THIS ADMISSION DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this Admission Document, or as to the action you should take, you should consult your stockbroker, solicitor, accountant or other independent adviser authorised under the Financial Services and Markets Act 2000 as amended ("FSMA") who specialises in advising on the acquisition of shares and other securities in the United Kingdom. The whole of the text of this Admission Document should be read. You should be aware that an investment in the Company involves a high degree of risk and prospective investors should carefully consider the section entitled "Risk Factors" in Part 4 of this Admission Document, which sets out certain risk factors relating to any investment in Ordinary Shares.

Application will be made for the Enlarged Share Capital to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings in the Ordinary Shares will commence on or around 1 September 2017. The Ordinary Shares are not traded on any other recognised investment exchange and no other such applications have been made.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the UK Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser.

Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on Admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. The London Stock Exchange has not itself examined or approved the contents of this Admission Document.

This Admission Document, which comprises an admission document drawn up in accordance with the AIM Rules for Companies, has been issued in connection with the application for the Enlarged Share Capital of the Company to be admitted to trading on AIM. Accordingly, this Admission Document does not contain an offer or constitute any part of an offer to the public within the meaning of sections 85 and 102B of FSMA or otherwise. This Admission Document is not an approved prospectus for the purposes of section 85 of FSMA and a copy of it has not been, and will not be, delivered to the FCA in accordance with the Prospectus Rules, or approved by the FCA or any other authority which could be a competent authority for the purposes of the Prospectus Directive.

The Directors and Proposed Director, whose names and functions appear on page 5 of this Admission Document, accept responsibility (both individually and collectively) for the information contained in this Admission Document. To the best of the knowledge and belief of the Directors and the Proposed Director (each of which has taken reasonable care to ensure that such is the case), the information contained in this Admission Document is in accordance with the facts and does not omit anything likely to affect the import of such information.

AVINGTRANS PLC

(incorporated under the Companies Act 2006 and registered in England and Wales with registered number 01968354)

Proposed issue of up to 11,535,000 New Ordinary Shares in connection with the proposed acquisition of Hayward Tyler Group plc by means of a scheme of arrangement under Part X of the Companies Act 2006 of the Isle of Man, Admission of the Enlarged Share Capital to trading on AIM
and
Notice of General Meeting

Nominated Adviser and Broker:

N+1 SINGER

The New Ordinary Shares will, on Admission, rank pari passu in all respects with the Existing Ordinary Shares then in issue and will rank in full for all dividends and other distributions declared, paid or made in respect of the Ordinary Shares after Admission.

Nplus1 Singer Advisory LLP ("N+1 Singer"), which is authorised and regulated in the UK by the FCA, is acting as nominated adviser and broker to the Company. It will not be responsible to any person other than the Company for providing the protections afforded to its customers or for advising any other person on the contents of any part of this Admission Document. The responsibilities of N+1 Singer as the Company's nominated adviser and broker under the AIM Rules are owed solely to London Stock Exchange plc and are not owed to the Company or any Director or Shareholder or to any other person, in respect of any decision to acquire Ordinary Shares in reliance on any part of this Admission Document or otherwise. N+1 Singer is not making any representation or warranty, express or implied, as to the contents of this Admission Document.

This Admission Document does not constitute an offer to buy or subscribe for, or the solicitation of an offer to buy or subscribe for, Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful. The distribution of this Admission Document in certain jurisdictions may be restricted by law and, therefore, persons into whose possession this Admission Document comes should inform themselves about and observe such restrictions. Any such distribution could result in a violation of the laws of such jurisdictions. In particular, this Admission Document is not for distribution into the United States of America, Canada, Australia, the Republic of South Africa or Japan, or any other jurisdiction where to do so would be in breach of any applicable laws and/or regulations. The Ordinary Shares have not been, and will not be, registered under the securities legislation of the United States of America, any province or territory of Canada, Australia, the Republic of South Africa or Japan. Accordingly, the Ordinary Shares may not, subject to certain exemptions, be offered, sold, re-sold, renounced, taken up or delivered, directly or indirectly, into the United States of America, Canada, Australia, the Republic of South Africa or Japan, or to any national, citizen or resident of the United States of America, Canada, Australia, the Republic of South Africa or Japan. In addition, the securities to which this Admission Document relates must not be marketed into any jurisdiction where to do so would be unlawful.

IMPORTANT INFORMATION

Investment in the Enlarged Group carries risk. There can be no assurance that the Enlarged Group's strategy will be achieved and investment results may vary substantially over time. Investment in the Enlarged Group is not intended to be a complete investment programme for any investor. The price of Ordinary Shares and any income from Ordinary Shares can go down as well as up and investors may not realise the value of their initial investment. Prospective investors should carefully consider whether an investment in Ordinary Shares is suitable for them in light of their circumstances and financial resources and should be able and willing to withstand the loss of their entire investment (see Part 4 of this Admission Document headed "Risk Factors").

Potential investors contemplating an investment in Ordinary Shares should recognise that their market value can fluctuate and may not always reflect their underlying value. Returns achieved are reliant, *inter alia*, upon the performance of the Enlarged Group. No assurance is given, express or implied, that Shareholders will receive back the amount of their investment in Ordinary Shares.

If you are in any doubt about the contents of this Admission Document you should consult your stockbroker or your financial or other professional adviser.

Investment in the Enlarged Group is suitable only for financially sophisticated individuals and institutional investors who have taken appropriate professional advice, who understand and are capable of assuming the risks of an investment in the Enlarged Group and who have sufficient resources to bear any losses which may result therefrom.

Potential investors should not treat the contents of this Admission Document as advice relating to legal, taxation, investment or any other matters. Potential investors should inform themselves as to: (a) the legal requirements within their own countries for the purchase, holding, transfer, or other disposal of Ordinary Shares; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of Ordinary Shares that they might encounter; and (c) the income and other tax consequences that may apply in their own countries as a result of the purchase, holding, transfer or other disposal of Ordinary Shares. Potential investors must rely upon their own representatives, including their own legal advisers and accountants, as to legal, tax, investment or any other related matters concerning the Enlarged Group and an investment therein.

Statements made in this Admission Document are based on the laws and practices currently in force in England and Wales and are subject to changes therein.

This Admission Document should be read in its entirety before making any investment in the Enlarged Group.

FORWARD LOOKING STATEMENTS

This Admission Document includes statements that are, or may be deemed to be, "forward-looking statements". These statements relate to, among other things, analyses and other information that are based on forecasts of future results and estimates of amounts not yet determinable. These statements also relate to the Enlarged Group's future prospects, developments and business strategies.

These forward-looking statements can be identified by their use of terms and phrases such as "anticipate", "believe", "could", "estimate", "expect", "intend", "may", "plan", "predict", "project", "will" or the negative of those variations, or comparable expressions, including references to assumptions. These statements are primarily contained in Parts 1 to 3 of this Admission Document.

The forward-looking statements in this Admission Document, including statements concerning projections of the Enlarged Group's future results, operations, profits and earnings, are based on current expectations and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied by those statements.

Certain risks to and uncertainties for the Enlarged Group are specifically described in Part 4 of this Admission Document headed "Risk Factors". If one or more of these risks or uncertainties materialises, or if underlying assumptions prove incorrect, the Enlarged Group's actual results may vary materially from those expected, estimated or projected. Given these risks and uncertainties, potential investors should not place any reliance on forward-looking statements.

Forward-looking statements may and often do differ materially from actual results. Any forward-looking statements in this Admission Document are based on certain factors and assumptions, including the Directors' current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Existing and/or the Enlarged Group's operations, results of operations, growth strategy and liquidity. Whilst the Directors consider these assumptions to be reasonable based upon information currently available, they may prove to be incorrect. Prospective investors should, therefore, specifically consider the risk factors contained in Part 4 of this Admission Document that could cause actual results to differ before making an investment decision. Save as required by law or by the AIM Rules for Companies, the Company undertakes no obligation to publicly release the results of any revisions to any forward-looking statements in this Admission Document that may occur due to any change in the Directors' expectations or to reflect events or circumstances after the date of this Admission Document.

PRESENTATION OF FINANCIAL INFORMATION

Unless otherwise indicated, financial information in, or referenced to in, this Admission Document, including the historical financial information on the Existing Group for the years ended 31 May 2014, 2015 and 2016 and for the six months ended 30 November 2016 and HTG for the years ended 31 March 2015, 2016 and 2017 has been prepared in accordance with IFRS.

Various figures and percentages in tables in this Admission Document, including financial information, have been rounded and accordingly may not total. As a result of this rounding, the totals of data presented in this Admission Document may vary slightly from the actual arithmetical totals of such data. In this Admission Document, references to "pounds sterling", "£", "pence" and "p" are to the lawful currency of the United Kingdom.

MARKET INFORMATION

The data, statistics and information and other statements in this Admission Document regarding the markets in which the Enlarged Group operates, or the Enlarged Group's position therein, are based on the Enlarged Group's records or are taken or derived from statistical data and information derived from the sources described in this Admission Document. In relation to these sources, such information has been accurately reproduced from the published information and, so far as the Directors are aware and are able to ascertain from the information provided by the suppliers of these sources, no facts have been omitted which would render such information inaccurate or misleading. Unless the source is otherwise identified, the market, economic and industry data and statistics in this Admission Document constitute Directors' estimates, using underlying data from third parties. Where third party information has been used in this Admission Document, the source of such information has been identified. Such third party information has not been audited or independently verified.

All times referred to in this Admission Document are, unless otherwise stated, references to London time.

CONTENTS

ADMISSION AND ACQUISITION STATISTICS

Number of Ordinary Shares in issue at the date of this Admission Document	19,171,123
Number of New Ordinary Shares being issued by the Company on completion of the Acquisition[1]	up to 11,535,000
Enlarged Share Capital immediately following the Acquisition and Admission[2]	up to 30,706,123
Percentage of Enlarged Share Capital represented by the New Ordinary Shares	37.6
Percentage of Enlarged Share Capital represented by the Existing Ordinary Shares[2]	62.4
Anticipated market capitalisation upon Admission[3]	£75.2 million
ISIN	GB0009188797
SEDOL	0918879
TIDM	AVG
Website	www.avingtrans.plc.uk

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Announcement of the Acquisition	30 June 2017
Publication of this Admission Document and notice of General Meeting and Form of Proxy	1 August 2017
Latest time and date for receipt of Forms of Proxy	11.00 a.m. on 15 August 2017
General Meeting	17 August 2017
Completion of the Acquisition	31 August 2017
Effective Date*	31 August 2017
Cancellation of admission of HTG Shares to trading on AIM	1 September 2017
Admission effective and dealings in the Enlarged Share Capital commence on AIM	8.00 a.m. on 1 September 2017
Crediting of the New Ordinary Shares to CREST accounts	1 September 2017
Latest date for despatch of the share certificates in respect of the New Ordinary Shares to be issued to HTG Shareholders	14 September 2017

All future times and/or dates referred to in this Admission Document are subject to change at the discretion of the Company and N+1 Singer and if any of the above times or dates should change, the revised times and/or dates will be notified by an announcement on a regulatory information service. All times are UK times unless otherwise specified.

** Further details of the Scheme timetable are included in the Scheme Document published by HTG in connection with the Acquisition on 28 July 2017*

[1] The approximate number of New Ordinary Shares to be issued (subject to the rounding of fractional entitlements for New Ordinary Shares) as determined using the ratio of 1 New Ordinary Share for every 4.755 HTG Shares (excluding the Restricted Shares) pursuant to the terms of the Offer.

[2] Assuming that 11,535,000 New Ordinary Shares are issued pursuant to the Acquisition.

[3] Based on the Closing Price per Share of 245 pence on 28 July 2017 being the latest practicable Business Day prior to the date of this Admission Document and the expected Enlarged Share Capital of 30,706,123, assuming that up to 11,535,000 New Ordinary Shares are issued pursuant to the Acquisition.

DIRECTORS, SECRETARY AND ADVISERS

Existing Directors	Roger Steven McDowell *(Chairman)* Stephen (Steve) McQuillan *(Chief Executive Officer)* Stephen Michael King *(Chief Financial Officer)* Dr Graham Kenneth Thornton *(Non-Executive Director)* Leslie James Thomas *(Non-Executive Director)*
Proposed Director	Ewan Wade Royston Lloyd-Baker *(Non-Executive Director)*
Company secretary	Stephen King
Registered office	Avingtrans plc Chatteris Business Park Chatteris Cambridgeshire PE16 6SA
Website	www.avingtrans.plc.uk
Telephone	+44 (0) 1354 692 391
Nominated adviser and broker	Nplus1 Singer Advisory LLP 1 Bartholomew Lane London EC2N 2AX
Legal advisers to the Company	Shakespeare Martineau LLP No1 Colmore Square Birmingham B4 6AA
Reporting accountant and auditors	Grant Thornton UK LLP The Colmore Building 20 Colmore Circus Birmingham B4 6AT
Financial PR to the Company	Newgate Communications Sky Light City Tower 50 Basinghall St London EC2V 5DE
Registrar	Capita Asset Services 34 Beckenham Road Beckenham Kent BR3 4TU

DEFINITIONS

The following definitions apply throughout this Admission Document, unless the context otherwise requires:

"£", "pounds" and "pence"	the legal currency for the time being of the United Kingdom;
"Act"	the Companies Act 2006;
"Acquisition"	the proposed acquisition by Avingtrans of the entire issued and to be issued ordinary share capital of HTG (not already held by or on behalf of Avingtrans) pursuant to the Scheme;
"Adjusted DEPS"	in respect of any financial year of the Company the DEPS as adjusted to ensure a fair year on year comparison, including but not limited to: (a) removing any distortion arising from a material difference in the lengths of the financial years for which comparison is being made; (b) excluding any exceptional and extraordinary items, whether positive or negative from the calculation; (c) ensuring consistency in the application of the relevant accounting standards to the DEPS calculation; and (d) reflecting any material variation in DEPS that results from a non-trading event such as the reduction in the number of shares in issue;
"Admission"	the admission of the Enlarged Share Capital to trading on AIM becoming effective in accordance with the AIM Rules for Companies;
"Admission Document"	this Admission Document, published in connection with the Acquisition, the issue of the New Ordinary Shares and Admission;
"AIM"	the market of that name operated and regulated by the London Stock Exchange;
"AIM Rules for Companies"	the AIM Rules for Companies published by the London Stock Exchange, as amended from time to time, which set out the rules, responsibilities and guidance notes in relation to companies whose shares are admitted to trading on AIM;
"Announcement"	the announcement made by Avingtrans and HTG on 30 June 2017 regarding the Offer and the Scheme made pursuant to Rule 2.7 of the Code;
"Articles"	the articles of association of the Company (as amended);
"Avingtrans" or the "Company"	Avingtrans plc (incorporated in England and Wales under the Act with registered number 01968354);
"Avingtrans Shareholders"	the Shareholders of the Existing Group
"Base Year"	the accounting period ending immediately preceding the start of the Performance Period (as defined in paragraph 10.3.2.2 of Part 8 of this Admission Document);
"Business Day"	a day on which the London Stock Exchange is open for business in London;
"Carrying Cost"	on any given day, the amount, £X, determined as follows:- $x = \left(\frac{0.03}{365} \times ThresholdAmount\right) \times Y$ where Y is the number of days in the period beginning with (and including) the date of the relevant Joint Ownership Agreement (entered into in connection with the Shared Ownership Scheme) and ending on (and including) the Vesting Date or, if earlier, such day given;
"Conditions"	the conditions to the implementation of the Scheme and further terms of the offer, as set out in the Scheme Document and "Condition" means any one of them;
"Court"	the High Court of the Isle of Man;

"Court Meeting"	the meeting (and any adjournment thereof) convened with the permission of the Court pursuant to section 157(4) of the Act to be held at the offices of Mishcon de Reya LLP at Africa House, 70 Kingsway, London WC2B 6AH at 10.00 a.m. on 21 August 2017 to consider, and, if thought fit, approve the Scheme (with or without modification) and any adjournment thereof, notice of which is set out in the Scheme Document;
"CREST"	the electronic system for the holding and transferring of shares and other securities in paperless form operated by Euroclear UK & Ireland Limited;
"DEPS"	the fully diluted basic earnings per share for the relevant financial year of the Company as shown in the audited consolidated profit and loss account of the Company;
"Directors" or "Board"	the directors of the Company (and the Proposed Director, as the context requires), whose names appear on page 5 of this Admission Document;
"Disclosure Guidance and Transparency Rules"	the disclosure guidance and transparency rules made by the FCA in exercise of its functions as competent authority pursuant to Part VI of FSMA, as amended;
"EBITDA"	earnings before interest, taxation, depreciation and amortisation
"Effective"	in the context of the Acquisition: (i) if the Acquisition is implemented by way of the Scheme, the Scheme having become effective pursuant to its terms; or (ii) if the Acquisition is implemented by way of a contractual takeover offer, the offer having been declared or become unconditional in all respects in accordance with the requirements of the Code;
"Effective Date"	the date on which a certified copy of the Scheme Court Order is delivered to the Registrar of Companies for registration and such Order is registered by him and, accordingly, the Scheme becomes effective in accordance with its terms;
"Employee's Interest"	on any given day, the interest of the relevant employee in the Jointly Owned Shares (as defined in paragraph 10.2.2.1 of Part 8 of this Admission Document);
"Enlarged Group"	the enlarged group immediately following the Acquisition, comprising the Existing Group and the HTG Group;
"Enlarged Share Capital"	the issued Ordinary Shares following Admission comprising the Existing Ordinary Shares and the New Ordinary Shares;
"Euroclear"	Euroclear UK & Ireland, the Operator (as defined in the CREST Regulations) of CREST;
"Existing Group"	the Company and its subsidiaries at the date of this Admission Document;
"Existing Ordinary Shares" or "Existing Share Capital"	the Ordinary Shares in issue as at the date of this Admission Document;
"Existing Directors"	the directors of the Company as at the date of this Admission Document
"FCA"	the Financial Conduct Authority of the United Kingdom, acting in its capacity as the competent authority for the purposes of Part VI of FSMA;
"FCA Rules"	the FCA Handbook of Rules and Guidance (as amended);
"Final Year"	the last complete accounting period ending within the Performance Period (as defined in paragraph 10.2.3.1 of Part 8 of this Admission Document);
"Form of Proxy"	the form of proxy for use by Avingtrans Shareholders in connection with the General Meeting;
"FSMA"	the Financial Services and Markets Act 2000 (as amended);
"General Meeting"	the general meeting of the Company to be held at the offices of Shakespeare Martineau, No 1 Colmore Square, Birmingham B4 6AA at 11.00 a.m. on 17 August 2017, notice of which is set out at the end of this Admission Document;

"Hayward Tyler Group" or "HTG"	Hayward Tyler Group plc (incorporated in the Isle of Man under the IoM Act with registered number 010648V);
"HMRC"	HM Revenue and Customs;
"HTG Articles"	the articles of association of HTG;
"HTG Board" or "HTG Directors"	the board of directors of HTG and "HTG Director" means any member of the HTG Board;
"HTG CSOP"	HTG's company share option plan;
"HTG General Meeting"	the general meeting (and any adjournment thereof) of HTG Shareholders convened in connection with the Scheme to be held at the offices of Mishcon de Reya LLP at Africa House, 70 Kingsway, London WC2B 6AH at 10:15 a.m. on 21 August 2017 (or, if later, as soon thereafter as the Court Meeting shall have been concluded or adjourned) to consider and, if thought fit, to approve the ordinary resolution to approve the implementation of the Scheme and alter the HTG Articles, notice of which is set out in the Scheme Document;
"HTG Group"	HTG and its subsidiaries at the date of this Admission Document;
"HTG Meetings"	the Court Meeting and the HTG General Meeting;
"HTG LTIP"	HTG's long term incentive plan;
"HTG Shares"	ordinary shares of one penny each in the capital of HTG;
"HTG Share Schemes"	the HTG LTIP and the HTG CSOP;
"HTG Shareholders"	holders of HTG Shares;
"IFRS"	international financial reporting standards;
"IMV of a Jointly Owned Share"	the quoted price of an Ordinary Share on the date of the relevant Joint Ownership Agreement (entered into in connection with the Shared Ownership Scheme), or, if different, the Market Value of an Ordinary Share on the date of such agreement;
"Increase in Adjusted DEPS"	the percentage growth in Adjusted DEPS measured by comparing the Adjusted DEPS for the Base Year with the Adjusted DEPS for the Final Year;
"Increase in RPI"	the percentage growth in the RPI over the Performance Period measured by comparing the RPI for the month immediately preceding the start of the Performance Period (as defined in paragraph 10.2.3.1 of Part 8 of this Admission Document) with the RPI for the last month of the Performance Period;
"IoM Act"	the Companies Act 2006 of the Isle of Man;
"Joint Ownership Agreement"	as defined in paragraph 10.2.1.4 of Part 8 of this Admission Document;
"London Stock Exchange"	London Stock Exchange plc;
"Long Stop Date"	the date by which the Scheme must become unconditional and effective failing which it will lapse, being 31 August 2017 or such later date as HTG and the Company may agree (with, where applicable, the consent of the Panel and (if required) the approval of the Court);
"Market Abuse Regulation"	Market Abuse Regulation (Regulation 596/2014) (MAR), which repealed and replaced the Market Abuse Directive (2003/6/EC) (MAD) and its implementing legislation with effect from 3 July 2016;
"Market Value"	has the meaning given in Part VIII of the TCGA;
"N+1 Singer"	Nplus1 Singer Advisory LLP (incorporated and registered in England and Wales with registered number OC364131), the Company's nominated adviser and broker;
"N+1 Singer Engagement Letter"	the engagement letter between N+1 Singer and the Company, dated 31 July 2017;
"New Ordinary Shares"	the new Ordinary Shares to be issued pursuant to the Scheme;

"Offer"	the general offer made by Avingtrans for the entire issued and to be issued share capital of HTG and, where the context so requires, any revision, extension or variation thereof;
"Offer Period"	the period commencing on 31 March 2017 and ending in accordance with the rules of the Code;
"Ordinary Shares"	ordinary shares of 5 pence each in the capital of the Company;
"Overseas Shareholders"	an Existing Shareholder with a registered address outside the UK and Isle of Man;
"Panel" or the "Takeover Panel"	the UK Panel on Takeovers and Mergers;
"PDMR"	persons discharging managerial responsibilities;
"Proposed Director"	Ewan Lloyd-Baker, whose appointment as non-executive director of the Company is due to take effect from, and is conditional upon, Admission;
"Recommending HTG Directors"	the HTG Board with the exception of Maurice Critchley;
"Registrar"	Capita Asset Services;
"Regulation D"	Regulation D of the Securities Act;
"Regulation S"	Regulation S of the Securities Act;
"Regulatory Information Service"	one of the regulatory information services authorised by the London Stock Exchange to receive process and disseminate regulatory information in respect of AIM listed companies;
"Resolutions"	the resolutions set out in the notice of General Meeting at the end of this Admission Document in respect of and in connection with the Acquisition;
"Restricted Shares"	544,118 HTG Shares that were issued to Ewan Lloyd-Baker as 'restricted shares' pursuant to the HTG LTIP;
"RPI"	the retail prices index as defined in section 989 of the Income Tax Act 2007;
"Scheme" or "Scheme of Arrangement"	the scheme of arrangement proposed to be made under Part X of the IoM Act between HTG and the Scheme Shareholders to implement the Acquisition, with or subject to any modification, addition or condition approved or imposed by the Court and agreed by HTG and Avingtrans;
"Scheme Court Hearing"	the hearing at which the Scheme Court Order is made;
"Scheme Court Order"	the order of the Court sanctioning the Scheme under Part X of the IoM Act;
"Scheme Document"	the document sent by HTG to the HTG Shareholders, dated 28 July 2017, of which the Scheme forms part;
"Scheme Record Time"	6.00 p.m. on the Business Day immediately preceding the Effective Date;
"Scheme Shareholders"	the holders of the Scheme Shares;
"Scheme Shares"	HTG Shares (excluding any held by Avingtrans or registered in the name of any member of the Existing Group or any person known to the Company to be a nominee for Avingtrans): (i) in issue at 6.00 p.m. on the date of the Scheme Document; (ii) (if any) issued after 6.00 p.m. on the date of the Scheme Document and before the Voting Record Time; and (iii) (if any) issued on or after the Voting Record Time and on or before the Scheme Record Time, either on terms that the original or any subsequent holders of such shares shall be bound by the Scheme, or in respect of which the original or any subsequent holders of such shares are, or shall have agreed in writing to be, bound by the Scheme;
"Securities Act"	U.S. Securities Act of 1993, as amended;

"Share Option Plan"	the Avingtrans 2009 Approved Share Option Plan;
"Shared Ownership Scheme"	the Avingtrans Executive Shared Ownership Plan 2011;
"Shareholder"	a holder of an Ordinary Share;
"Statutes"	the Companies Act 1985 and the Companies Act 2006 as amended, consolidated or re-enacted from time to time and every other statute or statutory instrument, rule, order or regulation from time to time in force concerning companies so far as they apply to the Company;
"Takeover Code" or the "Code"	the City Code on Takeovers and Mergers (as amended);
"Threshold Amount"	the IMV of a Jointly Owned Share or such other amount as is from time to time determined pursuant to the relevant Joint Ownership Agreement (entered into in connection with the Shared Ownership Scheme);
"UK" or "United Kingdom"	the United Kingdom of Great Britain and Northern Ireland;
"uncertificated" or "in uncertificated form"	recorded on a register of securities maintained by Euroclear UK & Ireland Limited in accordance with the CREST Regulations as being in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST;
"US" or "United States"	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia;
"US Person"	has the meaning set out in Regulations S of the Securities Act;
"Vested Percentage of the Employee's Interest" or "VPEI"	at any given time such percentage of the Employee's Interest as has become vested as determined in accordance with the relevant Joint Ownership Agreement (entered into in connection with the Shared Ownership Scheme) or which has been deemed by the Company's remuneration committee to have become vested, in consequence of any Performance Target (as defined in paragraph 10.2.3.1 of Part 8 of this Admission Document) having been met (or, in the other circumstances noted in the relevant Joint Ownership Agreement (entered into in connection with the Shared Ownership Scheme), having been deemed to have been met) in whole or in part;
"Vesting Date"	the third anniversary of the date of the relevant Joint Ownership Agreement (entered into in connection with the Shared Ownership Scheme); and
"Voting Record Time"	6.00 p.m. on 19 August 2017, or, in the event that the Court Meeting is adjourned by more than 48 hours, 6.00 p.m. on the day which is two Business Days before such adjourned meeting.

