prepared in sterling which is the functional currency of the company.

The following principal accounting policies have been applied:

2.2 BASIS OF CONSOLIDATION

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 01 January 2014.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

2. Accounting policies (continued)

2.3 REVENUE

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

Sale of goods

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

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

Revenue on long term contracts is recognised up to the stage of completion of the project.

2.4 INTANGIBLE ASSETS

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

Intangible fixed assets relate to research and development expenditure that has been capitalised. It is amortised at a rate calculated to write off the asset over its estimated useful economic life. A 25% straight line basis is used.

2.5 TANGIBLE FIXED ASSETS

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

2. Accounting policies (continued)

2.5 TANGIBLE FIXED ASSETS (CONTINUED)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight line and reducing balance basis methods.

Depreciation is provided on the following basis:

Long-term leasehold property	- 15% reducing balance
Plant, machinery and equipment	- 15% to 20% reducing balance / 33% straight line (tools)
Motor vehicles	- 15% reducing balance
Fixtures and fittings	- 15% reducing balance
Office equipment	- 15% reducing balance

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated statement of comprehensive income.

2.6 VALUATION OF INVESTMENTS

Investments in subsidiaries are measured at cost less accumulated impairment.

2.7 STOCKS

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

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

2.8 DEBTORS

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.9 CASH AND CASH EQUIVALENTS

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

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.10 FINANCIAL INSTRUMENTS

The Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

2. Accounting policies (continued)

2.10 FINANCIAL INSTRUMENTS (CONTINUED)

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

2.11 CREDITORS

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

2.12 FOREIGN CURRENCY TRANSLATION

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

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

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

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

2.13 OPERATING LEASES

Rentals paid under operating leases are charged to the Consolidated statement of comprehensive income on a straight line basis over the lease term.

2.14 BORROWING COSTS

All borrowing costs are recognised in the Consolidated statement of comprehensive income in the year in which they are incurred.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

2. Accounting policies (continued)

2.15 PROVISIONS FOR LIABILITIES

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

Provisions are charged as an expense to the Consolidated statement of comprehensive income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

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

2.16 CURRENT AND DEFERRED TAXATION

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

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

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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

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

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

For the long term projects, income and expenditure is recognised based on the stage of completion of the project based on management best knowledge and expertise of the project.

FIBA TECH INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

4. Turnover

Analysis of turnover by country of destination:

	2016	As restated
	£	2015
		£
United Kingdom	1,096,840	3,284,531
Rest of Europe	756,136	984,029
Rest of the world	12,327,494	9,062,720
	14,180,470	13,331,280

5. Other operating income

	2016	2015
	£	£
Other operating income	78,678	110,373
	78,678	110,373

6. Operating profit

The operating profit is stated after charging:

	2016	2015
	£	£
Research & development charged as an expense	91,834	50,806
Depreciation of tangible fixed assets	322,968	295,085
Amortisation of intangible assets	178,501	151,303
Fees payable to the Group's auditor and its associates for the audit of the Company's annual financial statements	15,500	15,500
- The audit of the Group's subsidiaries pursuant to legislation	-	2,143
- Other non-audit services	-	5,955
Exchange differences	(7,775)	132,014
Other operating lease rentals	155,328	194,302

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

7. Employees

Staff costs, including director's remuneration, were as follows:

	2016 £	2015 £
Wages and salaries	2,372,918	3,194,697
Social security costs	216,221	267,652
	<u>2,589,139</u>	<u>3,462,349</u>

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

	2016 No.	2015 No.
	<u>73</u>	<u>90</u>

8. Director's remuneration

	2016 £	2015 £
Director's emoluments	<u>344,472</u>	<u>320,037</u>

The highest paid director received remuneration of £344,472 (2015: £320,037).