References to the singular shall include references to the plural, where applicable, and vice versa. Any reference to any provision of any legislation includes any amendment, modification, re-enactment or extension of it.

TECHNICAL GLOSSARY

The following defined technical terms are used throughout this Admission Document, unless the context requires otherwise:

"AS9100"	a standard used for quality management systems in the aviation, space and defence industries
"BCP"	boiler circulating pump, a motor and pump unit used to circulate water around the boiler in a conventional, supercritical or ultra-supercritical coal fired power station
"CAGR"	compound annual growth rate
"CHP"	combined heat and power, a means of producing electricity and heat energy from the same source
"EPC"	engineering, procurement and construction business
"FLNG"	floating liquefied natural gas carrier. An FLNG facility can produce, liquefy, store and transfer liquefied natural gas at sea before carrier ships can transport it elsewhere
"FPSO"	floating, production, storage and offloading, a floating production storage and offloading vessel used by the offshore oil and gas sector for the production, processing and storage of hydrocarbons
"GW"	gigawatt, a measure of energy, being one billion (1,000,000,000) watts
"MW"	megawatt, a measure of energy, being one million (1,000,000) watts
"MRI"	magnetic resonance imaging, a medical imaging technique used in radiology, to form pictures of the anatomy and the physiological processes of the body in both health and disease
"NMR"	nuclear magnetic resonance, a research technique that exploits the magnetic properties of atomic nuclei. It determines the physical and chemical properties of atoms or the molecules in which they are contained, relying on the phenomenon of nuclear magnetic resonance and can provide detailed information about the structure, dynamics, reaction state, and chemical environment of molecules. Most frequently, NMR spectroscopy is used by chemists and biochemists to investigate the properties of organic molecules, although it is also applicable to other molecules
"OEM"	original equipment manufacturer
"R&D"	research and development
"STG"	steam turbine generator, a device to generate electric power through the movement of steam past sets of blades arranged in circles
"wet-wound"	an electric induction motor utilising insulated copper cable and technology to be able to operate in a submerged environment

LETTER FROM THE CHAIRMAN

Avingtrans plc

(incorporated in England and Wales with registered number 01968354)

Directors:	Registered Office:
Roger McDowell *(Chairman)*	Chatteris Business Park
Steve McQuillan *(Chief Executive Officer)*	Chatteris
Stephen King *(Chief Financial Officer)*	Cambridgeshire
Graham Thornton *(Non-Executive Director)*	PE16 6SA
Leslie Thomas *(Non-Executive Director)*	
	1 August 2017

Dear Shareholder,

Proposed issue of up to 11,535,000 New Ordinary Shares in connection with the proposed acquisition of Hayward Tyler Group plc by means of a scheme of arrangement under Part X of the Companies Act 2006 of the Isle of Man,

Admission of the Enlarged Share Capital to trading on AIM

and

Notice of General Meeting

1. Introduction and summary

On 30 June 2017, the boards of HTG and Avingtrans announced that they had agreed the terms of a recommended acquisition pursuant to which Avingtrans will acquire the entire issued and to be issued ordinary share capital of HTG. Subject to the satisfaction, or where applicable, waiver of the Conditions, it is expected that the Acquisition, which is to be effected by means of a court-sanctioned scheme of arrangement under Part X of the IoM Act, will become Effective on 31 August 2017 and that Admission of the Enlarged Group will take place on 1 September 2017.

The Acquisition will constitute a reverse takeover under the AIM Rules for Companies and as such is conditional, inter alia, on approval by Avingtrans Shareholders which will be sought at a general meeting of the Company to be held on 17 August 2017, notice of which is set out at the end of this Admission Document.

The purpose of this Admission Document is to explain the background to and the reasons for the Acquisition, to explain why the Board considers the Acquisition to be in the best interests of the Company and the Avingtrans Shareholders as a whole and why the Directors unanimously recommend that Avingtrans Shareholders vote in favour of the Resolutions to be proposed at the General Meeting.

The Scheme Document, explaining the background to, and the details of, the Offer, was posted to HTG Shareholders on 28 July 2017 in order to seek their support for and approval of the Offer. The Scheme Document also explains the reasons why the Recommending HTG Directors consider the terms of the Offer to be fair and reasonable.

2. Summary terms of the Acquisition and the Scheme

The Acquisition is subject to the Conditions and certain further terms summarised below and set out in full in the Scheme Document. Under the terms of the Scheme, Scheme Shareholders, other than holders of Restricted Shares, will be entitled to receive:

One New Ordinary Share for every 4.755 Scheme Shares

The exchange ratio of New Ordinary Shares to Scheme Shares was determined with reference to the offer price of 47 pence per HTG Share and the average daily volume weighted average price per Ordinary Share over the 30 days to 29 June 2017, being the Business Day prior to release of the Announcement.

It is expected that subject to the satisfaction (or, where applicable, waiver) of the Conditions, (further details of which are set out in Part IV of the Scheme Document), the Scheme Court Hearing to sanction the Scheme will be held on 30 August 2017 and that the Effective Date will be 31 August 2017. The Offer is conditional upon the Scheme becoming effective by no later than 31 August 2017, or such later date as HTG and the Company may agree (with, where applicable, the consent of the Panel and (if required) the approval of the Court), failing which it will lapse.

In order to become effective, the Scheme must be approved at the Court Meeting (at which voting will be conducted by way of a poll) by the passing of a resolution by a majority in number of the Scheme Shareholders, present and voting, either in person or by proxy, at such meeting, representing not less than 75 per cent. in value of the Scheme Shares held by such Scheme Shareholders. HTG is seeking approval for an amendment to the HTG Articles in connection with the Scheme at the HTG General Meeting.

If the Scheme becomes effective, it will be binding on all Scheme Shareholders, irrespective of whether or not they attended or voted at the Court Meeting or the HTG General Meeting or whether they voted against the Scheme. The Scheme will only become effective on the Scheme Court Order being delivered to the Registrar of Companies in the Isle of Man.

Consideration in respect of the Acquisition is to be satisfied by the issue of up to 11,535,000 New Ordinary Shares (subject to the rounding of fractional entitlements), which will result in Scheme Shareholders owning approximately 37.6 per cent. of the Enlarged Group upon Admission. The Acquisition is conditional on, amongst other things: (i) the Scheme becoming Effective by no later than the Long Stop Date; and (ii) approval by the requisite majority of Avingtrans Shareholders at the General Meeting and of HTG Shareholders at the HTG Meetings.

3. Background to and reasons for the Acquisition

The Company has a track record of growing businesses, either from start-up or via strategic acquisition, developing them internationally and crystallising value through sales at an appropriate stage in their development.

The Existing Group grew both its Machine Tools and Aerospace divisions to become international leaders in their chosen niche markets, underpinned by a number of acquisitions. The Existing Group's Machine Tools division, JenaTec, was disposed of in November 2012 for £13.45 million. This disposal provided the initial funds to develop the Aerospace business, Sigma Components, which was further expanded by its acquisition of Rolls-Royce's internal pipe manufacturing business in January 2016. Sigma Components was subsequently sold in May 2016 for an enterprise value of £65 million, following which £19.4 million was returned to Shareholders via a tender offer.

The Board's objective is to continue its proven 'buy and build' strategy in regulated engineering niche markets, where it sees consolidation opportunities, with the intention of increasing shareholder returns over the medium to long term. The Company intends to crystallise these gains at the appropriate time with periodic sales of businesses and return the proceeds, or a portion thereof, to Shareholders of the Enlarged Group. Previous deals have clearly demonstrated the success of this approach. Avingtrans has built strong brands and value from smaller constituent parts, demonstrating well-developed deal-making skills and a clear understanding of asset values and creating substantial increases in shareholder value.

After the disposal of Sigma Components, the Board and the executive management team spent considerable effort in pinpointing suitable assets to strengthen the position of its Energy division. Furthermore, as noted in the interim results statement in February 2017, the current operations are in the process of being split into two divisions, with the Medical business to become a separate entity. To this end, the Existing Group made the small technology enabling acquisition of Space Cryomagnetics Limited, trading as Scientific Magnetics, in February 2017.

The Existing Group has the opportunity to substantially augment the market position of its Energy business through the Acquisition. HTG Group's businesses specialise in motors, pumps, compressors and steam turbine generators used in applications in the power, oil and gas and nuclear sectors of the energy market. The Board believes that these capabilities will complement and augment the Existing Group's own expertise in these areas and will strengthen its market leadership.

The Board sees significant operational and financial benefits for both Avingtrans Shareholders and HTG Shareholders arising from the combination of the businesses, specifically:

- The strength of the Company's balance sheet will result in a combined entity with a very low level of net debt and the headroom to pursue major growth opportunities, both organically and via further acquisitions.
- Some duplicate costs can be removed and buying power augmented.
- Both businesses enjoy leadership positions in their respective energy market niches, particularly in the nuclear sector.
- Both the Avingtrans subsidiary, Maloney Metalcraft Limited and the HTG subsidiaries, Peter Brotherhood Limited and Hayward Tyler Ltd, have long pedigrees in the oil and gas market. Whilst this sector remains subdued at present, the Board believes that the Enlarged Group will be better able to win new business and to enhance its standing in the market.
- In the power sector, HTG Group's core business would benefit from the increased scale and strengthened balance sheet of the Enlarged Group, with targeted investment supporting an accelerated drive towards niche leadership.
- The Board believes that the enhanced scale of the business and greater access to the Chinese energy market will enable the Enlarged Group to achieve critical mass and make inroads into the Chinese nuclear energy market.
- The Board believes that Shareholders of the Enlarged Group could benefit from an enhanced market valuation in the future due to the scale of the Enlarged Group and its growth potential.

In summary, the Board believes that the Enlarged Group will have strong prospects in the energy sector, as well as a stable platform in the medical and biomedical equipment markets, which will potentially increase shareholder value, enhanced by prudent deployment of its proven acquisition and expansion strategy.

4. Information on the Existing Group

Information on the Existing Group is set out in Part 2 of this Admission Document.

5. Information on HTG Group

HTG Group is focused on delivering performance-critical solutions to meet current and future global energy needs. It designs, engineers, manufactures and services performance-critical motor, pumping and power solutions across the global energy sector. HTG Group has two businesses; Hayward Tyler and Peter Brotherhood, which employ over 500 staff globally and trade from facilities in the UK, the USA, China and India.

Hayward Tyler

Hayward Tyler specialises in the design, manufacture and servicing of performance-critical motors and pumps in challenging environments. A multi-million pound investment has been made in a Centre of Excellence at its Luton headquarters. The HTG Directors believe that this Centre of Excellence is the world's most advanced facility for specialist motor manufacture and it also provides significant additional support for R&D and the training and development of its workforce. The Hayward Tyler brand has been providing engineered products for over 200 years. Hayward Tyler generated revenue in the year to 31 March 2017 of £46.5 million, of which 28 per cent. was derived from original equipment sales and 72 per cent. from the aftermarket (which includes spares and shop and field service).

Peter Brotherhood

The Peter Brotherhood business was acquired by HTG in a trade and assets deal in October 2015. The business was subsequently renamed Peter Brotherhood in order to benefit from the reputation of a brand which this year has its 150th anniversary. Peter Brotherhood specialises in the design, manufacture and servicing of performance-critical steam turbines, turbo gen-sets, compressors, gear boxes and combined heat and power systems. Peter Brotherhood's expertise covers a range of industries, with over 1,500 units sold to over 100 countries globally. Peter Brotherhood generated revenue in the year to 31 March 2017 of £16.2 million, of which 35 per cent. was derived from original equipment sales and 65 per cent. from the aftermarket (which includes spares and shop and field service).

Selected historical financial information on HTG

The table below sets out HTG's summary financial information for each of the three years ended 31 March 2017*:

	2015	**2016**	**2017**
	£ million	**£ million**	**£ million**
Revenue	48.6	61.6	62.7
Gross Profit	17.1	20.4	17.3
Trading EBITDA	6.4	7.2	0.0
Trading profit/(loss) before tax	4.4	5.1	(3.7)
Basic earnings/(loss) per share (pence)	6.98p	4.89p	(7.07)p
Net debt	7.9	8.6	22.1

** The 2016 financials consolidate the financials of Peter Brotherhood from the date of the acquisition of its trade and assets in October 2015.*

This summary information relates to past performance. Past performance is not a reliable indication of future results.

Further information on the historical trading performance of HTG is set out in Part 5 of this Admission Document.

Further information on HTG is set out in Part 3 of this Admission Document.

6. Current trading

Existing Group

In an announcement released on 26 June 2017, the Company confirmed that in respect of trading for the year ended 31 May 2017, although revenue was slightly behind management outlook, Avingtrans closed the year with adjusted profit before tax marginally ahead of internal expectations and net cash of £26.4m. The Company was also pleased to report a strong current order book for its Energy and Medical division. The Directors confirm that there has been no significant change to the trading performance of the Existing Group since the date of that announcement.

HTG

On 30 June 2017, HTG announced its results for the year ended 31 March 2017. Overall HTG revenue in the period was slightly higher at £62.7 million (FY2016: £61.6 million), with the increase due to the full-year contribution from Peter Brotherhood, with HTG EBITDA at breakeven. Against a backdrop of challenging end markets and continuing uncertain economic times, HTG's performance was dampened in the first half of 2017 before recovering strongly in the second half of 2017. Gross profit margin was 28 per cent. (FY2016: 33 per cent.) reflecting the lower than anticipated turnover which did not fully support factory overheads including labour, rent and utilities, which was geared-up to support a turnover of £80 million or more in the year. The underlying gross profit margin, however, was strong at 43 per cent. (FY2016: 41 per cent.) noticeably ahead of the HTG's KPI target of 35 per cent. The trading loss before tax for the year was £3.7 million (FY2016: profit of £5.1 million).

Net debt increased from £8.6 million at 31 March 2016 to £22.1 million at 31 March 2017 mainly driven by capital expenditure and the increase in working capital. At 31 March 2017 net debt comprised:

- Term borrowings of £8.1 million (FY2016: £5.9 million);
- Finance leases of £3.6 million (FY2016: £1.6 million); and
- Drawings under revolving credit facilities of £11.5 million (FY2016: £6.2 million) offset by cash of £1.2 million (FY2016: £5.1 million).

This information relates to past performance. Past performance is not a reliable indication of future results.

7. Market drivers

Energy

Energy consumption is increasing globally, due largely to demand from emerging economies. Some of the main drivers in the energy market are environmental factors; primarily the increasing move away from power generation reliant on fossil fuels and the growing need for replacement energy production technologies. Furthermore, the drive to reduce air pollution is creating opportunities for the development of technologies to clean up highly-polluting industrial processes and to remove noxious gases in densely populated areas. This all drives a move towards alternative clean energy generation processes, which brings with it the need to store generated energy to enable the sustained contribution when the ambient source is insufficient for power generation.

Various alternative energy generation and storage technologies are competing for leadership in this emerging market. Peter Brotherhood has expertise in CHP systems and Hayward Tyler is also participating in new areas, such as solar and tidal power generation. The UK CHP market is expected to grow to 18GW by 2020. In addition, Maloney and Metalcraft have supplied equipment into the nascent liquefied air energy storage, wave power and fuel cell sectors of the market.

The Board believes that the nuclear industry represents a huge market, offering significant long-term opportunities for specialist companies, encompassing new build and decommissioning activities; the Enlarged Group will service and supply both. Investment is needed in both new build and decommissioning activities, with new build required to help meet rising power generation needs, as well as to replace generating capacity which is nearing end of life. Over 400 new reactors are currently planned or proposed across the world, with two proposed in the UK in the next 20 years. Both Metalcraft and Hayward Tyler are qualified suppliers to the UK new build programme, though this is yet to translate into orders for new units.

Decommissioning spend is needed to clean up legacy nuclear sites safely and securely, both in the UK and internationally; some of which currently present an unacceptable risk. In addition, with circa 75 per cent. of the operational reactors worldwide having been in operation for over 25 years, continued growth opportunities for Hayward Tyler in aftermarket parts and services are expected to be realised in the European, South Korean and US markets.

Both Metalcraft and Hayward Tyler have supplied products into the UK nuclear sector for decades and Metalcraft has recently won important decommissioning contracts with Sellafield for its 3M3 storage containers for nuclear waste.

Whilst there is an increasing move towards renewable energy sources, there is still significant reliance on fossil fuels globally. Hayward Tyler operates in the large scale power market of 300MW and above, including predominantly coal-fired power stations. As one of the three main suppliers of BCPs globally, it is working with operators to develop the next generation of boiler systems to meet the ever increasing push for efficiency and environmental effectiveness. The market is expected to grow significantly over the next 30 years, driven primarily by China and India. In addition, there is a continued pursuit of larger, more efficient coal-fired power stations, with over 1,200 new stations being proposed, and a drive to enhance the economic viability of ageing plants, whilst also helping to meet emission targets. In the UK, as older coal and nuclear power stations are taken offline and renewables are unable to provide a reliable on-demand replacement service, a potential supply gap could arise. As part of an overall strategy aimed at bridging the gap, the UK Government is promoting a Short Term Operating Reserve ("STOR") market to add 2.5 GW of additional capacity by 2020. Peter Brotherhood designs, manufactures and services gas to power units and therefore expects to benefit from this strategy.

Whilst there has been recent pressure on the oil price and subsequent reduced capital investment, Hayward Tyler has benefited from its involvement in the subsea arena and particularly brownfield sites. Oil majors view subsea processing as a means of improving the economics of oil recovery by reducing hardware costs and extending an oilfield's life. There is also a drive to find an alternative to oil-filled subsea systems and electro-submersible pumps in well artificial lift systems, with their inherent constraints and reliability concerns. The Directors believe that Hayward Tyler is well placed to capitalise on this trend as it has the required wet wound motor expertise, global standards capability, existing approvals and operational reference list.

As oil prices have fallen and become more volatile, the oilfield services industry has been under increasing pressure to reduce fixed operating costs and the use of more flexible production vessels (FPSOs and FLNGs) has become commonplace. The Board believes that Peter Brotherhood is well positioned to take advantage of any upturn in either new floating vessel construction or floating vessel conversions given its significant existing installed base, operational reference list and engineering pedigree. In addition Maloney Metalcraft also has a pertinent pedigree of supply in this niche.

Medical

Metalcraft has a long pedigree in the manufacture of vacuum vessels, helium pressure vessels and cryostats for medical applications; primarily MRI scanners but also, more recently, for proton therapy equipment. The demographics of a growing and ageing world population are positive for the medical imaging and diagnostics markets, so the Existing Group's Medical division is well placed to benefit from external market drivers. In England alone, the NHS reported a total of 3.08 million MRI tests undertaken in the year to March 2016 versus 2.35 million in the year to March 2013; an increase of over 0.7 million tests.

In addition, advances in proton therapy; a targeted therapy used primarily in the treatment of complex cancers such as brain cancer, is expected to drive further opportunities for growth for the Enlarged Group. Cancer Research UK anticipates that there will be 23.6 million new cancer cases worldwide each year by 2030 and in the UK, the government has committed £250 million towards developing high energy proton beam therapy services, currently being built at Christies in Manchester and University College Hospital in London.

A number of MRI devices use liquid helium to cool their magnet components, which presents a number of challenges, including certain challenges in the helium supply chain and the significant element it contributes to the overall cost of a typical MRI system. In addition, the challenges of storing and transporting helium limits the potential locations in which an MRI system can be deployed and adds to the cost in accommodating it in locations which it can. Avingtrans is developing technology which removes the need for helium to be used, known as cryofree technology. This will enable Avingtrans, through Scientific Magnetics, to develop new products for supply into niche MRI markets – for example veterinary imaging, industrial MRI as well as others, such as Nuclear Magnetic Resonance and mineral separation. The Board believes Scientific Magnetics can become a leader in some of these niches, as well as a trusted supplier to some of the leading MRI providers, such as Siemens, Philips and GE, just as Metalcraft is already.

8. Competition

Energy

Competition in the energy market is largely fragmented and varies by product type.

Energy – Existing Group

In respect of the large pressure vessels produced by the Existing Group, in the UK there are relatively few producers with the credentials to produce the same type of specialised and highly regulated units, in particular for the production of nuclear waste containers, for which, in the opinion of the Board, there are even fewer credible producers with critical mass.

The current main competitor for nuclear waste containers at Sellafield is Darchem, a subsidiary of Esterline (USA). A handful of other competitors are qualified to produce such equipment, but not all are able to compete on a cost basis. Furthermore, the Existing Board believes that the opportunity at Sellafield is significant and that Metalcraft remains well-placed to be a key partner for Sellafield in this decommissioning programme over the next 30 years.

Energy – HTG Group

Within the energy sector more generally, Hayward Tyler operates across a number of smaller niche markets. While it enjoys a strong position in BCPs, its other global competitors are Torishima in Japan and KSB of Germany.

The steam turbine market, on the other hand, is highly competitive, with a number of large competitors, including Siemens and GE. Peter Brotherhood, with its long pedigree of producing steam turbine generators, has adopted a strategy of targeting specialist sub-sectors of the market which may be less attractive to the main market players. For example, it has become a niche market leader in the provision of STG equipment for floating production vessels (FPSOs and FLNGs) for the oil and gas market. Maloney Metalcraft has also supplied equipment into this niche.

Medical

In the medical market, Metalcraft produces component parts – pressure vessels, vacuum vessels, cryostats and other fabricated and machined equipment – primarily for the MRI and NMR industries and more recently for proton therapy equipment. Metalcraft has a wealth of knowledge in the sector; having produced two vacuum and helium containment vessel sets for the first MRI scanners manufactured for clinical use and has since supplied in excess of 50 per cent. of the worldwide supply of MRI cryostat vessel parts and magnet formers. It is this in-depth technical, product and market knowledge that the Directors believe acts as a barrier to other similar producers. While many OEM producers in the space have their own dedicated manufacturing capability, in the view of the Directors few have the same level of technical expertise as Metalcraft.

9. Strategy of the Enlarged Group

The stated strategy of the Existing Group has been to "buy and build" in regulated engineering niche markets, where the Board sees potential consolidation opportunities, which can lead to significantly increased shareholder returns over the medium to long term. The Acquisition represents the next step in this strategy. The Directors aim to crystallise gains with periodic sales of businesses at advantageous times, enabling the Existing Group to return the proceeds to Shareholders. The Company calls this strategy "PIE" (Pinpoint-Invest-Exit). Previous deals, such as the disposal of the Existing Group's aerospace division, Sigma Components, in May 2016 for net cash proceeds of £52 million, have clearly demonstrated the success of this approach, producing substantial increases in shareholder value. The Directors intend for the Enlarged Group to continue to pursue this strategy and will continue to consider potential consolidation opportunities, which, in the Board's view, could lead to significantly increased Shareholder returns in the medium to long term.

The Board's primary focus in the short term will be the full integration of HTG Group's operations, its objective being for the Enlarged Group to become a leading world-class supplier in the energy and medical markets of low volume, consistently high quality products, with a reputation for delivery on-time and on-budget. The Enlarged Group will have production facilities in its three key geographical markets (the Americas, Asia and Europe) with high volume/lower cost facilities in Asia, and product development and realisation in the UK and the USA. The Enlarged Group will invest in breakthrough and disruptive technologies in the energy and medical markets, commensurate with the sector skills and expertise that it possesses and can readily develop.

Adding to the Existing Group's presence in the UK and China, HTG Group has operations in the USA and Asia Pacific region. The Enlarged Group intends to exploit this expanded global footprint by driving sales and strengthening existing relationships. By consolidating complementary but fragmented business units, the Enlarged Group will adopt a cohesive approach in offering a broader range of products and services; complete end-to-end solutions in energy and medical fields including service and operational support through the lifecycle of the product. This enhanced range of offerings and multiple touch points should also enable the Enlarged Group to target a broader range of potential customers.

The Board will continue to focus on and invest in the ongoing development of its employees' skills and capabilities, in order to establish the Enlarged Group as a world-class manufacturing company and continue to develop its strong technical expertise, particularly in niche (highly regulated) markets. The Existing Group has in place a large apprenticeship scheme to train the next generation of engineers and applies the same high standard of safety and operational practices across its UK and international sites, as well as the continuation of Hayward Tyler's successful graduate development programme.

Avingtrans' primary focus for its Energy division is the nuclear market; decommissioning, life extension and "new nuclear" markets – in particular, nuclear waste storage containers – as well as a variety of other niches in the renewable energy sector. In addition, the Directors will continue to build on HTG Group's strong footprint in the wider power and energy sectors; in particular the provision of traditional power generation, motor solutions, steam turbines, combined heat and power units and gas to power units, in various sectors, with a principal focus on the power, oil and gas, marine, water and industrial sectors.

The Directors intend that the Enlarged Group, in particular following the addition of Hayward Tyler, will use its strong combination of skills in dealing with difficult materials, coded welding and large machining to create a first-rate manufacturing platform and build on its established trajectory for decommissioning products. The Directors believe that UK nuclear decommissioning represents a very significant opportunity for the Enlarged Group. With Metalcraft having already won a £47m 10 year contract with Sellafield (and a recent £11m, three-year extension) for the provision of waste storage containers. The combination of the Metalcraft capability and market penetration, coupled with the pedigree of Hayward Tyler across the global nuclear sector (with its installed base in the US, Sweden, Finland and South Korea) provides a powerful platform, from which to launch the Enlarged Group's capabilities more broadly.

The key focus of the Enlarged Group's Medical division is to become a market leader in the production of high integrity components and systems for medical and scientific equipment manufacturers in specific niche markets, including for MRI derivatives, proton therapy and NMR. The Board will also consider strategic bolt-on acquisitions to enhance the offering of this division, in particular with service and technology development capabilities.

10. Board of Directors and Proposed Director

Directors

The Board is currently comprised of Roger McDowell (Non-executive Chairman), Steve McQuillan (Chief Executive Officer), Stephen King (Chief Financial Officer), Graham Thornton (Non-Executive Director) and Leslie Thomas (Non-Executive Director).

Proposed Director

Ewan Lloyd-Baker will be appointed as Non-Executive Director on Admission.

The biographical details of the directors upon Admission are set out below:

Roger McDowell (aged 62), *Chairman*

Roger spent his executive career in his family's pipeline products distributor business, Oliver Ashworth Limited, where he was managing director for 18 years, leading the business through growth in annual turnover from £1 million to over £100 million, a main market listing and ultimate sale to St Gobain in 1998. Thereafter, Roger took on chairman or non-executive roles in private-equity backed and listed businesses in a variety of sectors, including engineering, manufacturing, waste management, renewable energy, financial services, IT and telecoms. Roger currently serves in a non-executive capacity on a number of boards; in some cases as senior independent director and chairing various board committees, and was named Sunday Times AIM non-executive director of the year for 2017. His current board roles include with ThinkSmart plc, Tribal Group plc, Proteome Sciences plc, Servelec Group plc, Swallowfield plc and D4t4 Solutions plc. Roger joined Avingtrans in 2008.

Steve McQuillan (aged 55), *Chief Executive Officer*

Steve joined Avingtrans as CEO in October 2008 from Serco, where he had spent the previous four years as a Director of the National Physical Laboratory and, latterly, as the Managing Director of the Serco Defence Operations business.

A graduate engineer, Steve started his career in the oil industry, working for American Oil giant Conoco in the North Sea. A long period at Mars Inc followed, mostly at Mars Electronics, where Steve eventually moved to France to run the Western European Operations and ultimately became the general manager of the Swiss banknote recognition business, Sodeco. Subsequently as sales director, Steve was part of the team that sold Marconi Instruments to IFR Inc., before spending the following six years at Oxford Instruments as Managing Director of its Superconductivity Division. Steve is currently a non-executive director of EEF, the manufacturers' organisation, and was a non-executive director of the UK Atomic Energy Authority until January 2016.

Stephen King (aged 50), *Chief Financial Officer*

Before joining from PricewaterhouseCoopers, where he was a Senior Manager in the Assurance and Specialist Transaction practice, Stephen obtained a first class degree in Mechanical Engineering.

He has extensive experience in M&A having overseen the 12 acquisitions and two disposals to date, as well as the establishment of the Chinese wholly-owned foreign enterprises, capital raising, reporting and restructuring.

Graham Thornton (aged 69), *Non-Executive Director*

In a 25-year career spanning several sectors, including aerospace and defence, Graham has worked in senior management and board positions for TRW Aeronautical Systems, Smiths Group plc, Dowty Defence and Aerospace, Schlumberger and Standard Telephones & Cables.

He is currently non-executive chairman of CZero Energy Solutions Limited, and was Managing Director of Northrop Grumman Corporation UK Limited.

Les Thomas (aged 60), *Non-Executive Director*

Les has over 30 years' experience in the oil and gas industry, in various subsea, engineering, operational and senior management positions. Les has been CEO of Ithaca Energy Inc. since 2013 and has previously served as a main board director of John Wood Group plc and chief executive of its production facilities business and group director responsible for health and safety. Prior to this, he spent 22 years with Marathon Oil, including four years as European Business Unit Leader, responsible for Marathon's upstream business in the UK, Ireland, the Netherlands and Norway.

Proposed Director

Ewan Lloyd-Baker (aged 45), *Proposed Non-Executive Director*

Ewan has been involved in the manufacturing industry for over 25 years. He started his career at Arthur Andersen working in corporate recovery and corporate turnaround with a number of privately owned and publicly listed companies across a wide range of sectors. As a principal, he was part of the management team in a venture capital backed software start-up which was ultimately sold to Reuters. He then helped to set up a corporate incubator focused on technology businesses, before completing his Masters in Business Administration and working as an "intrepreneur" consultant for a number of blue-chip companies.

Ewan is a partner in Lloyd-Baker & Associates LLP, a mergers and acquisitions boutique, focused on finding opportunities for its acquisitive clients, with a particular focus on the engineering and manufacturing sectors. Ewan was appointed as chief executive officer of HTG in 2010 upon completion of the acquisition by HTG of Southbank UK Plc, a company of which Ewan was CEO. During his tenure he has led the expansion and development of HTG Group through the building of its Luton based Centre of Excellence, the acquisition of Peter Brotherhood and the winning of numerous industry awards including the Queen's Award for Enterprise: International Trade in 2016. Ewan was granted an honorary doctorate by the University of Bedfordshire in 2016 in recognition of his achievements in the manufacturing industry.

It is proposed that he will be appointed as a Non-Executive Director of Avingtrans with effect from Admission.

Senior Management

Austen Adams, *Managing Director, Energy & Medical Divisions*

Austen Adams currently leads the Energy and Medical divisions of Avingtrans. Austen has 25 years' experience in managing profitable engineering companies across the world and in several different market segments. Having started his career as an engineering apprentice he has transcended all levels of management. An advocate of modern management practices, he trained with Textron Inc. in the US as a global business trouble shooter before a number of senior executive roles in sales and operational and general management.

Prior to joining Avingtrans, Austen was group chief executive at David Brown Hydraulics. Over a five year period he led a transformation of the group through an extensive overhaul of its product portfolio and the expansion of its global footprint. He opened new businesses in India, China, South Africa and Russia, formed a joint venture in the US and acquired a company in Australia.

11. Corporate governance and board practices

Audit Committee

The Board has established an audit committee, the primary responsibilities of which include monitoring of internal controls, approving accounting policies, agreeing the treatment of major accounting issues, appointment and remuneration of the external auditors and reviewing the interim and financial statements before submission to the Board. The audit committee meets twice a year with the external auditors to review their findings at which the non-executive Directors have the opportunity to discuss findings with the auditors in the absence of the executive Directors.

The audit committee comprises Les Thomas, who acts as chairman, Roger McDowell and Graham Thornton.

Nominations Committee

The Board has established the nominations committee, with responsibility for monitoring and reviewing the membership and composition of the Board, including the decision to recommend appointing or re-appointing a director.

The Articles ensure Directors retire at the third annual general meeting after the annual general meeting at which they were elected and may, if eligible, offer themselves for re-election.

The nominations committee comprises Roger McDowell, who acts as chairman, Graham Thornton and Les Thomas.

Remuneration Committee

The Board has established the remuneration committee, which determines the remuneration packages, including contract periods, of the executive Directors and senior management. The committee also ensures that the remuneration packages are appropriate for the individual's responsibilities, taking into consideration the overall financial and business position of the Existing Group.

The remuneration committee comprises Graham Thornton, who acts as chairman, Roger McDowell and Les Thomas.

Upon Admission, it is proposed that Ewan Lloyd-Baker will join the audit, nominations and remuneration committees.

12. Dividend policy

The Company has a progressive dividend policy and expects to continue this policy post-Admission, subject to acquisition activity and the long-term earnings trend of the Enlarged Group. The Company may revise its dividend policy from time to time. The Company cannot guarantee that it will pay dividends or the amount of any such dividends.

As well as dividends, the Company launched a tender offer of up to £28 million in October 2016, as a result of which £19.4 million of cash was returned to Avingtrans Shareholders in November 2016, following the disposal of its aerospace division, Sigma Components.

13. Share dealing policy

The Company has a share dealing policy which sets out the requirements and procedures for Directors and other persons with direct management responsibility ("PDMRs") (and their persons closely associated) in dealings in its Ordinary Shares. It contains provisions appropriate for a company whose shares are admitted to trading on AIM. The Company takes all reasonable steps to ensure compliance by PDMRs and any relevant employees with the terms of that share dealing policy.

14. Share Options

The Company has two outstanding share incentive schemes; the Avingtrans Executive Shared Ownership Plan 2011("Shared Ownership Scheme") and the Avingtrans 2009 Approved Share Option Plan ("Share Option Plan"). Any employee of the Enlarged Group will be eligible to participate in the Shared Ownership Scheme at the discretion of the Remuneration Committee.

The Share Option Plan is designed for those employees and executive directors of the Existing Group, with the right to subscribe being granted at the discretion of the Board. There are options outstanding under both the Shared Ownership Scheme and Share Option Plan.

HTG has two outstanding share option schemes: the HTG LTIP and the HTG CSOP. As at 28 July 2017, being the latest practicable Business Day prior to the publication of this Admission Document, the performance conditions have not been met for the HTG LTIP and as such, these options will lapse on completion of the Acquisition. All outstanding HTG CSOP options have exercise prices greater than the offer price. Consequently, Avingtrans will not make proposals to the holders of outstanding HTG CSOP options and, in accordance with the rules of the HTG CSOP options, the HTG CSOP options will remain outstanding for six months following completion of the Scheme. If any of the HTG CSOP options are exercised during this time the option holder will receive new Ordinary Shares for the HTG Shares issued in respect of such exercise that he or she would have received pursuant to the HTG CSOP had those HTG Shares been Scheme Shares.

Further details of the Company's and HTG's Share Incentive Schemes are set out in paragraph 10 of Part 8 of this Admission Document.

15. Taxation

Information regarding taxation is set out in paragraph 15 of Part 8 of this Admission Document. This information is intended only as a general guide to the current tax position in the UK.

Any investor who is in any doubt as to his or her tax position, or is subject to tax in a jurisdiction other than the UK, should consult his or her own independent professional adviser without delay.

16. The Takeover Code

The Company is a public company incorporated in England and Wales, and application will be made to the London Stock Exchange for the Enlarged Share Capital to be admitted to trading on AIM. The Takeover Code applies to all companies who have their registered office in the UK, the Channel Islands or Isle of Man and whose securities are traded on a regulated market in the UK or a stock exchange in the Channel Islands or the Isle of Man or a multilateral trading facility (such as AIM). Accordingly, the Company is subject to the Takeover Code and therefore all Shareholders are entitled to the protections afforded by it.

17. General Meeting

Notice of the General Meeting is set out at the end of this Admission Document. The General Meeting will be held at the offices of Shakespeare Martineau, No 1 Colmore Square, Birmingham, B4 6AA at 11:00 a.m. on 17 August 2017.

The Acquisition constitutes a 'reverse takeover' under the AIM Rules for Companies by virtue of the size of HTG relative to the Company and it is therefore subject to the approval of Avingtrans Shareholders. Such approval is being sought by way of an ordinary resolution to be proposed at the General Meeting.

A second ordinary resolution seeks approval to authorise the Directors to allot the New Ordinary Shares to be issued pursuant to the Acquisition.

Avingtrans Shareholders have the right to attend, speak and vote at the General Meeting (or, if they are not attending the meeting, to appoint someone else as their proxy to vote on their behalf). If the General Meeting is adjourned, only those Avingtrans Shareholders on the register 48 hours before the time of the adjourned General Meeting (excluding any part of a day that is not a Business Day) will be entitled to attend, speak and vote or to appoint a proxy.

A Form of Proxy is enclosed with this Admission Document.

18. Reserving the right to proceed by way of an offer

The Company reserves the right to elect (subject to the consent of the Panel) to implement the Acquisition by way of an offer at any time before the Scheme becomes Effective, or following its withdrawal, in which case additional documents will be despatched to HTG Shareholders. In such event, the Acquisition will be implemented on the same terms, so far as applicable, as those which would apply to the Scheme, subject to appropriate amendments, including (without limitation and subject to the consent of the Panel) the inclusion of an acceptance condition set at 90 per cent. (or such lesser percentage (being more than 50 per cent.) as Avingtrans may determine) of the shares to which such offer relates).

If the Offer is effected by way of an offer and such offer becomes or is declared unconditional in all respects and sufficient acceptances are received, the Company intends to:

(a) make a request to AIM to cancel trading in HTG Shares on its market for listed securities; and

(b) exercise its rights to apply the provisions of Chapter 3 of Part 28 of the Act to acquire compulsorily the remaining HTG Shares in respect of which the takeover offer has not been accepted.

19. Admission and Settlement

As the Acquisition constitutes a reverse takeover under the AIM Rules for Companies, Shareholder consent to the Acquisition is required at the General Meeting. If the Resolutions are duly passed at the General Meeting, the admission of the Existing Ordinary Shares to trading on AIM will be cancelled (immediately prior to Admission) and application will be made to the London Stock Exchange for the Enlarged Share Capital to be admitted to trading on AIM. Admission is expected to take place at 8.00 a.m. on 1 September 2017.

20. Dilution

If the Offer becomes Effective and the Acquisition is completed, it is expected that up to 11,535,000 New Ordinary Shares (subject to the rounding of fractional entitlements) will be issued. This will result in the issued ordinary share capital increasing by approximately 60.2 per cent. Avingtrans Shareholders will suffer an immediate dilution as a result of the Acquisition, following which they will hold approximately 62.4 per cent. of the Enlarged Share Capital.

21. Risk Factors

For a discussion of certain risk factors which should be taken into account when considering an investment in the Ordinary Shares, see Part 4.

22. Irrevocable undertakings

Irrevocable undertakings and letters of intent relating to the Scheme, Court Meeting and HTG General Meeting

The Recommending HTG Directors have agreed to vote in favour of the Scheme at the Court Meeting and the resolutions to be proposed at the HTG General Meeting in respect of their own entire legal and beneficial holdings of HTG Shares (and those of connected persons) amounting to, in aggregate, 4,166,137 HTG Shares, representing approximately 7.4 per cent. of the issued share capital of HTG.

The Company has also received irrevocable undertakings to vote (or procure the vote) in favour of the Scheme at the Court Meeting and the resolutions to be proposed at the HTG General Meeting from certain HTG Shareholders amounting to, in aggregate, 12,679,999 HTG Shares, representing 22.9 per cent. of the issued share capital of HTG.

In addition, the Company has received letters of intent to vote (or procure the vote) in favour of the Scheme from certain HTG Shareholders amounting to, in aggregate, 6,501,349 HTG Shares, representing approximately 11.7 per cent. of the issued share capital of HTG.

The Company has therefore received irrevocable undertakings and letters of intent in respect of a total of 23,841,603 HTG Shares, representing, in aggregate approximately 42.0 per cent. of the issued share capital of HTG to vote in favour of the Scheme at the Court Meeting and of the resolutions to be proposed at the HTG General Meeting.

Irrevocable undertakings relating to the General Meeting

The Directors have agreed to vote in favour of the Resolutions at the General Meeting to approve the Acquisition and related matters in respect of their own legal and beneficial holdings of Ordinary Shares (and those connected persons) amounting to, in aggregate, 1,831,657 Ordinary Shares, representing approximately 9.6 per cent. of the Existing Share Capital.

Avingtrans has also received irrevocable undertakings to vote (or procure the vote) in favour of the Resolutions at the General Meeting from certain Avingtrans Shareholders amounting to, in aggregate, 4,232,758 Ordinary Shares, representing 22.1 per cent. of the Existing Share Capital.

The Company has therefore received irrevocable undertakings in respect of a total of 6,064,415 Ordinary Shares, representing, in aggregate approximately 31.7 per cent. of the Existing Share Capital to vote in favour of the Resolutions at the General Meeting in respect of the Acquisition.

23. Action to be taken

In respect of the General Meeting, a Form of Proxy for use at the General Meeting accompanies this Admission Document. The Form of Proxy should be completed and signed in accordance with the instructions thereon and returned to the Registrar, Capita Asset Services, PXS 1, 34 Beckenham Road, Beckenham, Kent, BR3 4TU, as soon as possible, but in any event so as to be received by no later than close of business on 15 August 2017. The completion and return of a Form of Proxy will not preclude Avingtrans Shareholders from attending the General Meeting and voting in person should they so wish.

24. Additional information

Prospective investors should read the whole of this Admission Document which provides additional information on the Company and the Acquisition and not rely on summaries or individual parts only. In particular, the attention of prospective investors is drawn to Part 4 of this Admission Document which contains a summary of the risk factors relating to an investment in the Company.

25. Recommendation

Your Board believes that the Acquisition is in the best interests of the Company and the Avingtrans Shareholders as a whole. Accordingly, the Directors unanimously recommend you to vote in favour of the Resolutions at the General Meeting as they intend to do in respect of their holdings, amounting, in aggregate, to 1,831,657 Ordinary Shares, representing 9.6 per cent. of the Existing Share Capital.

Yours faithfully

Roger McDowell
Chairman

PART 2

INFORMATION ON THE EXISTING GROUP

1. Introduction

Avingtrans is a precision engineering group, operating in differentiated, specialist niches in the supply chains of many of the world's best known engineering original equipment manufacturers. Its core strategy is to buy and build market-leading niche positions in its chosen market sectors (currently energy and medical) and then ultimately divest in order to deliver shareholder value. Over the longer term, the Company's acquisition strategy has enabled the businesses to develop the critical mass necessary to achieve market leading positions in a number of niche sectors.

The Existing Group's core businesses have the capability to engineer products in the UK and produce those products partly or wholly in Asia, allowing Avingtrans and its customers to access low cost sourcing at minimum risk, as well as positioning the Existing Group in the development of the Chinese and Asian markets for its products.

2. History and Background

Avingtrans was readmitted to AIM in June 2002 following the reverse acquisition of the Industrial Products division, as further described below. The Existing Group had disposed of its former trading business in 2000 and, having retained £4 million from the sale, put in place an investing strategy seeking low-risk acquisition targets with long-term growth opportunities. In 2004, the Existing Group completed another reverse takeover, of Stainless Metalcraft (Chatteris) Limited, and has since established a track record in the engineering sector and has grown and sold a number of businesses, developed through M&A activity and organic growth, including its Industrial Products business (JenaTec) and its aerospace business (Sigma), further information on which is set out below.

JenaTec

In June 2002, Avingtrans acquired a group of companies from Ferraris Group plc, including Jenaer Gewindetechnik GmbH, a German manufacturer of precision instruments, together with Jena Rotary Technology Ltd and Jena-Tec Inc., its UK and US distributors; C&H Precision Finishers Limited, a supplier of precision metal finishing to the aerospace industry. Boneham & Turner Spindles was subsequently acquired by Jena Rotary Technology in September 2003, forming, at the time, one of the largest precision machine spindle manufacturing operations in the UK. This division, known as JenaTec, was sold to Kuroda Precision Industries Limited. of Japan for £13.45 million in November 2012.

Sigma Components

In June 2006, Avingtrans acquired a 75 per cent. interest in Sigma Precision Components Limited, a provider of a range of services to aerospace and high technology markets. At the same time, the Existing Group established a 30,000 square foot precision component manufacturing facility in Chengdu, China to accelerate the scale of its operations in the region. Further strengthening its operations in the aerospace sector, Avingtrans acquired B&D Patterns Limited, a market leader in rigid and flexible pipe assemblies and components, in September 2006 for £10.5 million.

Sigma Composites Limited was formed in February 2012 following the acquisition of Composites Engineering Group, which had a strong foothold in F1/Motorsport and AS9100-approved facilities serving aerospace and other high technology markets and Aerotech Tubes Limited, a manufacturer of pipe assemblies and manifolds, for £2 million in late 2012. Further additions to the aerospace division included the acquisitions of the trade and certain assets from PFW UK Limited's Farnborough site, involved in the manufacture of aerospace components, also in 2012 for £1.85 million and from Tricorn Group plc's subsidiary, RMDG Aerospace, involved in the manufacture of aerospace precision components, for £1.1 million in August 2014. Finally, Sigma Components acquired Rolls-Royce's internal pipe manufacturing businesses in Nuneaton, UK and Xi'an, China for £3.5 million, significantly growing the sales of the division.

In May 2016, Avingtrans sold its aerospace division to Silverfleet Capital Partners LLP for an enterprise value of £65 million. Of the £52 million cash proceeds received, £19.4 million was returned to Shareholders by way of a tender offer in November 2016.