FIBA TECH INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

9. Taxation

	2016 £	2015 £
Corporation tax		
Current tax on profits for the year	331,531	230,555
Total current tax	331,531	230,555
Deferred tax		
Origination and reversal of timing differences	(94,878)	146,999
Adjustments in respect of prior periods	(46,539)	-
Effect of tax rate change on opening balance	(5,582)	-
Total deferred tax	(146,999)	146,999
Taxation on profit on ordinary activities	184,532	377,554

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2015: higher than) the standard rate of corporation tax in the UK of 20% (2015: 20.25%). The differences are explained below:

	2016 £	2015 £
Profit on ordinary activities before tax	1,214,063	1,588,487
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015: 20.25%)	242,814	321,600
Effects of:		
Fixed asset differences	27,745	114,357
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	32,536	81,692
Income not taxable for tax purposes	(82,029)	(60,829)
Adjustments to brought forward values	-	(55,554)
Additional deduction for R&D expenditure	(63,975)	(60,689)
Adjust closing deferred tax charge to average rate	21,115	(12,538)
Adjust opening deferred tax to average rate	11,162	902
Deferred tax not recognised	119,653	72,431
Other permanent differences	-	(3,014)
Adjustment in respect to prior periods	(46,539)	34,838
Foreign taxes	-	14,886
Difference in foreign tax rates	(77,950)	(70,528)
Total tax charge/(credit) for the year	184,532	377,554

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**
9. Taxation (continued)**Factors that may affect future tax charges**

There were no factors that may affect future tax charges.

10. Intangible assets**Group**

	Research & development £	Goodwill £	Total £
Cost			
At 1 January 2016	1,886,724	49,589	1,936,313
Additions	145,152	-	145,152
Disposals	(1,207,499)	-	(1,207,499)
Foreign exchange movement	-	5,546	5,546
At 31 December 2016	824,377	55,135	879,512
Amortisation			
At 1 January 2016	1,439,246	9,907	1,449,153
Charge for the year	167,339	11,162	178,501
On disposals	(1,207,499)	-	(1,207,499)
At 31 December 2016	399,086	21,069	420,155
Net book value			
At 31 December 2016	425,291	34,066	459,357
At 31 December 2015	447,478	39,682	487,160

FIBA TECH INDUSTRIES LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016****10. Intangible assets (continued)****Company**

	Research & development £
Cost	
At 1 January 2016	1,886,724
Additions	145,152
Disposals	(1,207,499)
At 31 December 2016	<u>824,377</u>
Amortisation	
At 1 January 2016	1,439,246
Charge for the year	167,339
On disposals	(1,207,499)
At 31 December 2016	<u>399,086</u>
Net book value	
At 31 December 2016	<u><u>425,291</u></u>
At 31 December 2015	<u><u>447,478</u></u>

11. Parent company profit for the year

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements. The profit after tax of the parent Company for the year was £97,076 (2015: £276,856).

FIBA TECH INDUSTRIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

12. Tangible fixed assets

Group

	Long-term leasehold property £	Plant, machinery and equipment £	Motor vehicles £	Fixtures, fittings and office equipment £	Total £
Cost or valuation					
At 1 January 2016	49,642	1,957,845	16,927	278,737	2,303,151
Additions	6,670	155,293	-	7,270	169,233
Exchange adjustments	-	(1,376)	1,161	513	298
At 31 December 2016	56,312	2,111,762	18,088	286,520	2,472,682
Depreciation					
At 1 January 2016	29,271	920,630	7,176	81,078	1,038,155
Charge for the period on owned assets	4,934	275,462	3,843	26,827	311,066
Charge for the period on financed assets	-	11,902	-	-	11,902
At 31 December 2016	34,205	1,207,994	11,019	107,905	1,361,123
Net book value					
At 31 December 2016	22,107	903,768	7,069	178,615	1,111,559
At 31 December 2015	20,371	1,037,215	9,751	197,659	1,264,996