Current operations

The Existing Group's operations are focused on safety critical equipment for the Energy and Medical markets.

The Company acquired Crown UK Limited, a designer and manufacturer of housings and stands for roadside speed cameras, in 2004 for a consideration of £1.56 million. Stainless Metalcraft (Chatteris) Limited (operating now as Metalcraft), a producer of fabricated and machined products, was acquired from Ferraris Group plc in October 2004 for a total consideration of £8.1 million.

In July 2013, Avingtrans acquired Exterran (UK) Limited, the UK operations of US-based Exterran, for consideration of £1, which focused on the design, fabrication and installation of products for the global oil and gas market, including equipment solutions. The business was renamed Maloney Metalcraft Limited, a previously well-known brand name in this market sector.

The Company acquired Space Cryomagnetics Limited, trading as Scientific Magnetics, based in Abingdon, in February 2017 for £0.35 million. It designs, manufactures, tests and installs superconducting magnet systems for a range of medical and industrial applications, as well as providing consultancy services to blue chip companies, such as Siemens and Rolls-Royce.

3. Business overview

The Existing Group's current operations are focused on safety critical equipment for the energy and medical markets. The Directors are developing the Existing Group's position as a leading European supplier of energy industry process modules, vertically integrating this capability with the vessel manufacturing capability at Metalcraft. This same vertical integration capability lends itself to the nuclear decommissioning, life extension and "new nuclear" markets, as well as a variety of other niches in the renewable energy sector.

Following the disposal of Sigma Components, in order to give greater structure and focus to the Existing Group's growth strategy, the Directors began the process of splitting the operational management and financial reporting of the Existing Group's business around its two core sectors of Energy and Medical. Both divisions have distinct markets and technological features and it is intended, following completion of the Acquisition, that HTG Group's operations will form the majority of the Energy division of the Enlarged Group.

The Existing Group currently has five main subsidiary undertakings; Stainless Metalcraft (Chatteris) Limited ("Metalcraft"), Maloney Metalcraft Limited ("Maloney Metalcraft"), Crown UK Limited ("Crown International"), Composite Products Limited ("Composite Products") and Space Cryomagnetics Limited ("Scientific Magnetics").

Metalcraft

Metalcraft has operations at Chatteris in Cambridgeshire, UK and Chengdu in Sichuan Province, China. The business manufactures equipment for safety critical applications in hazardous environments. This equipment is supplied to customers in power generation, nuclear, oil and gas, petrochemical, water, medical, research & big science, food & brewing and diving systems. Metalcraft's products include pressure vessels, vacuum vessels and cryogenic vessels, as well as tanks, containers, formers and generator housings, which are manufactured from various steels, iron, aluminium and alloys.

Its products are bespoke to each customer, with Metalcraft providing services from build to print through to a full turnkey package of design, manufacture, installation and commissioning. Prototype, one-off, batch and small volume orders are undertaken in the UK, with higher volume manufacturing at the Existing Group's lower cost Chinese facility. The Board believes that the business is a market leader in medium to large pressure vessels in Europe and one of the leading providers globally.

Maloney Metalcraft

Maloney Metalcraft operates from Aldridge in the West Midlands, with manufacturing either outsourced or undertaken at the Chatteris site in Cambridgeshire. It designs and fabricates high specification upstream process equipment for petroleum production, gas processing and produced water treatment, as well as providing aftermarket services. It offers standard and bespoke skidded (modular) units that are fully assembled and tested, ready for installation with minimum on-site work. This encompasses design, engineering, project management, installation and commissioning.

Crown International

Crown International is based at Portishead, Bristol and is focused on the design and manufacture of pole and enclosure systems, known as the 'Crown Pole', for roadside safety cameras and Smart Motorways, as well as rail track signalling gantries and roadside signage poles for motorways and major trunk roads. Crown International also has a contract with a Bristol-based environmental technology company, Future Environment Technologies, to provide components for a new carbon capture and carbon conversion technology. This technology is at pilot project stage, funded by the UK department of Energy & Climate Change (now part of the Department for Business, Energy and Industrial Strategy).

Composite Products

Composite Products is based in Buckingham and designs and manufactures high strength to weight ratio critical components combining metallic and non-metallic precision structures, as well as thermoplastic composite braiding for the manufacture of tubular components. These typically replace conventional components in demanding applications in medical, imaging, security, transport and other industrial sectors.

Scientific Magnetics

Scientific Magnetics is based in Abingdon, Oxfordshire and designs and manufactures superconducting magnet systems and associated cryogenic systems for a variety of markets, including: magnetic resonance imaging (MRI); nuclear magnetic resonance (NMR); magnetic separation; surface science; nano-science; etc. These systems are used in medical imaging, biomolecular imaging and various industrial and research markets, either to enhance image quality or to increase production of scarce minerals.

4. Financial summary

	2014 £ million	2015 £ million*	2016 £ million*
Revenue	60.3	22.6	21.2
Gross Profit	14.5	2.4	3.1
Adjusted EBITDA	5.6	0.3	0.4
Trading profit/(loss) after tax	2.9	(0.8)	0.4
Basic earnings/(loss) per share (pence)	10.6p	(2.8)p	1.5p

**The 2015 and 2016 financials are excluding discontinued operations from the Sigma Division*

This summary information relates to past performance. Past performance is not a reliable indication of future results.

5. Current trading

Information on the current trading of the Existing Group appears at paragraph 6 of Part 1 of this Admission Document.

PART 3

INFORMATION ON HAYWARD TYLER GROUP PLC

1. Introduction

HTG Group consists of two businesses, Hayward Tyler and Peter Brotherhood, together providing specialist performance-critical engineering products and services. It operates in the UK, the USA and the Asia Pacific region supplying end users in the energy industry globally. The business' core focus is to design, engineer and manufacture reliable, high quality and durable performance-critical products that operate in harsh and challenging environments, serving end-users in the oil and gas, nuclear, power, clean energy, water, industrial and defence sectors. It specialises in the design, manufacture, and servicing of a range of high-value, low-volume bespoke motors, pumps, steam turbines, compressors and associated equipment. In addition, it generates significant revenues from the aftermarket care and servicing of its products.

HTG Group's strategy is to develop and grow its product and service offerings into new market niches through the investment in its people, its processes and its products.

Hayward Tyler

Hayward Tyler has been providing engineered products for over 200 years. It specialises in the design, manufacture and servicing of electric motors and pumps to meet demanding applications for the energy industry globally, as both an OEM supplier and partner. Hayward Tyler's strategy is to form strategic alliances, either to design and develop new products or to include its products as components in pre-packaged products which are then sold to end users.

Hayward Tyler is headquartered and operates a specialist motor manufacturing facility in Luton. It has invested in a multi-million pound redevelopment of its Luton facility to create a new 'Centre of Excellence', partly financed by a UK Government grant. The new facility has the potential to double the capacity of the previous site, in addition to providing enhanced R&D and staff training facilities. Hayward Tyler operates further manufacturing and service facilities in Scotland, the USA, China and India and has partnerships with other service providers in South Africa and the Middle East. With operations established in each of its major markets; being Europe, the Americas and Asia, Hayward Tyler's aftermarket service and repair teams are able to demonstrate fast response times, a key strength supporting sales of its original equipment.

Hayward Tyler's Chinese service and overhaul facility was set up in 2004 in order to provide convenient aftermarket care and servicing of its products to the Chinese and wider Asian markets.

Hayward Tyler Inc. is the US subsidiary of Hayward Tyler and is operated as a separate business unit generating 24 per cent. of HTG's revenue in the year to 31 March 2017. It operates from an "N-stamped" facility in Vermont, which provides a range of pumps for the nuclear power market, as well as aftermarket care and servicing for Hayward Tyler installed units across North America and South Korea.

Hayward Tyler generated revenue in the year to 31 March 2017 of £46.5 million, of which 28 per cent. was derived from original equipment sales and 72 per cent. from the aftermarket (which includes spares and shop and field service).

Peter Brotherhood

The business of Peter Brotherhood was acquired from Dresser-Rand, a subsidiary of Siemens, in a trade and assets deal in October 2015. The business was subsequently renamed Peter Brotherhood in order to benefit from the reputation gained from 150 years of providing specialist engineering solutions. Peter Brotherhood focuses on the design, manufacture and servicing of performance-critical steam turbines, turbo generator sets, compressors, gear boxes and combined heat and power systems. Its products are sold and used across a range of niche energy markets into over 100 countries.

Peter Brotherhood generated revenue in the year to 31 March 2017 of £16.2 million of which 35 per cent. was derived from original equipment sales and 65 per cent. from the aftermarket (which includes spares and shop and field service).

2. Key strengths

The Directors believe that Hayward Tyler Group's key strengths include:

- the Hayward Tyler and Peter Brotherhood brands, which between them have over 350 years of engineering heritage, pedigree and experience;
- its focus on R&D has resulted in the development of a range of innovative products which are specifically designed to operate in challenging environments;
- its highly skilled and experienced engineering workforce;
- its strong position in its respective energy market niches, in particular in the subsea oil and gas sector, coal fired power plant sector and nuclear sector;

- it has a strong aftermarket service operation;
- it has a number of key long term strategic alliances with multinational OEMs and partners including TechnipFMC, Shanghai Apollo in China, Ebara Corporation in Japan, FSubsea in Norway and Tomco in South Africa; and
- it is in a good strategic position for growth as a result of recent investment, including the newly opened Centre of Excellence.

3. History

Hayward Tyler was originally founded in 1815 as a plumbers merchant, iron mongers and brass foundry and was consolidated as a hydraulic engineering business in 1840. It moved its operations to Luton, expanding onto a larger site in 1870.

Hayward Tyler acquired Sumo Pumps in 1970 and expanded into the global market in 1976 with the purchase of a facility in the USA to take advantage of the growing nuclear market. Further expansion occurred both in the UK and internationally through the acquisition of APV Pumps and Mixers Limited in East Kilbride in 1999 and with the establishment of new facilities in Delhi in 2001 and China in 2004, to increase its ability to provide aftermarket care to the Asian market.

In January 2010, the parent company of Hayward Tyler reversed into an AIM listed company, NViro Cleantech plc, and was renamed Specialist Energy Group plc. The name was subsequently changed to Hayward Tyler Group plc in January 2013.

In October 2015, HTG Group completed the acquisition of the trade and assets of the Peterborough operations of Dresser-Rand for a consideration of £10.1 million, and subsequently resurrected the Peter Brotherhood brand, which in 2017 celebrates its 150th anniversary.

4. Products and Services

Hayward Tyler

Boiler Circulating Pumps (“BCPs”) – Design and manufacture of BCPs for the energy industry. The pumps incorporate an array of features to help drive efficiency, ensure reliability, deliver low maintenance with a long lifespan, and therefore a high return on investment. The key selling point of the Hayward Tyler BCPs is their reliability in challenging operating environments; this is ensured by a design focus on simplicity, with both the pump and casings designed for a range of boiler pressures and temperatures. As a result, the BCPs are a tried and tested solution for performance-critical, high pressure, high temperature boiler systems.

Hayward Tyler is currently working with operators and EPCs to develop the next generation of super and ultra-supercritical boiler systems to meet the ever-growing push for efficiency and environmental effectiveness.

BCPs are sold to the large scale power market, of 300MW and above, which includes predominantly coal-fired power generation plants. Hayward Tyler has a large installed base of BCPs worldwide with more than 2,300 units supplied since it began producing the product in the late 1940s.

Submersible motors – Submersible motors are used for integral pump systems topside (i.e. above the waterline) on offshore oil and gas extraction platforms and floating vessels. Hayward Tyler provides a range of submersible motors to customers as part of an integrated pump package. The motors are manufactured for two applications; seawater lift pumps, which are designed to operate continuously providing water as required for a variety of applications, and firewater pumps, which are configured for an immediate response capable of auto-starting during an emergency.

Hayward Tyler’s motors are differentiated by the use of fluid-filled technology as opposed to conventional oil-filled motors. Due to the lower viscosity, the motors are able to operate at higher speeds with greater efficiency. In addition, in the event of seawater ingress, they continue to operate, unlike oil-filled products which can fail. This gives the customer a more reliable product and, in the event of a leak from the motor, avoids the risk of an oil-filled motor, which has the potential for serious environmental consequences.

In 2016, Hayward Tyler secured its first order for a submersible motor for a water management project, highlighting the possibility to diversify the uses for these motors in new markets.

Subsea motors – Hayward Tyler designs, engineers, and manufactures a range of conventional induction ‘wet-wound’ subsea motors. These motors are designed to operate at depths of up to 3,000 metres, for a five-year service cycle and have proven operating spans of eight years or more between recoveries.

Hayward Tyler’s subsea motors are manufactured at the Centre of Excellence which is able to provide full load testing of subsea motors; believed to be the first of its type globally. Hayward Tyler has entered into a number of strategic alliances in order to take advantage of the growing demand for subsea products:

- Under the terms of a strategic alliance with FMC Technologies (now TechnipFMC plc), established in 2015, Hayward Tyler manufactures permanent magnet motors for application in TechnipFMC’s pumping systems which are due to be deployed off the coast of Brazil and the west coast of Africa;

- In 2016, Hayward Tyler entered into an agreement with Fuglesangs Subsea AS (FSubsea) to design and build the 2.5MW subsea motors to power its Omnirise subsea centrifugal and positive displacement pumps.

Canned Motor Pumps – Canned Motor Pumps are used for critical applications with high pressure, high temperature and difficult to handle fluids which may be toxic or hazardous. This is because they have no seals, are self lubricating and have double pressure containment, therefore eliminating the need for a dynamic mechanical seal resulting in no leakage control being required. The motors are straightforward and relatively cheap to install, are reliable and low maintenance. These are sold across many applications including power generation, oil and gas, chemical and process, nuclear processing, naval and defence.

Varley Gear Pumps – Varley Gear Pumps are used for forced lubrication of engineering equipment and are designed to be capable of pumping any lubricating fluid. Hayward Tyler designs and manufactures a wide range of gear pumps under the Varley brand which are used in lubricating oil systems, fuel oil transfer and processing and diesel engine lubrication. The pumps are engineered for high efficiency operation for improved productivity, performance and the reduction of total life cycle costs. They have a design lifetime of over 25 years. Since the Second World War, over 60,000 Varley Gear Pumps have been sold and installed worldwide across a number of applications, including oil and gas, power and chemical industries.

Peter Brotherhood

Steam turbines – Peter Brotherhood designs and manufactures a range of bespoke steam turbines from 1MW to 40MW, which are designed for a variety of applications. Its steam turbines are custom designed to meet specific engineering requirements and are used in a range of activities including marine, oil and gas, energy from waste and the sugar industry. One of the few producers in the UK of steam turbines with an output up to 40MW, these larger turbines are suited to use in waste heat recovery, the floating vessels markets and the British Royal Navy submarine new build program. It has supplied steam turbine generators to many of the world's leading FPSO operators including Woodside, Single Buoy Mooring (SBM), BW Gas ASA, Bluewater, Saipem, Aker Floating Production, Fred Olsen Production, and Maersk.

Combined Head and Power – Combined heat and power plants are able to generate not just electricity but also hot air or hot and cold water (for air conditioning) thus giving them a very broad application. CHP plants are highly efficient compared to conventional generation as the outputs are far broader than just power generation and they also provide localised security of supply. Estimates suggest a minimum 15 to 40 per cent. cost savings over energy produced from the grid and heat generated by on-site boilers. Based on the total energy generated, cogeneration plants typically cut nitrogen oxide and carbon dioxide emissions by almost 50 per cent. compared to thermal power plant/boiler systems, while complying with the strictest emissions regulations. Peter Brotherhood has provided a complete range of fully packaged and tested combined heat and power systems to commercial, industrial and municipal energy users in the UK and North America.

Continuous monitoring and appropriate maintenance is essential for the reliable and efficient operation of a CHP system as the systems are often sold with long term maintenance contracts and supported uptime availability. Such systems are therefore heavily reliant on the aftermarket division, which provides remote 24-hour monitoring, regular reports detailing system availability and performance and customised aftermarket support as part of the tailored maintenance support packages.

Aftermarket

Both the Hayward Tyler and Peter Brotherhood businesses benefit from a significant installed base, having been the designers and manufacturers of their core products; BCPs in the case of Hayward Tyler and steam turbines in the case of Peter Brotherhood. With a combined installed base of thousands of units, both businesses are focused on providing through-life servicing and support to ensure that the lifecycle cost of ownership is reduced for the end user and the operator has ultimate 'peace of mind' knowing that the OEM is maintaining its capital equipment.

The aftercare service is a key differentiator of the HTG Group's offering. The aftercare team is able to mobilise at all times throughout the world, where a team of highly skilled engineers are able to provide regular servicing and emergency support, often in extreme conditions and remote locations. With a focus on the customer, HTG Group's "5D" model incorporates customer training, parts supply and management, technical support, engineering solutions and repair services through a tailored offering depending on the end user requirements.

5. Customers

In addition to those customers mentioned above, Hayward Tyler's customers comprise a number of the world's leading blue chip organisations including: BHEL and NTPC in India; Shanghai Boiler Works, Dong Fang Electric and Babcock & Wilcox Beijing in China and GE Power (incorporating Wuhan and Alstom).

In addition, there are numerous utilities and power stations across the globe that operate Hayward Tyler's BCPs and, in the nuclear sector, Hayward Tyler has key relationships with Korea Hydro and Nuclear Power, Forsmark (Vattenfall) and Bechtel.

For Peter Brotherhood, key customers include Wartsila, Rolls Royce, Keppel, Maersk and SBM.

6. HTG summary financial information

Financial information on the historical trading performance of HTG is set out in Part 5 of this Admission Document.

PART 4

RISK FACTORS

AN INVESTMENT IN ORDINARY SHARES IS HIGHLY SPECULATIVE AND INVOLVES A HIGH DEGREE OF RISK. THE ATTENTION OF PROSPECTIVE INVESTORS IS DRAWN TO THE FACT THAT OWNERSHIP OF SHARES IN THE COMPANY INVOLVES A VARIETY OF RISKS WHICH, IF THEY MATERIALISE, MAY HAVE AN ADVERSE EFFECT ON THE ENLARGED GROUP'S BUSINESSES, FINANCIAL CONDITION, RESULTS OR FUTURE OPERATIONS. IN ANY SUCH CASE, THE MARKET PRICE OF THE ORDINARY SHARES COULD DECLINE AND AN INVESTOR MIGHT LOSE ALL OR PART OF HIS INVESTMENT.

In addition to the information set out in this Admission Document, the following risk factors should be considered carefully in evaluating whether to make an investment in the Company. The following factors do not purport to be an exhaustive list or explanation of all the potential risks and uncertainties associated with an investment in the Company and they are not set out in any order of priority.

Additionally, there may be further risks of which the Directors and Proposed Director are not presently aware or currently believe to be immaterial that may, in the future, adversely affect the Enlarged Group's businesses and the market price of the Ordinary Shares. In particular, the Company's performance might be affected by changes in market, policy and economic conditions and in legal, regulatory and tax requirements.

Before making a final investment decision, prospective investors should consider carefully whether an investment in the Company is suitable for them and, if they are in any doubt, should consult with an independent financial adviser authorised under the FSMA, as amended or, if they are a person outside the UK, a person otherwise similarly qualified in their jurisdiction, who specialises in advising on the acquisition of shares and other securities.

Forward looking statements

This Admission Document includes "forward-looking statements" which include all statements other than statements of historical facts including, without limitation, those regarding the Enlarged Group's financial position, business strategy, plans and objectives of management for future operations and any statements preceded by, followed by or that include forward-looking terminology such as the words "targets", "plan", "project", "believes", "estimates", "aims", "intends", "can", "may", "expects", "forecasts", "anticipates", "would", "should", "could" or similar expressions or the negative thereof. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond the Company's control that could cause the actual results, performance or achievements of the Company to be materially different from its future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Enlarged Group will operate in the future. Among the important factors that could cause the Company's actual results, performance or achievements to differ materially from those implied by any forward-looking statements include factors in this section entitled "Risk Factors" and elsewhere in this Admission Document. These forward-looking statements speak only as at the date of this Admission Document. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions in relation to any forward-looking statements contained herein to reflect any change in the Company's expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based. As a result of these factors, the events described in the forward looking statements in this Admission Document may not occur. Prospective investors should be aware that these statements are estimates, reflecting only the judgement of the Company's management and prospective investors should not rely on any forward-looking statements.

The Ordinary Shares should be regarded as a highly speculative investment and an investment in Ordinary Shares may not be suitable for all recipients of this Admission Document, which should only be made by those with the necessary expertise to fully evaluate such an investment. The Directors believe the following risks should be considered carefully by investors before acquiring Ordinary Shares. Accordingly, prospective investors are advised to consult an independent adviser authorised under FSMA or, if they are a person outside the UK, a person otherwise similarly qualified in their jurisdiction who specialises in advising in investments of this kind before making any investment decisions. A prospective investor should consider carefully whether an investment in the Company is suitable in the light of his personal circumstances and the financial resources available to him. If any of the risks described in this Admission Document actually occurs, the Enlarged Group may not be able to conduct its business as currently planned and its financial condition, operating results and cash flows could be seriously harmed. In that case, the market price of the Ordinary Shares could decline and all or part of an investment in the Ordinary Shares could be lost. No inference ought to be drawn as to the order in which the following risk factors are presented as to their relative importance or potential effect.

RISK FACTORS RELATING TO THE BUSINESS AND OPERATIONS OF THE ENLARGED GROUP

The Enlarged Group's future business performance depends on the award of contracts

The Enlarged Group's success will depend on its ability to renew contracts with existing clients and to attract new clients.

A substantial portion of the Enlarged Group's future revenues are expected to be directly or indirectly derived from new contracts. Failure to gain new business or renew contracts may adversely affect the Enlarged Group.

The Enlarged Group's dependence on the award or renewal of contracts would mean that its revenue stream is not constant or predictable and has the potential to be particularly sporadic. Delays in revenue delivery in future accounting periods may adversely affect the Enlarged Group's results and, therefore, the market price of its shares.

Failing to successfully implement the strategy of the Enlarged Group

As set out in Part 1 of tis Admission Document, the Board intends to continue to pursue a strategy to "buy and build" in regulated engineering niche markets where the Board sees potential consolidation opportunities followed by crystallising their value through sales at an appropriate stage. The Enlarged Group's future success and returns to Shareholders will be dependent on the successful completion of this strategy. The execution of the Enlarged Group's strategy may also place strain on its managerial, operational and financial reserves and the failure to implement such a strategy successfully may adversely affect the Company's reputation, business, prospects, results of operation and financial condition.

The future performance of the Enlarged Group cannot be guaranteed

There is no certainty and no representation or warranty is given by any person that the Enlarged Group will be able to achieve any strategic aims or returns referred to in this Admission Document. The financial operations of the Enlarged Group may be adversely affected by general economic conditions, by conditions within the global financial markets generally or by the particular financial condition of other parties doing business with the Enlarged Group.

The Enlarged Group's ability to pursue its strategy could be impacted by adverse global economic conditions

Any economic downturn either globally or locally in any area in which the Enlarged Group operates may have an adverse effect on the demand for the Enlarged Group's products and services and the ability of the Directors and Proposed Director to deliver against the Enlarged Group's business plan.

Foreign exchange currency risk

The Enlarged Group's financial operations may be adversely affected by currency exchange rate fluctuations.

The Enlarged Group currently has foreign sales denominated, and operates in US dollars, Chinese Renminbi and Euros and may, in the future, have sales denominated in the currencies of additional countries into which the Enlarged Group may expand and/or establish operations or sales offices. Any fluctuations in the exchange rate of these foreign currencies may have a material adverse effect on the Enlarged Group's business. The Existing Group has previously engaged in foreign currency hedging where it had material denominated in foreign currency and certainty of cashflows. If the Enlarged Group decides to hedge its foreign currency exposure, it may not be able to hedge effectively due to unreasonable costs, unknown timescales or illiquid markets.