FIBA TECH INDUSTRIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

12. Tangible fixed assets (continued)

Company

	Long-term leasehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Office equipment £	Total £
Cost or valuation						
At 1 January 2016	49,642	1,922,334	3,000	54,121	144,337	2,173,434
Additions	6,670	153,376	-	-	3,020	163,066
At 31 December 2016	56,312	2,075,710	3,000	54,121	147,357	2,336,500
Depreciation						
At 1 January 2016	29,271	904,462	835	16,307	60,366	1,011,241
Charge for the period on owned assets	4,934	270,169	326	5,664	13,049	294,142
Charge for the period on financed assets	-	11,902	-	-	-	11,902
At 31 December 2016	34,205	1,186,533	1,161	21,971	73,415	1,317,285
Net book value						
At 31 December 2016	22,107	889,177	1,839	32,150	73,942	1,019,215
At 31 December 2015	20,371	1,017,872	2,165	37,814	83,971	1,162,193

The net book value of assets held under finance leases or hire purchase contracts, included for the group and company above, are as follows:

	2016 £	2015 £
Plant and machinery	67,445	51,147
	<u>67,445</u>	<u>51,147</u>

FIBA TECH INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

13. Fixed asset investments

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
FTI Korea	Ordinary	60 %	Manufacture of products for the gas and oil industry
FTI PTE Limited	Ordinary	70 %	Manufacture of products for the gas and oil industry

The holding of FTI Korea reduced from 75% to 60% during the year. There was no consideration in respect of the reduction. Accordingly, the cost of the investment has not changed.

The aggregate of the share capital and reserves as at 31 December 2016 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

	Aggregate of share capital and reserves £	Profit/(loss) £
FTI Korea	1,698,538	1,658,986
FTI PTE Limited	417,090	222,978
	<u>2,115,628</u>	<u>1,881,964</u>

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2016	261,702
At 31 December 2016	<u>261,702</u>
Net book value	
At 31 December 2016	<u>261,702</u>
At 31 December 2015	<u>261,702</u>

FIBA TECH INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

14. Stocks

	Group 2016 £	Group As restated 2015 £	Company 2016 £	Company As restated 2015 £
Raw materials and consumables	639,139	984,401	639,139	984,401
Finished goods and goods for resale	704,265	458,111	205,358	126,804
	<u>1,343,404</u>	<u>1,442,512</u>	<u>844,497</u>	<u>1,111,205</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

Stock recognised in cost of sales during the year as an expense was £8,682,980 (2015: £6,694,967) for the Group.

15. Debtors

	Group 2016 £	Group As restated 2015 £	Company 2016 £	Company As restated 2015 £
Trade debtors	1,208,115	2,861,770	217,055	1,705,677
Amounts owed by group undertakings	-	-	69,553	488,270
Other debtors	401,079	290,448	401,079	290,297
Prepayments and accrued income	314,167	50,765	253,429	50,765
	<u>1,923,361</u>	<u>3,202,983</u>	<u>941,116</u>	<u>2,535,009</u>

16. Cash and cash equivalents

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Cash at bank and in hand	1,289,743	250,419	88,224	39,413
Less: bank overdrafts and invoice financing	(79,109)	(354,577)	(79,109)	(354,577)
	<u>1,210,634</u>	<u>(104,158)</u>	<u>9,115</u>	<u>(315,164)</u>

FIBA TECH INDUSTRIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

17. Creditors: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group	Group	Company	Company
	2016	As restated	2016	As restated
	£	2015	£	2015
		£		£
Bank overdrafts	79,109	354,577	79,109	354,577
Trade creditors	654,889	829,613	579,600	698,434
Amounts owed to group undertakings	-	-	-	211,924
Corporation tax	232,904	217,997	-	-
Other taxation and social security	71,120	72,558	71,120	72,558
Obligations under finance lease and hire purchase contracts	22,565	15,086	22,565	15,086
Other creditors	807,662	700,740	374,314	920,537
Accruals and deferred income	84,208	723,984	84,208	592,586
	1,952,457	2,914,555	1,210,916	2,865,702

18. Creditors: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group	Group	Company	Company
	2016	2015	2016	2015
	£	£	£	£
Other loans	23,750	23,750	23,750	23,750
Net obligations under finance leases and hire purchase contracts	12,370	23,830	12,370	23,830
Amounts owed to group undertakings	-	-	109,616	109,616
	36,120	47,580	145,736	157,196

The Group has a class guarantee facility in favour of DIALOG E and C SDN BHD for \$1,700,000.

FIBA TECH INDUSTRIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

19. Financial instruments

	Group	Group	Company	Company
	2016	As restated	2016	As restated
	£	2015	£	2015
		£		£
Financial assets				
Financial assets measured at fair value through profit or loss	1,289,743	250,419	88,224	39,413
Financial assets that are debt instruments measured at amortised cost	1,851,856	4,201,523	930,349	2,484,244
	3,141,599	4,451,942	1,018,573	2,523,657
Financial liabilities				
Financial liabilities measured at amortised cost	(1,491,666)	(3,570,370)	(1,273,162)	(2,616,833)
	(1,491,666)	(3,570,370)	(1,273,162)	(2,616,833)

20. Deferred taxation

Group

	2016
	£
At beginning of year	(146,999)
Charged to profit or loss	146,999

21. Provisions

Group

	Provisions
	£
At 1 January 2016	260,786
Charged to profit or loss	(260,786)
At 31 December 2016	-

The provision was in relation to customer warranty claims.

FIBA TECH INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

22. Share capital

	2016 £	2015 £
SHARES CLASSIFIED AS EQUITY		
ALLOTTED, CALLED UP AND FULLY PAID		
1,193,747 Ordinary shares of £1 each	<u>1,193,747</u>	<u>1,193,747</u>

23. Reserves

Share premium account

This reserve records the amount above the nominal value received for shares sold, less transaction costs.

Foreign exchange reserve

This reserve represents exchange differences arising on the company's investment in its foreign operations.

Profit and loss account

This reserve represents current and prior year retained profit and losses.

24. Prior year adjustment

A prior year adjustment has been made in respect of stock that was in transit over the prior year end. The sale was recognised in sales by the parent company in 2015 but was not delivered to one of the subsidiaries until 2016. An adjustment has been made to remove sales of £475,918 and cost of sales of £232,248 from the prior year, and recognise the stock of £243,670 as an asset at 31 December 2015.

A prior year adjustment of £54,204 has also been recognised in the financial statements in relation to errors in the calculations of commissions within FTI Korea in the prior year.

25. Commitments under operating leases

At 31 December 2016 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Not later than 1 year	8,493	4,136	8,493	4,136
Later than 1 year and not later than 5 years	5,252	5,009	5,252	5,009
	<u>13,745</u>	<u>9,145</u>	<u>13,745</u>	<u>9,145</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

26. Related party transactions

During the year the company entered into transactions with FTI PTE Limited, a 70% subsidiary incorporated in Singapore. Sales were made to FTI PTE Limited of £250,352 (2015: £220,393) and purchases were made of £239,147 (2015: £257,384). At the year end the company was owed £43,635 (2015: £105,879 included in creditors). Additionally FTI PTE Limited has loaned the company £109,616 (2015: £109,616) which is included in creditors due in more than 1 year. Interest is being paid on this loan at 5.5% per annum.

During the year the company entered into transactions with FTI Korea, a 60% subsidiary. Sales were made to FTI Korea of £1,591,749 (2015: £2,615,669) and at the year end the company was owed £25,918 (2015: £488,270) and this is included in debtors.

During the year Mr N Smallwood, a director, maintained a current account with the company. Advances of £33,790 (2015: £64,518) and repayments of £98,258 (2015: £101,960) were made on this loan. At the year end, the director owed the company £Nil (2015: £64,468).

Ms K Smallwood and Mr J Smallwood, close family members of Mr N Smallwood, were employed at Fiba Tech Industries Limited during the year. Both were paid at normal market rates for their roles in the business.

Key management personnel

All directors and certain senior employees who have authority and responsibility for planning, directing and controlling the activities of the company are considered to be key management personnel. Total compensation (including remuneration and social security contributions) in respect of these individuals for the company is £177,434 (2015: £233,151) and for the group is £344,472 (2015: £570,980).

27. Controlling party

The company is controlled by Mr N Smallwood.