The Enlarged Group's ability to pursue its strategy could be impacted by changes in social and political factors

The Enlarged Group's ability to pursue its strategy may be affected by changes in social and political factors in the markets in which the Enlarged Group will operate in or expects to operate in. If such changes were to materialise the Directors and Proposed Director may decide to change certain aspects of the Enlarged Group's strategy. This may entail the development of alternative products and services, which could place additional strain on the Enlarged Group's capital resources and may adversely impact on the revenue and profitability of the Enlarged Group.

Attraction and retention of key management and employees

The successful operation of the Enlarged Group will depend partly upon the performance and expertise of its current and future management and employees. The loss of the services of one or more of the Enlarged Group's key management or employees, or a loss of the ability to continue to attract and retain qualified employees, may have a material adverse effect on the Enlarged Group.

Loss of major customers

The Enlarged Group currently generates a proportion of its revenues from certain customers and/or specific contracts. The loss of all or a substantial proportion of the business provided by one or more of the Enlarged Group's top customers or contracts may have a material adverse effect on the Enlarged Group's business. Similarly, the Enlarged Group's future projected revenues are dependent on securing certain additional customers and/or expanding its services to existing customers.

A breakdown in the relationship with any of the Enlarged Group's suppliers or any of them failing to supply sufficient or acceptable quality of products could have a material adverse effect on the financial condition of the Enlarged Group

The Enlarged Group has established relationships with a number of key suppliers and manufacturers. These relationships could change over time as a result of many factors, including change of personnel, either by the Enlarged Group or its suppliers, and change in ownership of the suppliers. Any deterioration or change in the Enlarged Group's relationships with its suppliers, or any supplier declining to sell products to the Enlarged Group for any reason or becoming insolvent or facing material business disruption, could have an adverse effect on the business of the Enlarged Group.

The Enlarged Group may not be able to acquire suitable products of appropriate quality in sufficient quantities and/or on terms acceptable to it in the future. The Enlarged Group is dependent on suppliers to assure the quality, quantity, price and existence of products used or sold by the Enlarged Group. Its inability to acquire suitable products in the future, or the loss of one or more of its suppliers and its failure to replace any one or more of them, could have an adverse effect on the financial performance of the Enlarged Group.

The Enlarged Group's business could also be adversely affected by significant business disruption at its suppliers' factories or if there were delays in product shipments due to freight difficulties, industrial action (including strikes by personnel at ports through which products are transported) or elsewhere in its supply chain.

Competition

The Enlarged Group may face competition, including from domestic and overseas competitors who have greater capital and other resources and superior brand recognition than the Enlarged Group and may be able to provide better products or adopt more aggressive pricing policies. There is no assurance that the Enlarged Group will be able to compete successfully in such marketplaces.

The Enlarged Group's objectives may not be fulfilled

The value of an investment in the Enlarged Group is dependent upon the Enlarged Group achieving the aims set out in this Admission Document. There can be no guarantee that the Enlarged Group will achieve the level of success that the Directors and Proposed Director expect.

Economic, political, judicial, administrative, taxation or other regulatory matters

The Enlarged Group may be adversely affected by changes in economic, political, judicial, administrative, taxation or other regulatory factors, as well as other unforeseen matters.

Credit Risk

There is the risk of financial loss to the Enlarged Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Reputation is important in winning contracts with both new and existing customers

The Enlarged Group's reputation, in terms of the products and the aftercare services it provides, is central to the Enlarged Group winning original equipment orders and aftercare service contracts with both new and existing customers. Failure to meet the expectations of these customers may have a material adverse effect on the Enlarged Group's reputation, business, prospects, results of operation and financial condition. The Enlarged Group's future revenue growth and the orders and contracts it wins depend on its ability to provide customers with high quality products and a high quality of service. If the Enlarged Group is unable to provide customers with high quality products and a high quality of service, it could face customer dissatisfaction, leading to decreased demand for its products and services, a loss of revenue and damage to the Enlarged Group's reputation.

The Enlarged Group's insurance policies may be inadequate to cover the cost of claims made against the Enlarged Group

While the Enlarged Group will maintain commercial insurance at a level it believes is appropriate against certain risks commonly insured in the industry, there is no guarantee that it will be able to obtain the desired levels of cover on acceptable terms in the future. Furthermore, the nature of these risks is such that liabilities could exceed policy limits or that certain risks could be excluded from the Enlarged Group's insurance coverage. There are also likely to be risks against which the Enlarged Group cannot insure or against which it may elect not to insure. The potential costs that could be associated with any liabilities not covered by insurance or in excess of insurance coverage may cause substantial delays and require significant capital outlays, adversely affecting the Enlarged Group's earnings and competitive position in the future and, potentially, its financial position. The Enlarged Group's operations could suffer losses which may not be fully compensated by insurance. In addition, certain types of risks may be, or may become, either uninsurable or not economically insurable, or may not be currently or in the future covered by the Enlarged Group's insurance policies. Any of the foregoing could have a material adverse effect on the Enlarged Group's operating results, business prospects and financial condition.

The Enlarged Group may become the subject of or be involved with significant disputes or litigation

Whilst the Enlarged Group will take such precautions as it regards appropriate to avoid or minimise the likelihood of any legal proceedings or claims, or any resulting financial loss to the Enlarged Group, the Directors and Proposed Director cannot preclude the possibility of litigation or disputes being brought against the Enlarged Group. Any litigation or disputes brought in the future involving the Enlarged Group's products or services could have a material adverse effect on the Enlarged Group's business.

There can be no assurance that claimants in any litigation or dispute proceedings will not be able to devote substantially greater financial resources to any such proceedings or that the Enlarged Group will prevail in any such litigation or dispute. Any litigation or dispute, whether or not determined in the Enlarged Group's favour or settled by the Enlarged Group, may be costly and may divert the efforts and attention of the Enlarged Group's management and other personnel from normal business operations.

The Enlarged Group's insurance may not necessarily cover any of the claims brought against the Enlarged Group or may not be adequate to protect it against all liability that may be imposed. Any litigation, dispute or regulatory investigation or actions brought in the future could have a material adverse effect on the Enlarged Group's reputation, business, financial condition and operating results.

Integration risk

The Enlarged Group's success may in part be dependent upon Avingtrans' ability to integrate HTG Group and any other businesses that it may acquire in the future without disruption to the existing business. If the Scheme becomes effective, the process of integrating HTG Group may create unforeseen operating difficulties and expenditures and pose management, administrative and financial challenges. Specifically, integrating operations and personnel and pre-completion or post completion costs may prove more difficult and/or expensive than anticipated, potentially resulting in lower than expected financial returns for the Enlarged Group.

Potential requirement for further investment

Any future acquisitions, expansion, activity and/or business development may require additional capital, whether from equity or debt sources. There can be no guarantee that the necessary funds will be available on a timely basis, on favourable terms, or at all, or that such funds if raised, would be sufficient. If additional funds are raised by issuing equity securities, dilution to the then existing shareholdings may result. Debt funding may require assets of the Enlarged Group to be secured in favour of the lender, which security may be exercised if the Enlarged Group were to be unable to comply with the terms of the relevant debt facility agreement. The level and timing of future expenditure will depend on a number of factors, some of which are outside the Enlarged Group's control. If the Enlarged Group is not able to obtain additional capital on acceptable terms, or at all, it may be forced to curtail or abandon such planned acquisition opportunities, expansion, activity and/or business development and any of the above could have a material adverse effect on the Enlarged Group.

Taxation framework

Any change in the Enlarged Group's tax status or in tax, legislation, HMRC's practices and concessions and/or interpretation thereof could affect the Enlarged Group's ability to provide returns to its Shareholders or diminish post tax returns to its Shareholders. Statements in this Admission Document concerning the taxation of investors in ordinary shares are based on current tax law and practice which is subject to change. The taxation of an investment in the Enlarged Group depends on the individual circumstances of investors.

Pension Scheme

The Enlarged Group maintains a defined benefit pension scheme. The Enlarged Group could be required to increase its contributions to cover funding shortfalls caused by prior investment performance of Scheme assets, a deterioration in the discount rate or inflation rate applied and changes in the life expectancy of members of the scheme.

The Enlarged Group's operations could be subject to events of force majeure

The Enlarged Group's operations now or in the future may be adversely affected by risks outside the control of the Enlarged Group including labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions which could have the effect of making the performance of relevant contracts by members of the Enlarged Group, or by their contract counterparties, impossible or substantially difficult to perform.

Health and safety

There are inherent risks to health and safety arising from the nature of the business conducted by the Enlarged Group, which accordingly requires the adoption and maintenance of a rigorous health and safety programme. Given health and safety regulatory requirements and the number of sites on which the Company operates, the Company's health and safety performance is critical to the success of the business. Any failure in health and safety performance may result in penalties for non-compliance with relevant regulatory requirements and a failure which results in a major or significant health and safety incident, such as injury to, or fatality of, members of the workforce may be costly in terms of potential liabilities arising as a result. Furthermore, such a failure could generate adverse publicity and have a negative impact on the Company's reputation. These failures may have a material adverse impact on the Company's business, operating results, financial condition or prospects.

UK's proposed termination of its membership of the European Union

The Enlarged Group faces potential risks associated with the proposed exit by the UK from its membership of the European Union, and the potential uncertainty preceding that exit. The UK exiting the European Union could materially change both the fiscal and legal framework in which the Enlarged Group operates, and it could have a material impact on the UK's economy and its future economic growth. In addition, prolonged uncertainty regarding aspects of the UK economy as a result of the uncertainty around the proposed exit could damage customers' and investors' confidence.

General risks

If any or all of the above risks actually occur, the Enlarged Group's business, financial conditions, results or future operations could be materially adversely affected. In such a case, the price of the New Avingtrans Shares could decline and investors may lose all or part of their investment. Additional risks and uncertainties not presently known to the Directors and Proposed Director or which they currently deem immaterial, may also have an adverse effect upon the Enlarged Group.

RISKS RELATING TO THE COMPANY'S SECURITIES

General

An investment in the Ordinary Shares is only suitable for investors capable of evaluating the risks (including the risk of capital loss) and merits of such investment and who have sufficient resources to sustain a total loss of their investment. An investment in the Ordinary Shares should be seen as long-term in nature and complementary to investments in a range of other financial assets as part of a diversified investment portfolio. Accordingly, typical investors in the Company are expected to be institutional investors, private client fund managers and private client brokers, as well as private individuals who have received advice from their professional advisers regarding investment in the Ordinary Shares and/or who have sufficient experience to enable them to evaluate the risks and merits of such investment themselves.

Share price volatility and liquidity

Following Admission, the market price of the Enlarged Share Capital may be subject to wide fluctuations in response to many factors, including stock market fluctuations and general economic conditions or changes in political sentiment that may substantially affect the market price of the Enlarged Share Capital irrespective of the Enlarged Group's actual financial, trading or operational performance. These factors could include the performance of the Enlarged Group, large purchases or sales of the Ordinary Shares (or the perception that the same may occur), legislative changes and market, economic, political or regulatory conditions. The share price for publicly traded companies can be highly volatile. Admission to AIM should not be taken as implying that a liquid market for the Enlarged Share Capital will either develop or be sustained following Admission. Active, liquid trading markets generally result in lower price volatility and more efficient execution of buy and sell orders for investors. The liquidity of a securities market is often a function of the volume of the underlying shares that are publicly held by unrelated parties. If a liquid trading market for the Enlarged Share Capital does not develop, the price of the Ordinary Shares may become more volatile and it may be more difficult to complete a buy or sell order for such Ordinary Shares.

Investment in AIM traded securities

The Enlarged Share Capital will be traded on AIM rather than admitted to the Official List of the UK Listing Authority. AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. The rules of AIM are less demanding than those of the Official List and an investment in shares traded on AIM may carry a higher risk than an investment in shares admitted to the Official List. In addition, the market in shares traded on AIM may have limited liquidity, making it more difficult for an investor to realise its investment on AIM than to realise an investment in a company whose shares are admitted to the Official List. Investors should therefore be aware that the market price of the Ordinary Shares may be more volatile than that of shares admitted to the Official List and may not reflect the underlying value of the net assets of the Company. Investors may, therefore, not be able to sell at a price which permits them to recover their original investment and could lose their entire investment.

Dilution of Shareholders' interests as a result of additional equity fundraisings

The Company may need to raise additional funds in the future to finance, amongst other things, working capital, expansion of the Enlarged Group's businesses, new developments relating to existing operations or further acquisitions. If additional funds are raised through the issuance of new equity or equity-linked securities of the Company other than on a pro rata basis to existing Shareholders, the percentage ownership of existing Shareholders will be reduced. Shareholders may also experience subsequent dilution and/or such securities may have preferred rights, options and pre-emption rights ranking ahead of the Ordinary Shares.

PART 5

HISTORICAL FINANCIAL INFORMATION ON HAYWARD TYLER GROUP PLC

This Part 5 contains historical financial information on Hayward Group plc for the three years ended 31 March 2017 (the "HTG Accounts"). Section (a) contains the accounts in respect of the year to 31 March 2017, Section (b) contains the accounts in respect of the year to 31 March 2016 and Section (c) contains the accounts in respect of the year to 31 March 2015. The financial statements in this Part 5, which have not been re-reviewed by Grant Thornton UK LLP for the purposes of publication in this Admission Document, have been replicated with no amendments or adjustments and therefore definitions and page references in this Part 5 carry the same meaning or reference as those used in the HTG Accounts for the relevant year, and do not match the definitions used elsewhere in this Admission Document. The HTG Accounts for each of the three years ended 31 March 2017, including the strategic and directors' reports, can be downloaded from the HTG website, htg.global.

Part (a)

HTG Accounts for the year ended 31 March 2017

Independent Auditor's Report to the members of Hayward Tyler Group PLC

We have audited the financial statements of Hayward Tyler Group PLC for the year ended 31 March 2017 which comprise the Group and Company Statements of Financial Position, the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Changes in Equity, the Group and Company Cash Flow Statements and the related notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) (as adopted by the European Union).

This report is made solely to the Company's members, as a body, in accordance (Section 80C(2) of the Isle of Man 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 Statement of Directors' Responsibilities as set out on the previous page, the Directors are responsible for the preparation of the financial statements which 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 Group'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 Report and Accounts 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 Group's and Company's affairs as at 31 March 2017 and of the Group's profit for the year then ended in accordance with the International Financial Reporting Standards (IFRS) (as adopted by the European Union).

Paul Naylor
Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Grant Thornton House
Milton Keynes
20 July 2017

Statements of Financial Position

	Notes	At 31 March 2017 £000	At 31 March 2016 £000
Non-current assets			
Goodwill		2,573	2,573
Other intangible assets	17	1,553	1,586
Investments	18	-	-
Property, plant and equipment	19	29,560	25,302
Deferred tax assets	22	2,839	2,726
Other debtors	21	-	180
Trade and other receivables	21	-	-
Pension and other employee obligations	28	1,040	167
		37,565	32,534
Current assets			
Inventories	20	7,792	6,626
Trade and other receivables	22	23,311	20,414
Other current assets	22	3,402	2,308
Current tax assets	13	467	207
Cash and cash equivalents	23	1,235	5,135
		36,207	34,690
Total assets		73,772	67,224
Current liabilities			
Trade and other payables	24	15,612	15,178
Borrowings	31.4	15,188	7,418
Provisions	26	3,284	3,542
Current tax liabilities	13	997	755
Other liabilities	25	3,637	3,426
Derivatives	31.2	302	292
Current liabilities		39,020	30,611
Net current (liabilities)/assets		(2,813)	4,079
Total assets less current liabilities		34,752	36,613
Non-current liabilities			
Borrowings	31.4	8,161	6,356
Other creditors	25	4,213	4,449
		12,374	10,805
Net assets		22,378	25,808
Equity			
Called-up share capital	34	554	554
Share premium account	34	36,677	36,677
Merger reserve		14,502	14,502
Reverse acquisition reserve		(19,973)	(19,973)
Share based payment reserve		131	93
Other equity		18	18
Foreign currency translation reserve		1,022	375
Retained earnings		(10,553)	(6,438)
Total equity		22,378	25,808

Consolidated Income Statement

	Notes	Year to 31 March 2017 £000 Trading	£000 Non-trading	£000 Total	Year to 31 March 2016 £000 Trading	£000 Non-trading	£000 Total
Revenue	6	62,719	-	62,719	61,648	-	61,648
Cost of sales		(45,413)	-	(45,413)	(41,223)	-	(41,223)
Gross profit		17,306	-	17,306	20,425	-	20,425
Other income	2.5	-	535	535	-	-	-
Operating charges	2.5	(19,835)	(159)	(19,994)	(14,659)	(1,777)	(16,436)
Operating (loss)/profit	7	(2,529)	376	(2,153)	5,766	(1,777)	3,989
Finance income		9	-	9	-	-	-
Finance costs	2.5 & 11	(1,185)	-	(1,185)	(619)	(382)	(1,001)
(Loss)/profit before tax		(3,705)	376	(3,329)	5,147	(2,159)	2,988
Taxation	2.5 & 12	(165)	(367)	(532)	(597)	(41)	(638)
(Loss)/profit for the year		(3,870)	9	(3,861)	4,550	(2,200)	2,350
Basic earnings per share (pence)	14	(7.09)	0.02	(7.07)	9.47	(4.58)	4.89
Diluted earnings per share (pence)	14	(6.93)	0.01	(6.92)	9.47	(4.58)	4.89

Consolidated Statement of Comprehensive Income

	Year to 31 March 2017 £000	Year to 31 March 2016 £000
(Loss)/profit for the year	(3,861)	2,350
Other comprehensive income/(loss):		
Items that will not be reclassified subsequently to profit and loss		
Remeasurement of net defined benefit liability	643	138
Income tax relating to items not reclassified	(116)	(28)
Items that will be reclassified subsequently to profit and loss		
Gain on translation of overseas subsidiaries	647	137
Other comprehensive income for the year net of tax	1,174	247
Total comprehensive (loss)/profit for the year	(2,687)	2,597
Attributable to		
Equity shareholders of the Company	(2,687)	2,597

Consolidated Statement of Changes in Equity

	Share Capital £000	Share Premium £000	Merger Reserve £000	Reserve Acquisition Reverse £000	Treasury Stock Reserve £000	Share Based Payment Reserve £000	Other Equity £000	Foreign Currency Translation Reserve £000	Retained Earnings £000	Total £000
Balance at 1 April 2015	455	28,705	14,502	(19,973)	(274)	-	18	238	(8,230)	15,441
Dividends	-	-	-	-	-	-	-	-	(668)	(668)
Issue of share capital	99	7,902	-	-	-	-	-	-	-	8,001
Sale of shares	-	70	-	-	274	-	-	-	-	344
Employee share based compensation	-	-	-	-	-	93	-	-	-	93
Transactions with owners	99	7,972	-	-	274	93	-	-	(668)	7,770
Profit for the year	-	-	-	-	-	-	-	-	2,350	2,350
Actuarial gain for the year on pension scheme (see note 28)	-	-	-	-	-	-	-	-	138	138
Deferred tax on actuarial movement on pension scheme	-	-	-	-	-	-	-	-	(28)	(28)
Gain on translation of overseas subsidiaries	-	-	-	-	-	-	-	137	-	137
Total comprehensive income	-	-	-	-	-	-	-	137	2,460	2,597
Balance at 31 March 2016	554	36,677	14,502	(19,973)	-	93	18	375	(6,438)	25,808
Dividends	-	-	-	-	-	-	-	-	(781)	(781)
Issue of share capital	-	-	-	-	-	-	-	-	-	-
Sale of shares	-	-	-	-	-	-	-	-	-	-
Employee share based compensation	-	-	-	-	-	38	-	-	-	38
Transactions with owners	-	-	-	-	-	38	-	-	(781)	(743)
Loss for the year	-	-	-	-	-	-	-	-	(3,861)	(3,861)
Actuarial gain for the year on pension scheme (see note 28)	-	-	-	-	-	-	-	-	643	643
Deferred tax on actuarial movement on pension scheme	-	-	-	-	-	-	-	-	(116)	(116)
Gain on translation of overseas subsidiaries	-	-	-	-	-	-	-	647	-	647
Total comprehensive income	-	-	-	-	-	-	-	647	(3,334)	(2,687)
Balance at 31 March 2017	554	36,677	14,502	(19,973)	-	131	18	1,022	(10,553)	22,378

Cash Flow Statement

	Notes	Year to 31 March 2017 £000	Year to 31 March 2016 £000
Operating activities			
Trading profit/(loss) before tax		(3,705)	5,147
Non-cash adjustment	35	3,539	1,995
Net changes in working capital	35	(4,880)	116
Contributions to defined benefit plan		(221)	(210)
Payment of non-trading items		376	(1,359)
Taxes paid		(530)	(548)
Net cash from operating activities		(5,421)	5,141
Investing activities			
Purchase of property, plant and equipment		(6,105)	(10,803)
Proceeds from finance leases to purchase property, plant and equipment		3,027	1,578
Purchase of intangible assets		(336)	(765)
Interest received		-	-
Disposal of property, plant and equipment		13	7,460
Acquisition of trade and assets			
Investment in subsidiary		-	(10,132)
Dividends received		-	-
		-	-
Net cash used in investing activities		(3,401)	(12,662)
Financing activities			
Proceeds from borrowings		7,977	15,665
Repayment of borrowings		(432)	(12,760)
Re-banking costs		22	(258)
Proceeds from issue of share capital		-	8,001
Dividends paid		(781)	(668)
Sale of treasury shares		-	344
Repayment of finance leases		(1,019)	(631)
Interest paid		(1,025)	(411)
Grant income received		180	1,605
Net cash from financing activities		4,922	10,887
Net change in cash and cash equivalents		(3,900)	3,366
Cash and cash equivalents at beginning of year		5,135	1,769
Cash and cash equivalents at end of year		1,235	5,135

Notes to the Financial Statements for the year to 31 March 2017

1. General information

Hayward Tyler Group PLC is incorporated and resident in the Isle of Man. The Company's registered office is Peregrine Corporate Services Limited, Burleigh Manor, Peel Road, Douglas, Isle of Man, IM1 5EP. The Company's principal place of business is 1 Kimpton Road, Luton, UK, LU1 3LD. Hayward Tyler Group PLC's shares are listed on the Alternative Investment Market (AIM).

Hayward Tyler Group PLC is the ultimate parent company of the Group and these consolidated financial statements are presented in Pounds Sterling (£), which is its functional currency. These consolidated financial statements have been approved for issue by the Board of Directors on 19 July 2017. Given the announced proposed transaction with Avingtrans plc we do not intend to propose a year-end dividend.

The Group includes both the Hayward Tyler and Peter Brotherhood businesses, which together provide around 350 years of engineering experience, heritage and pedigree. The Group is focused on delivering performance-critical solutions for the most demanding requirements to meet current and future global energy needs. Hayward Tyler is a market leader in the design, manufacture and servicing of performance-critical motors and pumps for the harshest of environments. Peter Brotherhood is a market leader in the design, manufacture and servicing of performance-critical steam turbines, turbo gen-sets, compressors and combined heat and power systems. The end markets served by the Group include oil and gas (topside and subsea), power generation (conventional and nuclear), the chemical and industrials sectors, the marine market and the sugar industry.

In addition to the head office in Luton (England), Hayward Tyler has manufacturing and service support facilities in Kunshan (China), Delhi (India), East Kilbride (Scotland) and Colchester (USA) together with a sales office in Shanghai (China). Peter Brotherhood has its manufacturing and servicing facility in Peterborough (England). These facilities and staff provide cover 24 hours 7 days a week for maintenance, overhaul and repair.

2. Summary of significant accounting policies

2.1 Going concern

The consolidated financial statements have been prepared on a going concern basis. The Directors have taken note of the guidance issued by The Financial Reporting Council on Going Concern Assessments in determining that this is the appropriate basis of preparation of the financial statements and have considered a number of factors.

After making due enquiry, and having considered:

- The Group's budget for the coming year and its projections through to 2020;
- The likelihood that the proposed acquisition of the Company by Avingtrans plc (the "Avingtrans Transaction") will complete;
- The Group's long-term financing arrangements as part of an enlarged group following the Avingtrans Transaction; and
- In the unlikely event that the Avingtrans Transaction does not complete, the alternative funding solutions available to the Group and the Company,

the Directors confirm that they have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. Further detail can be found in the significant management judgments in section 4. Accordingly, the Company continues to adopt the going concern basis of accounting in preparing the financial statements for the year ended 31 March 2017.

2.2 Basis of preparation

The company and consolidated financial statements for the year ended 31 March 2017 have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Isle of Man Companies Act 1931-2006. The financial statements have been prepared under the historical cost basis for the purposes of inclusion in this document with the exception of some financial instruments which are carried at fair value (see note 31) and freehold properties which are held at revalued amounts (see note 19). The accounting policies set out below have been consistently applied to all the periods presented. In accordance with the exemption provided by the Isle of Man Companies Act 006 no separate Income Statement or Statement of Comprehensive Income is presented for the Company.

2.3 Basis of consolidation

The Group financial statements consolidate those of the Company and all of its subsidiaries as of 31 March 2017. Subsidiaries are all entities over which the Company is exposed to, or has rights to, variable returns from its involvement, and has the ability to affect those returns through its power over the subsidiary in accordance with IFRS10 – Consolidated Financial Statements.
All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group. Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal as applicable.

2.4 Business combinations

For business combinations occurring since 1 January 2010, the requirements of IFRS 3R have been applied. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are measured at their acquisition-date fair values.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of (a) fair value of consideration transferred, (b) the recognised amount of any non-controlling interest in the acquiree and (c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognised in profit or loss immediately.

2.5 Trading and non-trading

The consolidated income statement reports the results for the year under the headings Trading and Non-trading. Trading represents the underlying performance of Hayward Tyler and Peter Brotherhood together with head office costs. Non-trading represents non-recurring items. There was non-trading other income in the year of £0.5 million which relates to a compensation claim relating to damage to equipment in the Centre of Excellence. There were also non-trading operating charges in the year of £0.2 million. These charges relate to cost of the acquisition of the Peter Brotherhood business and amortisation of the Peter Brotherhood order book. Non-trading tax charges of £0.4 million relate to a reduction in the deferred tax asset of £0.3 million following the change in the enacted UK corporation tax rate from 20% to 17% plus a tax charge on non-trading other income and operating charges of £0.1 million.

2.6 Segmental reporting

In identifying its operating segments, management follows the Group's service lines, which represent the main products and services provided by the Group. The activities undertaken by the original equipment manufacturing segment ("OE") includes the design and manufacture of motors, pumps and steam generators. The aftermarket segment ("AM") provides a comprehensive range of aftermarket services and spares supporting the Group's own product range as well as those of other original equipment manufacturers. Each of these operating segments is managed separately as they require different resources and have a different customer base, including sales and marketing approach. All inter-segment transfers are carried out at arm's length prices.

The measurement policies the Group uses for segment reporting under IFRS 8 are the same as those used in its financial statements, except that:
- Centre of Excellence expenses net of grant income
- expenses relating to share-based payments; and
- unallocated central costs

are not included in arriving at the operating profit of the operating segments. In addition, corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment. There have been no changes from prior periods in the measurement methods used to determine reported segment profit or loss.

2.7 Foreign currency translation

The consolidated financial statements are presented in Pounds Sterling, which is the Company's functional currency.

a) Functional and presentation currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). In the Group's financial statements, all assets, liabilities and transactions of the Group entities, with a functional currency other than the Pound Sterling (the Group's presentation currency) are translated into Pounds Sterling upon consolidation. The functional currencies of the entities in the Group have remained unchanged during the reporting period.

b) Transactions and balances
Foreign currency transactions are translated into the functional currency of the respective Group entity using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction (not re-translated). Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined.

c) Foreign subsidiaries
The assets and liabilities in the financial statements of foreign subsidiaries and related goodwill are translated at the rate of exchange ruling at the reporting date. Income and expenses are translated at the average rate. The exchange differences arising from the re-translation of the opening net investment in subsidiaries are recognised in other comprehensive income and accumulated in the "Foreign Currency Translation Reserve" in equity. On disposal of a foreign operation the cumulative translation differences are reclassified from equity to profit or loss when the gain or loss on disposal is recognised.

2.8 Property, plant and equipment

Land held for use in production or administration is stated at historical cost. As land is considered to have an unlimited useful life, related carrying amounts are not depreciated. Buildings for use in production or administration are initially recognised at acquisition cost and subsequently measured using the cost model, cost less accumulated depreciation and impairment losses.

Property and equipment held under finance leases are capitalised and included in property, plant and equipment. Such assets are depreciated on a straight line basis over their expected useful lives (determined by reference to comparable owned assets) or over the term of the lease, if shorter. Buildings are stated at cost or revaluation less depreciation and impairment losses. Equipment, furniture and fittings are stated at cost less depreciation and impairment losses. Depreciation is provided at rates calculated to write off the cost or revaluation of fixed assets, less their estimated residual value, over their expected useful lives. The following useful lives are applied:

Buildings	-	25 years
Plant and machinery	-	5-10 years
Fixtures and fittings	-	3-5 years
Short leasehold improvements	-	over period of lease

Material residual value estimates and estimates of the useful life are updated as required, but at least annually, whether or not the asset is revalued.

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss within "other income" or "other expenses".

2.9 Leased assets

The economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards related to the ownership of the leased asset. The related asset is then recognised at the inception of the lease at the fair value of the leased asset or, if lower, the present value of the lease payments plus incidental payments, if any. A corresponding amount is recognised as a finance leasing liability. Leases of land and buildings are classified separately and are split into a land and a building element, in accordance with the relative fair values of the leasehold interests at the date the asset is recognised initially.

Depreciation methods and useful lives for assets held under finance lease agreements correspond to those applied to comparable assets which are legally owned by the Group. The corresponding finance leasing liability is reduced by lease payments, less finance charges, which are expensed as part of finance costs.

The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to profit or loss over the period of the lease.

All other leases are treated as operating leases. Payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

2.10 Goodwill

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised. Goodwill is carried at cost less accumulated impairment losses. Goodwill is considered to have an indefinite useful life. Refer to Note 2.12 for a description of impairment testing procedures.

2.11 Other intangible assets

Other intangible assets include capitalised development costs of the Hayward Tyler businesses incurred in the development of new pump and motor technology and product and process development. They are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful life. Management assess the useful life of group intangible assets to be in the range of five to ten years.

Costs that are directly attributable to the development phase of technology are recognised as an intangible asset, provided they meet the following recognition requirements:
completion of the intangible asset to the end of the development phase is technically feasible, so that it will be available for use or sale;
- the Group intends to complete the intangible asset and use or sell it;
- the Group has the ability to use or sell the intangible asset;
- the intangible asset will generate probable future economic benefits. Among other things, this requires that there be a market for the output from the intangible asset or for the intangible asset itself, or, if it is to be used internally, the asset will be used in generating such benefits;
- there are adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the expenditure attributable to the intangible asset during its development can be measured reliably.

Development costs not meeting these criteria for capitalisation are expensed as incurred.

Directly attributable costs include employee costs incurred on the development along with an appropriate portion of relevant overheads. Development costs recognised as an intangible asset are subject to the same subsequent measurement method. However, until completion of the development project, the assets are subject to impairment testing only as described below in the note on impairments.

In addition, other intangible assets include the fair value of intangible assets acquired in a business combination at their acquisition date less any amortisation of such assets. In the case of Peter Brotherhood, these assets include the value of the order book at the acquisition date less the value of the orders that had traded during the period from the acquisition date to 31 March 2017.

2.12 Impairment testing of goodwill, other intangible assets and property, plant and equipment

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of a related business combination and represent the lowest level within the Group at which management monitors goodwill. Cash-generating units to which goodwill has been allocated (determined by the Group's management as equivalent to its operating segments) are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's (or cash-generating unit's) carrying amount exceeds its recoverable amount, which is the higher of fair value less costs of disposal and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect current market assessments of the time value of money and asset-specific risk factors.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

2.13 Investments

Investments in subsidiaries are recorded at fair value of consideration paid less impairment.

2.14 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises the direct purchase price, including all expenses directly attributable to the manufacturing process as well as suitable portions of related production overheads, based on normal operating capacity. Costs are assigned using the first in, first out cost formula. Net realisable value is the estimated selling price in the ordinary course of business less applicable variable selling expenses.

2.15 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments maturing within 90 days from the date of acquisition that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

2.16 Equity, reserves and dividend payments

Share capital represents the nominal value of shares that have been issued.

Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

The foreign currency translation reserve represents differences arising on the re-translation of net investments in overseas subsidiary undertakings, based on the rate of exchange ruling at the balance sheet date.

The merger reserve of £14.5 million includes £9.9 million arising as a result of the acquisition of Southbank in January 2010. The merger reserve represents the difference between the nominal value of the share capital issued by Hayward Tyler Group PLC and its fair value at 20 January 2010, the date of the acquisition.

Treasury stock reserve represents the cost of stock issued and subsequently reacquired.

The reverse acquisition reserve arises as a result of the method of accounting for the acquisition of Southbank by Hayward Tyler Group PLC. In accordance with IFRS 3 Business Combinations (Revised 2008) the acquisition has been accounted for as a reverse acquisition.

Share based payment reserve comprises the fair value of options and restricted shares recognised as an expense less the nominal value of restricted shares which is presented in share capital. Upon exercise of options or performance share rights, any proceeds received are credited to share capital.

Retained earnings include all current and prior period retained profits.

Dividend distributions payable to equity shareholders are included in "other liabilities" when the dividends have been approved in a general meeting prior to the reporting date.

2.17 Taxation

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Deferred income taxes are calculated using the liability method.

Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilised against future taxable income. This is assessed based on the Group's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit.

Deferred tax liabilities are generally recognised in full, although IAS 12 'Income Taxes' specifies limited exemptions. As a result of these exemptions the Group does not recognise deferred tax on temporary differences relating to goodwill, or to its investments in subsidiaries.

2.18 Post-employment benefits, short-term employee benefits and share-based employee remuneration

Post employee benefits
The Group provides post-employment benefits through defined benefit plans as well as various defined contribution plans.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into an independent entity. The Group has no legal or constructive obligations to pay further contributions after its payment of the fixed contribution. The contributions are recognised as an employee benefit expense when they are due.

Plans that do not meet the definition of a defined contribution plan are defined benefit plans. Under the Group's defined benefit plans, the amount of pension benefit that an employee will receive on retirement is defined by reference to the employee's length of service and final salary. The legal obligation for any benefits remains with the Group, even if plan assets for funding the defined benefit plan have been set aside. Plan assets may include assets specifically designated to a long-term benefit fund as well as qualifying insurance policies.

The asset recognised in the statement of financial position for defined benefit plans is the present value of the fair value of plan assets less the defined benefit obligation (DBO) at the reporting date. The net surplus at the end of the year is £1.0 million (FY2016: £0.2 million).

Management estimates the DBO annually with the assistance of independent actuaries. This is based on standard rates of inflation, salary growth rate and mortality. Discount factors are determined close to each year-end by reference to high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension liability.

Service cost on the Group's defined benefit plan is included in employee benefits expense. Employee contributions, all of which are independent of the number of years of service, are treated as a reduction of service cost. Net interest expense on the net defined benefit liability is included in finance costs. Gains and losses resulting from remeasurements of the net defined benefit liability are included in other comprehensive income.

Short-term benefits
Short-term employee benefits, including holiday entitlement, are current liabilities included in pension and other employee obligations, measured at the undiscounted amount that the Group expects to pay as a result of the unused entitlement.

Share-based employee remuneration
The Group operates equity-settled share-based remuneration plans for its key management personnel. None of the Group's plans are cash-settled.

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values.

Where employees are rewarded using share-based payments, the fair value of employees' services is determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions.

All share-based remuneration is ultimately recognised as an expense in the income statement with a corresponding credit to share-based payment reserve. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest.

Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any adjustment to cumulative share-based compensation resulting from a revision is recognised in the current period.

The number of vested options ultimately exercised by holders does not impact the expense recorded in any period.

Upon exercise of share options, the proceeds received, net of any directly attributable transaction costs, are allocated to share capital up to the nominal (or par) value of the shares issued with any excess being recorded as share premium.

2.19 Provisions, contingent liabilities and contingent assets

Provisions are recognised when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Group and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, for example, product warranties granted to a customer, legal disputes or onerous contracts. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

No liability is recognised if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities unless the outflow of resources is remote.

2.20 Revenue recognition

Revenue comprises revenue from the sale of goods and the rendering of services.

Revenue is measured at the fair value of consideration received or receivable and represents amounts obtained through trading activities, net of value added tax and trade discounts. The Group applies the revenue recognition criteria set out below to each separately identifiable component of the sales or service transaction in order to reflect the substance of the transaction. The consideration received from these transactions is allocated to the separately identifiable component by taking into account the relative fair value of each component.

Revenue is recognised when the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity, the costs incurred or to be incurred can be measured reliably, and when the criteria for each of the Group's different activities has been met. These activity-specific recognition criteria are based on the goods or solutions provided to the customer and the contract conditions in each case, and are described below.

Original equipment manufacture
The Group provides pumps, motors, turbo gen-sets, compressors and steam turbines specifically customised to each customer. The contracts for the sale of these goods specify a fixed price for their development and installation.

When the outcome can be assessed reliably, contract revenue and associated costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the reporting date. Revenue is measured at the fair value of consideration received or receivable in relation to that activity.

When the Group cannot measure the outcome of a contract reliably, revenue is recognised only to the extent of the contract costs incurred and to the extent that such costs are recoverable. Contract costs are recognised in the period in which they are incurred. When it is probable that total contract costs will exceed total contract revenue, the total expected loss is recognised immediately in profit or loss.

The stage of completion of any contract is assessed by management by taking into consideration all information available at the reporting date. The percentage of completion is calculated by comparing costs incurred to date with the total estimated costs of the contract. The gross amount due from customers for contract work is presented as an asset within "trade and other receivables" for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceeds progress billings. The gross amount due to customers for contract work is presented as a liability within "trade and other payables" for all contracts in progress for which progress billings exceed costs incurred plus recognised profits (less losses).

Aftermarket
Revenue comprises the sale of spare parts and other aftermarket services, which is recognised when the Group has transferred to the buyer the significant risks and rewards of ownership of the goods and services supplied. Significant risks and rewards are generally considered to be transferred to the buyer when the customer has taken undisputed delivery of the goods and services.

Interest income
Interest income is recorded on an accrual basis using the effective interest method.

2.21 Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin. Expenditure for warranties is recognised and charged against the associated provision when the related revenue is recognised.

2.22 Borrowing costs

Borrowing costs primarily comprise interest on the Group's borrowings. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, are capitalised as part of the cost of that asset when it is probable that they will result in future economic benefits and the costs can be measured reliably. All other borrowing costs are expensed in the period in which they are incurred and reported within "finance costs".

2.23 Financial instruments

Financial assets and liabilities are recognised on the Group's Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires. Financial assets and financial liabilities are measured initially at fair value plus transactions costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value.

Financial assets and financial liabilities are measured subsequently as described below.

Financial assets
For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition - loans and receivables.

The category determines subsequent measurement and whether any resulting income and expense is recognised in profit or loss or in other comprehensive income.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within "finance costs" or "finance income", except for impairment of trade receivables, which is presented within "other expenses".

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents and trade and most other receivables fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other available features of shared credit risk characteristics. The impairment loss is then based on recent historical counterparty default rates for each identified group.

Financial liabilities
The Group's financial liabilities include borrowings, trade and other payables and derivative financial instruments.

Financial liabilities other than derivatives are measured subsequently at amortised cost using the effective interest method, except for financial liabilities held for trading or designated at fair value through profit or loss, that are carried subsequently at fair value with gains or losses recognised in profit or loss.
All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within "finance costs" or "finance income".

Derivative financial instruments
Derivatives are financial assets or financial liabilities classified as held for trading and recorded at fair value through profit and loss.

Due to certain customer contracts being settled in foreign currencies, the Group enters into forward exchange contracts and swaps in order to reduce the exposure to foreign currency risk.

2.24 Government Grants

A government grant is recognised only when there is reasonable assurance that (a) the Group will comply with any conditions attached to the grant and (b) the grant will be received.

A grant is recognised as income in the income statement over the period necessary to match it with the expense, to which it relates, on a systematic basis. For reporting purposes the grant income is deducted from the related expense. A grant relating to assets is presented as deferred income in the consolidated statement of financial position, and released over the life of the asset in line with depreciation.

In the year ended 31 March 2015, Hayward Tyler Limited ("HTL"), based in Luton, UK, was awarded a £3.5 million grant from the Regional Growth Fund ("RGF"). In the year ended 31 March 2017 the Group has concluded that there is reasonable assurance that it will be able to comply with the RGF grant conditions. The grant is conditional upon HTL achieving a job target of 231 full time jobs at the Luton business by 2024 and defraying £21.6 million on eligible spending by 2020. This eligible spending relates to the extension to the existing factory, plant and machinery, training, and research and development. Failure to hit either target could result in the repayment of part of the grant. Accordingly, at inception of the grant the Group recognised a receivable for the full grant amount of £3.5 million, presented as an other debtor, and a deferred income liability of £3.5 million, presented as an other creditor. In the year ended 31 March 2017 the group received the remaining debtor of £0.2 million (2016: £1.9 million). Also in the year ended 31 March 2017, the deferred income liability was reduced to £2.6 million by £0.3 million of grant income (2016: £0.3 million) that is recognised in the consolidated income statement. This grant income is included in operating charges as a deduction from related research, development and training expenses.

3 Changes in accounting policies

Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Group.

At the date of authorisation of these financial statements, certain new standards, and amendments to existing standards have been published by the IASB that are not yet effective, and have not been adopted early by the Group. Information on those expected to be relevant to the Group's financial statements is provided below.

Management anticipates that all relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement. New standards, interpretations and amendments not either adopted or listed below are not expected to have a material impact on the Group's financial statements.

IFRS 9 'Financial Instruments'
The new standard for financial instruments (IFRS 9) introduces extensive changes to IAS 39's guidance on the classification and measurement of financial assets and introduces a new 'expected credit loss' model for the impairment of financial assets. IFRS 9 also provides new guidance on the application of hedge accounting.

Management has started to assess the impact of IFRS 9 but is not yet in a position to provide quantified information. At this stage the main areas of expected impact are as follows:

- the classification and measurement of the Group's financial assets will need to be reviewed based on the new criteria that considers the assets' contractual cash flows and the business model in which they are managed;
- an expected credit loss-based impairment will need to be recognised on the Group's trade receivables;
- it will no longer be possible to measure equity investments at cost less impairment and all such investments will instead be measured at fair value. Changes in fair value will be presented in profit or loss unless the Group makes an irrevocable designation to present them in other comprehensive income; and
- if the Group continues to elect the fair value option for certain financial liabilities, fair value movements will be presented in other comprehensive income to the extent those changes relate to the Group's own credit risk.

The Group has no financial liabilities classified as 'Available for Sale or Held to Maturity'

IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018.

IFRS 15 'Revenue from Contracts with Customers'
IFRS 15 presents new requirements for the recognition of revenue, replacing IAS 18 'Revenue', IAS 11 'Construction Contracts' and several revenue-related Interpretations. The new standard establishes a control-based revenue recognition model and provides additional guidance in many areas not covered in detail under existing IFRSs, including how to account for arrangements with multiple performance obligations, variable pricing, customer refund rights, supplier repurchase options and other common complexities.

During the year, the Group performed a preliminary assessment of IFRS 15, which is subject to changes arising from more detailed ongoing analysis. Furthermore, the Group is considering the clarifications issued by the IASB in April 2016 and will monitor any further developments. Presently contract revenues and expenses are recognised by reference to the stage of completion of contract activity where the outcome can be estimated reliably, otherwise revenue is recognised only to the extent of recoverable contract costs incurred. Current guidance indicates the Group is only able to recognise revenue over time where an entity's performance does not create an asset with an alternative use and the entity has an enforceable right to payment for performance. Due to the bespoke nature of contracts the Group will continue recognising contract revenue and expenses over time, however, IFRS 15 criteria will be taken into consideration when identifying the correct treatment for each new contract.

The Group, from the preliminary assessment undertaken, considers that the impact of IFRS 15 will not result in a significant change in the revenue and margin recognised for each accounting period when compared with the current application of IAS 18 and IAS 11.

IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018.

IFRS 16 'Leases'
IFRS 16 will replace IAS 17 and three related Interpretations. It completes the IASB's long-running project to overhaul lease accounting. Leases will be recorded on the statement of financial position in the form of a right-of-use asset and a lease liability.

IFRS 16 is effective from periods beginning on or after 1 January 2019. Management is yet to fully assess the impact of the Standard and therefore is unable to provide quantified information. However, in order to determine the impact the Group is in the process of:

- performing a full review of all agreements to assess whether any additional contracts will now become a lease under IFRS 16's new definition;
- deciding which transitional provision to adopt; either full retrospective application or partial retrospective application (which means comparatives do not need to be restated). The partial application method also provides optional relief from reassessing whether contracts in place are, or contain, a lease, as well as other reliefs. Deciding which of these practical expedients to adopt is important as they are one-off choices;
- assessing its current disclosures for finance leases (Note 27) and operating leases (Note 27) as these are likely to form the basis of the amounts to be capitalised and become right-of-use assets;
- determining which optional accounting simplifications apply to its lease portfolio and if it is going to use these exemptions;
- considering the IT system requirements and whether a new leasing system is needed. This is being considered in line with implementing IFRS 15 and IFRS 9 so the Group only has to undergo one set of system changes; and
- assessing the additional disclosures that will be required.

4 Significant management judgements in applying accounting policies

The following are significant management judgements in applying accounting policies of the Group that have the most effect on the financial statements.

Going concern
The Group's principal bank borrowing facilities and loan notes contain change of control clauses that are activated by an acquisition of the Company, which provide the lender with the opportunity to be prepaid or continue to lend to the Company. The proposed acquisition of the Company by Avingtrans plc ("Avingtrans Transaction") is expected to activate these clauses.

Management has considered, together with its advisers, the likelihood that the Avingtrans Transaction will take place, and has determined that they have a reasonable expectation that it will complete. Such considerations include the level of support for the Avingtrans Transaction received from the shareholders of the Company and the shareholders of Avingtrans plc:

- In the case of the Company, more than 50% in number of the shareholders attending a meeting to approve the Avingtrans Transaction representing 75% or more in nominal value of the shares held by those shareholders need to approve it. Irrevocable undertakings and letters of intent to vote in favour of the Avingtrans Transaction have been received from shareholders representing 42% of the Company's share capital and, in addition, shareholders representing a further 9.2% have indicated an intention to vote in favour of the Avingtrans Transaction; and

- In the case of Avingtrans plc, shareholders representing more than 50% in nominal value of the shares held by those shareholders attending the meeting to approve the Avingtrans Transaction need to approve it. Irrevocable undertakings to vote in favour of the Avingtrans Transaction have been received from shareholders representing 31.7% of Avingtrans plc's share capital and, in addition, shareholders representing a further 13.4% have indicated an intention to vote in favour of the Avingtrans Transaction.

  In addition, Management has considered, together with the executive directors of Avingtrans plc, the funding arrangements of the enlarged group created by the Avingtrans Transaction and the working capital report prepared by independent reporting accountants, and has determined that they have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. Such considerations include the strength of Avingtrans plc's balance sheet, which included £26.2 million net cash at 31 May 2017, and the advanced state of negotiations with lenders to provide facilities to the enlarged group.

Internally generated development costs
Management monitors progress of internal research and development projects by using a project management system. Significant judgement is required in distinguishing research from the development phase. Development costs are recognised as an asset when all the criteria are met, whereas research costs are expensed as incurred.

To distinguish any research-type project phase from the development phase, it is the Group's accounting policy to require a detailed forecast of sales or cost savings expected to be generated by the intangible asset. The forecast is incorporated into the Group's overall budget forecast as the capitalisation of development costs commences. This ensures that managerial accounting, impairment testing procedures and accounting for internally-generated intangible assets is based on the same data.

The Group's management also monitors whether the recognition requirements for development costs continue to be met and an assessment made of its recoverability. This is necessary as the economic success of any product development is uncertain and may be subject to future technical problems after the time of recognition. Further information on intangible assets is contained in note 17.

Revenue recognition – original equipment manufacture
The stage of completion of a contract is assessed by management taking into consideration all information available at the reporting date. In this process management carries out significant judgements about milestones, actual work performed and the estimated costs to complete the work. Further information on the Group's accounting policy for contracts is contained in note 2.20.

Deferred tax assets
The assessment of the probability of future taxable income in which deferred tax assets can be utilised is based on the Group's latest approved budget forecast, which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. The tax rules in the numerous jurisdictions in which the Group operates are also carefully taken into consideration. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilised without a time limit, that deferred tax asset is usually recognised in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances. All unused tax losses and credits have been recognised in the year as management believes that use of the deferred tax asset created is probable.

Leases
In applying the classification of leases in IAS 17, management considers its leases of equipment as finance lease arrangements. In some cases, the lease transaction is not always conclusive and management uses judgement in determining whether the lease is a finance lease arrangement that transfers substantially all the risks and rewards incidental to ownership. Further information on the Group's leases are contained in note 27.

Property leases are spilt between land and the building to assess whether they are operating or finance leases. Land is almost always an operating lease due to its long life but judgment is required to assess the classification between operating and finance lease for buildings which are assessed individually against the criteria in IAS 17.10.

5 Estimation uncertainty

When preparing financial statements management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses.

The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Original equipment revenue
The stage of completion of any contract is assessed by management by taking into consideration all information available at the reporting date. In this process management formulates estimates regarding actual work performed and the estimated costs to complete the work.

Deferred tax asset – refer to note 22
The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry-forwards can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

Defined benefit pension liability – refer to note 28
Management estimates the defined benefit pension liability annually with the assistance of independent actuaries; however, the actual outcome may vary due to estimation uncertainties. The estimate of its defined benefit pension gross liability of £13.8 million (FY2016: £13.2 million) is based on standard rates of inflation and mortality. The estimate does not include anticipation of future salary increases as there are no members with benefits related to future salary progression. Discount factors are determined close to each period end by reference to high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability. Estimation uncertainties exist particularly with regard to medical cost trends, which may vary significantly in future appraisals of the Group's defined benefit pension obligations. The value of the defined benefit pension asset at 31 March 2017 was £1.0 million (FY2016: £0.2 million).

Provisions – refer to note 26
The amount recognised for warranties for which customers are covered for the cost of repairs is estimated based on management's past experience, current knowledge and future expectation that defects may arise. The value of warranty provisions at 31 March 2017 was £0.9 million (FY2016: £0.8 million).

The amount recognised for restoration is a management estimate in relation to the estimated cost to restore the property to the agreed condition set out in the lease rental agreement for Peter Brotherhood's Peterborough property.

Goodwill – refer to note 16
Management carry out impairment tests at each reporting date and indicate present values of future cash flows in respect of both the OE and AM divisions are far in excess of the carrying values of the associated assets including goodwill such that management considers the likelihood of any impairment arising to be remote.

6 Segment information

Management currently identifies the Group's two service lines, OE and AM, as operating segments. The activities undertaken by the OE segment include the manufacture of pumps, motors and steam turbines. The activities of the AM division include the servicing of, and provision of spares for, a wide range of goods.

Segment information can be analysed as follows for the reporting periods under review:

	OE	AM	Total
Year to 31 March 2017	£000	£000	£000
Segment revenues from:			
External customers	18,569	44,150	62,719
Other segments	-	-	-
Segment revenues	18,569	44,150	62,719
Cost and expenses	(24,158)	(36,033)	(60,191)
Segment operating profit	(5,589)	8,117	2,528

	OE	AM	Total
Year to 31 March 2016	£000	£000	£000
Segment revenues from:			
External customers	27,274	34,374	61,648
Other segments	-	-	-
Segment revenues	27,274	34,374	61,648
Cost and expenses	(26,403)	(26,753)	(53,156)
Segment operating profit	871	7,621	8,492

The Group's revenues from external customers are divided into the following geographical areas:

	31 March 2017	31 March 2016
	£000	£000
Africa & Middle East	5,754	3,212
Americas & Caribbean (excl. USA)	2,866	4,170
Asia Pacific (excl. China)	20,221	15,326
China	3,476	7,762
Europe (excluding UK)	7,316	6,008
United Kingdom	7,860	11,628
United States of America	15,226	13,542
	62,719	61,648

Revenues from external customers in the Group's domicile, United Kingdom, as well as its major markets, have been identified on the basis of the customers' geographical location.

No customer represented greater than 10% of Group revenue in the year to 31 March 2017 or in the year to 31 March 2016.

The totals presented for the Group's operating segments reconcile to the entity's key financial figures as presented in its financial statements as follows:

	Year to 31 March 2017 £000	Year to 31 March 2016 £000
Segment revenues		
Segment revenues	62,719	61,648
Elimination of inter-segmental revenues	-	-
	62,719	61,648
Segment profit		
Segment operating profit	2,528	8,492
Centre of Excellence expenses net of grant income	(1,631)	(896)
Other operating costs not allocated	(2,236)	(1,503)
Foreign currency exchange differences	(1,190)	(327)
Trading operating profit	(2,529)	5,766
Non-trading items (see note 2.5)	376	(1,777)
Operating profit after exceptional items	(2,153)	3,989
Finance income	9	-
Finance costs	(1,175)	(961)
Fair value on derivatives	(10)	(40)
Group profit before tax	(3,329)	2,988

7 Operating profit

Operating profit is stated after charging:

	Year to 31 March 2017 £000	Year to 31 March 2016 £000
Depreciation of owned assets	1,753	961
Depreciation of assets held under finance leases	409	183
Amortisation of other intangible assets	416	675
Auditor's remuneration:		
Fees payable to the Company's auditor for the audit of the Company's annual accounts	53	58
Fees payable to the Company's auditor for other services:		
- Audit of the accounts of subsidiaries	102	117
- Tax compliance services	-	-
- Other assurance services	-	10
Rentals under operating leases:		
- Land and buildings	251	199
- Plant and equipment	316	262
Foreign currency exchange differences – loss	1,294	327
Research and developments costs	409	304

Foreign currency exchange differences relate to realised losses on receipts and payments together with an unrealised loss arising on the re-translation of net current assets.

8 Employee remuneration

Employee benefits expense

The employee benefit expense during the year was as follows:

	Year to 31 March 2017 £000	Year to 31 March 2016 £000
Wages and salaries	23,356	17,674
Social security costs	2,125	1,661
Share based payments	38	106
Redundancy costs	30	68
Pension costs	887	880
	26,436	20,389

The average numbers of employees during the year were as follows:

	Year to 31 March 2017	Year to 31 March 2016
OE and AM	334	241
General and administration	144	146
Selling	48	35
	526	422

Key management personnel
Key management of the Group are members of the Board of Directors in Hayward Tyler Group PLC.

Remuneration in respect of the Directors including employer's national insurance cost was as follows:

	Year to 31 March 2017 £000	Year to 31 March 2016 £000
Short-term employee benefits	542	702
Post-employment benefits	-	-
Share-based payment benefits	26	76
Employer's National Insurance Contributions	57	81
	625	859

The amounts set out above include remuneration in respect of the highest paid Director as follows:

	Year to 31 March 2017 £000	Year to 31 March 2016 £000
Short-term employee benefits	253	344
Post-employment benefits	-	-
Share-based payment benefits	17	47
Employer's National Insurance Contributions	33	46
	303	437

None of the Directors participate in the Group's defined benefit plan. Details of related party transactions are given in note 32 to the financial statements.

Share-based employee remuneration
As at 31 March 2017, the Group maintained three share-based payment schemes as long-term incentive plans that align management's interest with those of shareholders. The plans are the Total Shareholder Return Long-Term Incentive Plan ("TSR LTIP"), the Peter Brotherhood Limited Long-Term Incentive Plan ("PBL LTIP"), and the Company Share Option Plan (CSOP). All the schemes will be settled in equity.

In both LTIP schemes there are options and restricted shares. Participants awarded restricted shares pay only the nominal value of the shares and the shares are subject to claw back if performance conditions are not met. The dates and performance conditions are identical on restricted shares and options, however on vesting, only restricted shares are entitled to receive any accrued dividends on the underlying shares during the vesting period. Those granted restricted shares are required to pay the nominal value of the shares at the commencement of the vesting period creating share capital. Subsequently, the accounting treatment for the restricted shares is the same as the share options.

In total, £38,000 (2016: £106,000) of employee remuneration expense (all of which related to equity-settled share-based payment transactions) net of related deferred tax has been included in the income statement and credited to share-based payment reserve.

TSR LTIP
The TSR LTIP is part of the remuneration package of the Executive Directors and certain senior managers ("Executives"). Options and restricted shares under this programme will vest only if the total shareholder return achieved by the Company over the three year vesting period is greater or equal to the TSR of the median company in a defined comparator group of companies over that period. The percentage of the award that vests operates on a sliding scale with 0% below the median, 20% at the median and 100% in the upper quartile. In addition, participants in this programme have to be employed until the end of the agreed vesting period. Upon vesting, each option allows the holder to purchase one ordinary share at a nominal value of £0.01 up to 10

years from the grant date. Total expense included in the income statement relating to the TSR LTIP is £69,000 (2016: £53,000).

The TSR LTIP options and restricted shares together with their related exercise prices were as follows for the reporting period:

	Restricted shares		Share options	
	Number	Exercise price per share (pence)	Number	Exercise price per share (pence)
Outstanding at 1 April 2016	294,118	1	426,917	1
Granted	-	-	-	-
Forfeited	-	-	-	-
Exercised	-	-	-	-
Outstanding at 31 March 2017	294,118	1	426,917	1
Exercisable at 31 March 2017	-	-	-	-

Fair values have been determined by a Monte Carlo model. The following principal assumptions were used in the valuation:

Grant date	23 June 2015
Vesting period ends	23 June 2018
Share price at date of grant (pence)	79
Volatility	44.00%
Option life (years)	3
Dividend yield[1]	1.70%
Risk-free investment rate	1.04%
Option fair value at grant date (pence)	28
Restricted shares fair value at grant date (pence)	30
Exercise price at grant date (pence)	1
Exercisable from	23 June 2018
Exercisable to	23 June 2025
Remaining contractual life (years)	8.2

[1] *Dividend yield for restricted shares is 0.00%*

The underlying expected volatility was determined by reference to historical share price of the Company over the same period as the expected life of the awards that were granted.

Weighted average fair value of options granted during the period is 28 pence, and weighted average fair value of restricted shares granted is 30 pence.

PBL LTIP

The PBL LTIP is part of the remuneration package of the Group's Executives. Options and restricted shares under this programme were to vest only if Peter Brotherhood Limited (a subsidiary of Hayward Tyler Group PLC) delivered an operating profit (before intercompany charges) of £1.6 million or higher, and/or revenues of £27.5 million or higher, in its audited results for the year ended 31 March 2017. At present, Management do not believe Peter Brotherhood will achieve the requisite vesting conditions and the options and restricted shares will be forfeited upon signing of the statutory accounts. Failure to achieve the vesting conditions resulted in a credit in the period of £53,000 (2016: expense of £53,000).

The PBL LTIP options and restricted shares together with their exercise prices were as follows for the reporting period:

	Restricted shares		Share options	
	Number	Exercise price per share (pence)	Number	Exercise price per share (pence)
Outstanding at 1 April 2016	250,000	1	250,000	1
Granted	-	-	-	-
Forfeited	-	-	-	-
Exercised	-	-	-	-
Outstanding at 31 March 2017	250,000	1	250,000	1
Exercisable at 31 March 2017	-	-	-	-

Fair values have been determined using a Black Scholes option pricing model. The following principal assumptions were used in the valuation:

Grant date	19 November 2015
Vesting period ends	1 June 2017[3]
Share price at date of grant (pence)	91
Volatility	31.00%
Option life (years)	1.53
Dividend yield[2]	1.50%
Risk-free investment rate	0.56%
Option fair value at grant date (pence)	88
Restricted shares fair value at grant date (pence)	90
Exercise price at grant date (pence)	1
Exercisable from	1 June 2017
Exercisable to	1 June 2025
Remaining contractual life (years)	8.2

[2] Dividend yield for restricted shares is 0.00%
[3] Options vest as at the later of 1 June 2017 or the date that the audited accounts are published

Company Share Option Plan
The CSOP is part of the remuneration package of the Executive Directors and certain senior managers ("Executives"). Options under this programme will vest if individuals remain employees of the Group 3 years from the option grant date. Upon vesting, each option allows the holder to purchase one ordinary share at a price of £0.795 for up to 10 years from the grant date. Total expense included in the income statement relating to the CSOP is £22,000 (2016: £nil).

	Number of shares	Share options Exercise price per share (pence)
Outstanding at 1 April 2016	-	-
Granted	106,915	79.5
Forfeited	-	-
Exercised	-	-
Outstanding at 31 March 2017	106,915	79.5
Exercisable at 31 March 2017	-	-

Grant date	7 July 2016
Vesting period ends	7 July 2019
Share price at date of grant (pence)	80
Volatility	42%
Option life (years)	3
Dividend yield[2]	1.73%
Risk-free investment rate	0.98%
Option fair value at grant date (pence)	111.3
Exercise price at grant date (pence)	79.5
Exercisable from	7 July 2016
Exercisable to	7 July 2026
Remaining contractual life (years)	9.3

9 Trading EBITDA

Trading earnings before interest, tax, depreciation and amortisation are as follows:

	Year to 31 March 2017 £000	Year to 31 March 2016 £000
Trading operating profit	(2,529)	5,766
Depreciation and amortisation	2,534	1,401
Trading EBITDA	5	7,167

10 Finance Income

	Year to 31 March 2017 £000	Year to 31 March 2016 £000
Finance income from pension	9	-

11 Finance costs

	Year to 31 March 2017 £000	Year to 31 March 2016 £000
Trading:		
Interest payable on borrowings	1,034	371
Finance charges – re-banking	63	206
Finance costs of pensions	-	2
Unwinding of discounts on provision	78	-
Loss arising on fair value of derivative contracts	10	40
	1,185	619
Non-trading:		
Finance charges – prepayment	-	382
	1,185	1,001

12 Income tax expense

(a) Analysis of total tax charge

	Year to 31 March 2017 £000	Year to 31 March 2016 £000
Current tax		
UK corporation tax at 20% (FY2016: 20%)	(173)	-
Amounts over provided in prior years	(249)	-
Overseas taxation	1,200	840
Adjustment in respect of prior year	-	(110)
Total current tax charge	778	730
Deferred tax		
Accelerated capital allowances	70	238
Gains available for offset against future taxable income	(1,053)	(311)
Retirement benefit obligations	160	69
Less movement recorded in other comprehensive income	(116)	(28)
Other temporary differences	-	(103)
Derivatives	(2)	(8)
Effect of change in tax rate	292	253
Amounts (over)/under provided in prior years	403	(202)
Total deferred tax (credit)	(246)	(92)
Tax charge reported in the income statement	532	638

(b) Reconciliation of profit before tax total to tax charge

The relationship between the expected tax expense based on the domestic effective tax rate of Hayward Tyler Group PLC at 20% (FY2016: 20%) and the reported tax expense in the income statement is set out below, which also shows the major components of tax expense:

	Year to 31 March 2017 £000	Year to 31 March 2016 £000
(Loss)/profit before tax	(3,329)	2,988
Domestic tax rate for Hayward Tyler Group PLC	20%	20%
Expected tax charge	(666)	598
Adjustment for tax-rate differences in foreign jurisdictions	581	220
Deferred tax not recognised and effect of tax rate change	278	(234)
Amounts over provided in prior years	154	(312)
Adjustment for non-deductible expenses	185	366
Tax charge	532	638

Note 22 provides information on the entity's deferred tax assets and liabilities, including the amounts recognised directly in the income statement.

13 Income tax asset/(liability)

	At 31 March 2017 £000	At 31 March 2016 £000
Current tax assets	467	207
Current tax liabilities	(997)	(755)
Income tax payable	(530)	(548)

14 Earnings per share

The calculation of the basic earnings per share is based on the earnings attributable to ordinary shareholders divided by the weighted average number of shares in issue during the year.

The calculation of diluted earnings per share is based on the basic earnings per share, adjusted to allow for the issue of shares and the post-tax effect of dividends and/or interest, on the assumed conversion of all dilutive options and other dilutive potential ordinary shares.

	Year to 31 March 2017	Year to 31 March 2016
Adjusted Earnings per share calculations based on Trading (Loss)/Profit		
Trading (Loss)/Profit for the year (£000)	(3,870)	4,550
Weighted average number of shares used for basic earnings per share	54,608,885	48,047,956
Shares deemed to be issued for no consideration in respect of share based payments	1,204,659	8,017
Weighted average number of shares used in diluted earnings per share	55,813,544	48,055,973
Basic earnings per share (pence)	(7.09)	9.47
Diluted earnings per share (pence)	(6.93)	9.47

	Year to 31 March 2017	Year to 31 March 2016
Earnings per share calculations based on		
Total (Loss)/Profit		
(Loss)/Profit for the year	(3,861)	2,350
Weighted average number of shares used for basic earnings per share	54,608,885	48,047,956
Shares deemed to be issued for no consideration in respect of share based payments	1,204,659	8,017
Weighted average number of shares used in diluted earnings per share	55,813,544	48,055,973
Basic earnings per share (pence)	(7.07)	4.89
Diluted earnings per share (pence)	(6.92)	4.89

Dividends
An interim dividend of 0.58 pence per ordinary share was declared during the year representing a total of £321,231 (FY2016: £305,723).

15 Dividends

	Year to 31 March 2017		Year to 31 March 2016	
	Pence per share	£000	Pence per share	£000
Paid in the year				
Interim dividend – current year	0.58	321	0.552	306
Final dividend				
– in respect of prior year	0.83	460	0.790	362
Total	1.41	781	1.342	668

Given the announced proposed acquisition of the Company by Avingtrans plc a final dividend will not be paid.

16 Goodwill

The net carrying amount of goodwill can be analysed as follows:

	At 31 March 2017 £000	At 31 March 2016 £000
Gross carrying amount		
Carrying amount at start of year	2,573	2,219
Acquired through business combinations	-	354
Carrying amount at end of year	2,573	2,573

Impairment testing
For the purpose of annual impairment testing, goodwill is allocated to the operating segments expected to benefit from the synergies of the business combinations in which the goodwill rises, as follows:

	At 31 March 2017 £000	At 31 March 2016 £000
OE	416	416
AM	2,157	2,157
Carrying amount at end of year	2,573	2,573

The recoverable amount of each segment was determined based on value-in-use calculations, covering a detailed three-year forecast, followed by an extrapolation of expected cash flows for the remaining useful lives using a declining growth rate determined by management. The recoverable amount of each operating segment is set below:-

	At 31 March 2017 £000	At 31 March 2016 £000
OE	19,231	23,539
AM	125,861	94,467

The key assumptions used in the calculations were:

- the forecast operating cash flows for the next three years and a terminal value of such flows based on approved budgets and plans. These budgets and plans are based on past performance, the strength of the order book at 31 March 2017, the strength of the pipeline of future orders and expectations for the market development of the CGU, taking into account the current economic climate and forecast assumptions (both internal and external where appropriate) around the relevant product markets;
- an estimate of the long-term growth rate for the CGU representing management's best estimate of future long-term growth in the respective divisions, taking into account both internal and external projections for the markets in which they operate. The growth rate used for the first three years was 10% for OE and 10% for AM which has been based on forecasts provided by each of the business units. The terminal growth rate used was 2%, which is based on the UK's long-term consumer price index growth rate; and
- a discount rate of 9.97% was used to discount future cash flows and reflects management's estimate of the weighted average cost of capital of the Group.

Impairment tests are carried out at each reporting date and indicate present values of future cash flows in respect of both the OE and AM divisions are far in excess of the carrying values of the associated assets including goodwill. In the case of OE, the result of the impairment test is sensitive to a change in the assumptions made. Despite its relatively low carrying value, OE has significant intrinsic value to the AM division, which derives most of its revenue from original equipment that has been designed and manufactured by the Group. Taking all of these elements together, including the close alignment of AM to OE, management considers the likelihood of any impairment arising to be remote.

17 Other intangible assets

The Group's other intangible assets comprise (1) internally generated development costs and (2) the order book acquired on acquisition of Peter Brotherhood (see note 2.11). The net carrying amounts for the reporting periods under review can be analysed as follows:

	At 31 March 2017 £000	At 31 March 2016 £000
Gross carrying amount		
Balance at start of year	3,386	2,159
Additions	336	765
Acquisition through business combinations	-	462
Exchange gain/(loss)	47	-
Balance at end of year	3,769	3,386
Accumulated amortisation and impairment		
Balance at start of year	1,800	1,125
Amortisation	416	675
Balance at end of year	2,216	1,800
Carrying amount at end of year	1,553	1,586

The amortisation charge for the year is included within operating charges and disclosed in note 7.

The main material asset included above is the development of the subsea motor that under pins the investment in the Centre of Excellence as well as the support of key and potential future customers, which has a carrying value of £662,521 at 31 March 2017. The remaining amortisation period of the subsea is between 1-5 years varying on the different elements.

18 Investments

The Company had the following investments in subsidiary undertakings:

	At 31 March 2017 £000	At 31 March 2016 £000
Gross value of investments		
Balance at start of year	29,916	27,916
Additions	2,161	2,000
Balance at end of year	32,077	29,916
Provision for impairment		
Balance at start of year	20,193	20,193
Impairment in year	-	-
Balance at end of year	20,193	20,193
Net book value at end of year	11,884	9,723

On 29 March 2017, the Company subscribed for 100 ordinary shares in Peter Brotherhood Limited, which have a nominal value of £0.01 per share and a share premium of £21,599.99 per share. This arrangement allowed Peter Brotherhood Limited to repay borrowings owed to the Company. The Company owns more than 20% of the following companies:

Name of company	Place of incorporation	% ownership/ voting power	Principal activity
Southbank UK Limited	England & Wales	100	Holding company
Redglade Associates Limited	England & Wales	100	Property
Redglade Investments Limited	England & Wales	100	Property
Hayward Tyler Group Limited	England & Wales	100	Holding company
Hayward Tyler Limited	England & Wales	100	Trading
Hayward Tyler (UK) Limited	England & Wales	100	Dormant
Varley Pumps Limited	England & Wales	100	Dormant
Hayward Tyler Solutions Limited	England & Wales	100	Dormant
Hayward Tyler Holdings Limited	England & Wales	100	Holding company
Hayward Tyler Holding Inc	USA	100	Holding company
Hayward Tyler Inc	USA	100	Trading
Hayward Tyler Pumps (Kunshan) Co Limited	China	100	Trading
Hayward Tyler India PTE Limited	India	100	Trading
Appleton & Howard Limited	England & Wales	100	Dormant
Hayward Tyler Fluid Dynamics Limited	England & Wales	100	Dormant
Hayward Tyler Fluid Handling Limited	England & Wales	100	Trading
Hayward Tyler Services Limited	England & Wales	100	Dormant
Specialist Energy Group Trustee Limited	England & Wales	100	Acts as employee benefit trust
Hayward Tyler Pension Plan Trustees Limited	England & Wales	100	Manages pension scheme
Sumo Pumps Limited	England & Wales	100	Dormant
Hayward Tyler Engineered Products Limited	England & Wales	100	Dormant
Capital Engineering Services Limited	England & Wales	100	Dormant
Credit Montague Limited	England & Wales	100	Dormant
Mullins Limited	England & Wales	100	Dormant
Nviro Cleantech Limited	England & Wales	100	Holding company
Nviro Cleantech Inc	USA	100	Holding company
Vertus Technologies US LLC	USA	100	Holding company
Vertus Technologies Industrial LLC	USA	100	No longer trading
Vertus Technologies Limited	Cayman Islands	100	Holding company
Nviro Cleantech Limited	Cayman Islands	100	Holding company
Peter Brotherhood Limited	England & Wales	100	Trading

All companies are owned indirectly by Hayward Tyler Group PLC except for Southbank UK Limited, Specialist Energy Group Trustee Limited, Nviro Cleantech Limited and Peter Brotherhood Limited, which are owned directly, and the results for all companies have been included within the consolidated results for the Group.

19 Property, plant and equipment

The Group's property, plant and equipment comprise primarily land, buildings, plant and machinery, and fixtures and fittings. The carrying amount can be analysed as follows:

	Freehold land and buildings £000	Short leasehold improvements £000	Plant and machinery, fixtures and fittings £000	Assets in course of construction £000	Total £000
Gross carrying amount					
Balance at 1 April 2016	9,480	4,371	19,401	8,075	41,327
Exchange adjustments	109	73	907	-	1,089
Additions	-	1,292	4,755	58	6,105
Reclassification/adjustments	7,618	(196)	372	(7,618)	176
Disposals	-	-	(68)	-	(68)
Balance at 31 March 2017	17,207	5,540	25,367	515	48,629
Depreciation and impairment					
Balance at 1 April 2016	3,140	1,240	11,645	-	16,025
Exchange adjustments	-	100	660	-	760
Reclassification/adjustments	(653)	653	176	-	176
Disposals	-	-	(55)	-	(55)
Charge for the year	325	383	1,455	-	2,163
Balance at 31 March 2017	2,812	2,376	13,881	-	19,069
Carrying amount at 31 March 2017	14,395	3,164	11,486	515	29,560
Gross carrying amount					
Balance at 1 April 2015	8,814	1,982	13,779	1,702	26,277
Exchange adjustments	-	37	161	-	198
Additions	666	2,434	3,417	6,373	12,891
Reclassification	-	-	-	-	-
Acquisition through business combinations	5,317	-	2,329	-	7,646
Disposals	(5,317)	(82)	(286)	-	(5,685)
Balance at 31 March 2016	9,480	4,371	19,401	8,075	41,327
Depreciation and impairment					
Balance at 1 April 2015	3,048	1,100	10,841	-	14,989
Exchange adjustments	-	17	127	-	144
Reclassification	-	(2)	2	-	-
Disposals	-	-	(252)	-	(252)
Charge for the year	92	125	927	-	1,144
Balance at 31 March 2016	3,140	1,240	11,645	-	16,025
Carrying amount at 31 March 2016	6,340	3,131	7,756	8,075	25,302

The category "Assets in course of construction" in the fixed asset table relates to the work being carried out at the Centre of Excellence in Luton. The work for phase one was completed during FY2017. A valuation of the freehold land and buildings relating to the Luton property will be carried out by an independent valuer once the phase two construction is completed.

The Group's freehold land and buildings were valued by independent valuers for the financial statements for the year ended 31 December 2011 and an impairment charge was made at that date. The Directors believe that there has been no further impairment of the property since that date. Fair value of freehold land and buildings do not have quoted prices and have been determined based on professional appraisals that would be classified as Level 3 of the fair value hierarchy as defined in IFRS 13 "Fair Value Measurement".

If the cost model had been used, the carrying amount of land and buildings would be £6,020,824 (FY2016: £6,165,105). Revaluation previously has only ever resulted in a decrease arising, as a consequence there is no revaluation surplus.

All depreciation charges are included within operating charges and disclosed in note 7.

The Group's land and buildings have been pledged as security for term loans.

Additions in the year includes investment in the Centre of Excellence. This is made up of £1,128,946 of building improvements and £2,539,670 of new plant and machinery.

The carrying value of assets under finance leases included in plant and machinery amounted to £4,884,057 (FY2016: £2,227,459). The depreciation charged to the financial statements in the year in respect of finance leased assets amounted to £409,103 (FY2016: £182,735).

20 Inventories

Inventories recognised in the statement of financial position can be analysed as follows:

	At 31 March 2017 £000	At 31 March 2016 £000
Raw materials and consumables	3,079	3,092
Work in progress	2,859	1,908
Finished goods and goods for resale	1,854	1,626
	7,792	6,626

In the year ended 31 March 2017, total inventory included in expenses amounted to £25,129,000 (FY2016: £24,839,000).

21 Trade and other receivables

	At 31 March 2017 £000	At 31 March 2016 £000
Current		
Trade receivables	15,929	15,860
Less: provision for impairment of receivables	(164)	(167)
Trade receivables – net	15,765	15,693
Gross amounts due from customers	7,403	4,222
Other receivables	143	499
Other debtors	-	-
Due from Group undertakings	-	-
Trade and other receivables	23,311	20,414
Prepayments	3,211	1,668
VAT recoverable	191	640
Other current assets	3,402	2,308
Total current trade and other receivables	26,712	22,722

	At 31 March 2017 £000	At 31 March 2016 £000
Non current		
Due from Group undertakings	-	-
Other debtors	-	180
Trade and other receivables	-	180
Total non current trade and other receivables	-	180

The Directors believe that the carrying amounts of trade and other receivables approximate their fair values. The receivables are short-term and non-interest bearing in the Group. Receivables are long-term interest bearing loans to subsidiaries in the Company.

All of the Group's trade and other receivables have been reviewed for indicators of impairment. Certain trade receivables were found to be impaired and an allowance for credit losses of £0.2 million (FY2016: £0.2 million) has been made.
The movement in the provision for credit losses can be reconciled as follows:

	At 31 March 2017 £000	At 31 March 2016 £000
Balance at start of year	167	139
Charge for the year	130	189
Impairment reversals	(131)	(35)
Amounts utilised in the year	(2)	(126)
Balance at end of year	164	167

An analysis of unimpaired trade receivables that are past due is given in note 29.

22 Deferred tax assets

Deferred tax movements for the year arising from temporary differences and unused tax losses of the Group can be summarised as follows:

	At 31 March 2017 £000	At 31 March 2016 £000
Balance at start of year	2,726	2,555
Charge to income statement for the year (note 12)	246	92
Charge to other comprehensive income	(133)	(10)
Recognised in business combination	-	89
Balance at end of year	2,839	2,726

Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available in future against which deductible temporary differences can be utilised. This is assessed based on the Group's forecast of future operating results and the future projected profitability of the Group. There are no losses for which a deferred tax asset has not been recognised (FY2016: nil).

Deferred tax assets

	1 April 2016 £000	Charge through profit or loss for the year £000	Recognised in other comprehensive income £000	Recognised in business combination £000	31 March 2017 £000
Accelerated tax depreciation	13	(103)	-	-	(90)
Retirement benefit obligations	(30)	(41)	(116)	-	(187)
Tax losses	2,806	437	-	-	3,243
Derivatives	58	2	-	-	60
Temporary differences	(121)	(49)	(17)	-	(187)
Total	2,726	246	(133)	-	2,839

	1 April 2015 £000	Charge through profit or loss for the year £000	Recognised in other comprehensive income £000	Recognised in business combination £000	31 March 2016 £000
Accelerated tax depreciation	(154)	(14)	-	181	13
Retirement benefit obligations	36	(38)	(28)	-	(30)
Tax losses	2,605	201	-	-	2,806
Derivatives	50	8	-	-	58
Temporary differences	18	(65)	18	(92)	(121)
Total	2,555	92	(10)	89	2,726

23 Cash and Cash equivalents

Cash and cash equivalents included the following components:

	At 31 March 2017 £000	At 31 March 2016 £000
Cash at bank and in hand:		
GBP	484	4,217
USD	484	453
EUR	41	117
Other	226	348
	1,235	5,135

At 31 March 2017 the Group had the following undrawn facilities:

	At 31 March 2017 £000	At 31 March 2016 £000
Revolving credit facilities	1,722	5,087
Corporate charge card facility	279	344

The bank revolving credit facilities and loans are secured by fixed and floating charges over the Group's assets.

The short-term bank borrowings under the revolving credit facilities have been classified under borrowings in Hayward Tyler Group PLC. A breakdown of cash and borrowings is set out below:

	At 31 March 2017 £000	At 31 March 2016 £000
Cash at bank and in hand	1,235	5,135
Short-term bank borrowings	(12,624)	(6,629)
Short-term bank loans	(411)	(859)
Short-term non-bank borrowings	(2,153)	70
Non-current bank borrowings	(2,502)	(1,212)
Non-current bank loans	(2,240)	(2,203)
Non-current non-bank borrowings	(3,419)	(2,941)
Net debt	(22,114)	(8,639)

The Directors consider that the carrying amount of the cash and cash equivalents approximates to their fair value.

24 Trade and other payables

	At 31 March 2017 £000	At 31 March 2016 £000
Trade payables	9,666	10,376
Payments on account	5,400	3,863
Social security and other taxes	546	939
Due to Group undertakings	-	-
Trade and other payables	15,612	15,178

The carrying amounts of trade and other payables approximate to their fair values. All amounts shown above are short-term liabilities and accrue no interest.

25 Other liabilities

Other liabilities can be summarised as follows:

	At 31 March 2017 £000	At 31 March 2016 £000
Current		
Accruals	2,706	1,705
Other payables	931	1,721
	3,637	3,426

	At 31 March 2017 £000	At 31 March 2016 £000
Non current		
Other creditors – deferred income	4,213	4,449
	4,213	4,449

26 Provisions

	At 31 March 2017 £000	At 31 March 2016 £000
Warranty	890	773
Loss making contracts	-	351
Restoration	2,166	2,088
Other	228	330
	3,284	3,542

All provisions are considered current. The carrying amounts may be analysed as follows:

	Warranty £000	Loss making contracts £000	Restoration £000	Other £000	Total £000
Carrying amount at start of year	773	351	2,088	330	3,542
Exchange differences	76	-	-	16	92
Additional provisions	960	-	78	398	1,436
Unused amounts reversed	(266)	-	-	-	(266)
Amount utilised	(653)	(351)	-	(516)	(1,520)
Carrying amount at end of year	890	-	2,166	228	3,284

Warranty provision
Provisions for warranty work represent the estimated cost of work provided under the terms of the contracts with customers with reference to the length and unexpired portion of the terms provided.

Loss making contracts
Provisions for loss making contracts are the estimated total costs that exceed the total revenues from contracts that are in progress at the reporting date.

Restoration provision
Provisions for restoration represent the estimated cost to restore the property to the agreed condition set out in the lease rental agreement for Peter Brotherhood Limited's Peterborough property, which resulted from the sale and leaseback of the property.

Other provisions include:

- **Annual leave provision**
  Paid holidays are regarded as an employee benefit and are charged to the profit or loss as the benefit is earned. A provision is made at the balance sheet date to reflect the present value of the holidays earned but not taken.

- **Liquidated damages**
  Provisions for liquidated damages are the liabilities estimated to arise on the expected delay in shipment of contracts that have been shipped prior to 31 March 2017. There were minor expected delays in the year.

- **Post acquisition provision**
  Provision for incremental committed expenditure arising from the acquisition.

27 Leases

Finance leases
The Group leases various equipment under finance lease arrangements. The net carrying amount of the assets held under finance lease arrangements is £4,884,057 (FY2016: £2,227,459). The assets are included under "Plant and Machinery", which form an integral part of "property, plant and equipment" (see note 19).

The future aggregate minimum finance lease payments are as follows:

	At 31 March 2017		At 31 March 2016	
	Minimum payments £000	Present value of payments £000	Minimum payments £000	Present value of payments £000
No later than 1 year	1,316	1,145	517	429
Later than 1 year and no later than 5 years	2,608	2,394	1,288	1,212
Later than 5 years	113	110	-	-
	4,037	3,649	1,805	1,641
Less: Amounts representing finance charges	(388)	-	(164)	-
Present value of minimum lease payments	3,649	-	1,641	-

The lease agreement for the equipment includes fixed lease payments and a purchase option at the end of the lease term. The agreement is non-cancellable but does not contain any further restrictions. No contingent rents were recognised as an expense in the reporting periods under review.

Operating leases
The Group leases various buildings, vehicles and equipment under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

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

	At 31 March 2017 £000	At 31 March 2016 £000
No later than 1 year	933	981
Later than 1 year and no later than 5 years	2,920	3,223
More than 5 years	5,175	6,679
	9,028	10,883

Lease payments recognised as an expense during the period are shown in note 7.

28 Pensions and other employee obligations

Within the UK the Group operates a defined benefit plan with benefits linked to final salary and a defined contribution plan.

The defined benefit pension arrangement, called the Hayward Tyler Pension Plan (the "Plan"), provides benefits based on final salary and length of service on retirement, leaving service or death. With effect from 1 June 2003 the Plan was closed to new UK employees and to future service accrued for existing members who are offered membership of the defined contribution plan. The majority of UK employees are members of one of these arrangements. The method used in assessing the Plan liabilities is the projected unit method. A full valuation of the Plan is produced every three years (the next one being as at 1 January 2017, which is due by 31 March 2018) and updated annually to 31 March 2017 by independent qualified actuaries.

The Plan is subject to the Statutory Funding Objective under the Pensions Act 2004. A valuation of the Plan is carried out at least once every three years to determine whether the Statutory Funding Objective is being met. As part of the process the Company must agree with the trustees of the Plan the contributions to be paid to address any shortfall against the Statutory Funding Objective. The Statutory Funding Objective does not currently impact on the recognition of the Plan in these accounts.

The Plan is managed by a board of trustees appointed in part by the Company and in part from elections by members of the Plan. The board of trustees includes a professional trustee (Independent Trustee Services Limited). The trustees have responsibility for obtaining valuations of the fund, administering benefit payments and investing the Plan's assets. The trustees delegate some of these functions to their professional advisers where appropriate.

The Plan exposes the Company to a number of risks:

- **Investment risk**
  The Plan holds investments in asset classes, such as equities, which have volatile market values and, while these assets are expected to provide the real returns over the long-term, the short-term volatility can cause additional funding to be required if a deficit emerges;

- **Interest rate risk**
  The Plan's liabilities are assessed using market yields on high quality corporate bonds to discount the liabilities. As the Plan holds assets such as equities the value of the assets and liabilities may not move in the same way;

- **Inflation risk**
  A significant proportion of the benefits under the Plan are linked to inflation. Although the Plan's assets are expected to provide a good hedge against inflation over the long-term, movements over the short-term could lead to deficits emerging;

- **Longevity risk**
  In the event that members live longer than assumed a deficit will emerge in the Plan; and

- **Concentration risk**
  A significant proportion of the Plan's liabilities are in respect of a single pensioner member. The development of the liabilities over time will therefore depend heavily on the actual experience in respect of this member.

There were no plan amendments, curtailments or settlements during the period. The Group's defined benefit obligations and plan assets may be reconciled to the amounts presented on the face of the statement of financial position for each of the reporting periods under review as follows:

	At 31 March 2017 £000	At 31 March 2016 £000
Defined benefit obligation	(13,857)	(13,204)
Fair value of plan assets	14,897	13,371
Impact of asset ceiling	-	-
Net defined benefit asset	1,040	167

Scheme liabilities
The defined benefit obligations for the reporting periods under review are as follows:

	At 31 March 2017 £000	At 31 March 2016 £000
Defined benefit obligation at start of year	13,204	14,084
Interest cost	423	423
Changes to demographic assumptions	(382)	-
Changes to financial assumptions	1,781	(415)
Benefits paid	(1,169)	(888)
Defined benefits obligation at end of year	13,857	13,204

For determination of the pension obligation, the following actuarial assumptions were used:

	At 31 March 2017	At 31 March 2016
Discount rate	2.50%	3.35%
Expected rate of pension increases	2.25%	2.00%
Inflation assumption	3.25%	2.80%
Mortality assumption	S2PXA CMI	S2PXA CMI

S2PXA CMI – for males and females projected on a year of birth basis using CMI (2016) projections with a long-term rate of improvement of 1.25% per annum with a plus 2 year age rating. The mortality assumptions imply the following life expectancies:

Male retiring at age 65 in 2017	*20.4*
Female retiring at age 65 in 2017	*22.2*
Male retiring at age 65 in 2037	*21.8*
Female retiring at age 65 in 2037	*23.7*

These assumptions were developed by management under consideration of expert advice provided by Barnett Waddingham, independent actuarial appraisers. These assumptions have led to the amounts determined as the Group's defined benefit obligations for the reporting periods under review and should be regarded as management's best estimate. However, the actual outcome may vary.

No assumption is made with regard to the expected rate of salary increases as there are no members with benefits related to future salary progression.

Scheme assets

The assets held by the pension fund can be reconciled from the opening balance to the reporting date as follows:

	At 31 March 2017 £000	At 31 March 2016 £000
Fair value of plan assets at start of year	13,371	13,905
Interest income	432	421
Return on plan assets (excluding amounts included in net interest)	2,042	(277)
Contributions by the Group	221	210
Benefits paid	(1,169)	(888)
Fair value of plan assets at end of year	14,897	13,371
Actual return on plan assets	2,474	144

The Group expects to pay contributions of £232,000 in the year to 31 March 2018 and the weighted average duration of the defined benefit obligation is around 14 years.

Plan assets do not include any investment in shares of the Company. Plan assets can be broken down into the following major categories of investments:

	At 31 March 2017		At 31 March 2016	
	£000	%	£000	%
Diversified growth funds	9,311	62.5	8,959	67
Gilts and LDI funds	5,422	36.5	4,412	33
Liquid funds	164	1	-	-
Total value of assets	14,897	100	13,371	100

All equity and debt instruments have quoted prices in active markets (Level 1). Fair values of real estate investments do not have quoted prices and have been determined based on professional appraisals that would be classified as Level 3 of the fair value hierarchy as defined in IFRS 13 'Fair Value Measurement'. Level 3 valuations are sensitive to unobservable inputs.

Scheme expenses
Net interest income resulting from the Group's defined benefit plans was £9,000 (FY2016: £2,000 expense). The employee benefits expense for the period is £nil (FY2016: £nil). In the period the actual return on plan assets was £2,474,000 (FY2016: £144,000).

The remeasurement recorded in other comprehensive income is as follows:

	At 31 March 2017 £000	At 31 March 2016 £000
(Gain)/loss on scheme assets in excess of interest	(2,042)	277
Experience losses	-	-
Gain from changes to demographic assumptions	(382)	-
Loss/(gain) from changes to financial assumptions	1,781	(415)
Total (gain) recognised in other comprehensive income	(643)	(138)

Sensitivity of the value placed on the liabilities

	Approximate effect on liabilities
Reduce discount rate by 0.1% p.a.	£186,000
Increase inflation and related assumption by 0.1% p.a.	£138,000
Increase a long-term rate of longevity improvement by 0.25 p.a	£97,000
Apply a 90% loading to the mortality base table (reduces probability of death by 10% at each age)	£616,000

Note that the above sensitivities are approximate and only show the likely effect of an assumption being adjusted whilst all other assumptions remain the same.

Risk mitigation strategies
The trustees invest the Plan's assets in combination of Liability-Sensitive assets and Return-Generating assets. The Liability-Sensitive assets are invested in a variety of LDI (Liability-Driven Investment) Funds. These funds invest in a combination of interest rate and inflation rate swaps in order to mimic the movement in expected cashflows of the Plan caused by changes in interest and inflation rates.

Effect of the Plan on Company's future cashflows
The most recent comprehensive actuarial valuation was carried out as at 1 January 2014. The actuarial valuation as at 1 January 2017 is currently underway. The result of the 2014 valuation were updated to 31 March 2017 by allowing for cashflows in and out of the Plan and changes to assumptions over the period. In the event that the valuation reveals a larger deficit than expected the Company may be required to increase contributions above those set out in the existing schedule of contributions. Conversely, if the position is better than expected contributions may be reduced.

29 Risk management objectives and policies

The Group's activities expose it to a variety of financial risks; foreign currency risk, credit risk, liquidity risk, cash flow risk and interest rate risk. The Group's overall risk management programmes focus on both credit risk and the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

The Group's risk management is co-ordinated at its headquarters, in close co-operation with the Board of Directors, and focuses on actively securing the Group's and the Company's short to medium-term cash flows by minimising the exposure to financial markets.

While the Group does use derivatives in order to economically hedge its exposure to foreign currency risk and cash flow interest rate risk (see below) it does not engage in the trading of derivatives for speculative purposes nor does it write options. The most significant financial risks to which the Group and the Company are exposed are described below.

The Group is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risks, which result from both its operating and investing activities.

Foreign currency sensitivity
The Group operates in overseas markets and is subject to currency exposures of transactions undertaken during the period. Management's overarching objective is to minimise the extent of the Group's exposure to currency risk. In respect of transactional foreign currency risk the Group maintains a policy that all exposures on material committed transactions should be economically hedged as far as possible. The Group prepares rolling 12 month currency cash flow forecasts to enable currency exposures to be identified and then subsequently hedged.

The Group uses forward exchange contracts to hedge the impact on receipts and payments of the volatility in exchange rates of US Dollar and Euro to Pound Sterling. The notional principal amounts of the outstanding forward foreign exchange contracts at 31 March 2017 were £8.5 million (FY2016: £5.9 million). Hedge accounting is not applied in respect of these hedged transactions.

Derivative contracts are measured at fair value in the statement of financial position with movements in that fair value being recognised in profit or loss.

Currency exposures comprise the monetary assets and monetary liabilities of the Group that are not denominated in the functional currency of the operating unit involved. The significant currency risk arises from contracts raised in US Dollars.

The following table illustrates the sensitivity of profit and equity to a reasonably possible change in the US Dollar/Pound Sterling exchange rate of +/-10%. These changes are considered to be reasonably possible based on observation of recent volatility in the currency markets. The calculations are based on a change in average US Dollar/Pound Sterling exchange rate for each period and the foreign currency denominated financial instruments held at each reporting date that are sensitive to changes in the US Dollar/Pound Sterling exchange rate. All other variables are held constant.

	Change in exchange rate	
	+10%	-10%
Impact on profit in a 12 month period based on financial instruments held at:	£000	£000
31 March 2017	(762)	932
31 March 2016	(546)	667

There is no impact on equity arising from foreign exchange fluctuations as the Group does not use hedge accounting. Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to currency risk.

The Company does not have any currency exposures.

Interest rate sensitivity

The Group's borrowings include loans that carry variable rates of interest and thus expose the Group to cash flow risk. The Group's policy is to minimise interest costs and changes in the market value of debt. Interest rate risk is regularly monitored to ensure that the mix of variable and fixed rate borrowing is appropriate for the Group. The Group has chosen to maintain the majority of its borrowings as floating in order to benefit from low current interest rates.

The Group has term borrowings of £9.2 million that have an effective fixed rate of interest. These borrowings relate to finance lease agreements (£3.6 million) and loan notes (£5.6 million). The remaining term borrowings of £12.9 million have a floating rate of interest based on LIBOR.

The Group's policy is to minimise interest rate cash flow risk exposures on long-term financing. The interest rate profile of the financial assets and liabilities of the Group at 31 March 2017 is as follows:

	Fixed	Floating	Zero	Total
Interest rate profile	£000	£000	£000	£000
Receivables				
Trade and other receivables	-	-	23,311	23,311
Payables				
Trade and other payables	-	-	15,612	15,612
Bank loans	-	2,651	-	2,651
Amounts due under revolving credit facilities	-	11,477	-	11,477
Amounts due under finance lease agreements				
Amounts due under loan notes agreements	3,649	-	-	3,649
	5,572	-	-	5,572
	9,221	14,128	15,612	38,961
Cash	-	(1,235)	-	(1,235)
	9,221	12,893	15,612	37,726

The following table illustrates the sensitivity of profit and equity to a reasonably possible change in interest rates of +/-0.5%. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in average market interest rate for each period and the financial instruments held at each reporting date that are sensitive to changes in interest rates (i.e. net floating rate debt). All other variables are held constant.

	Change in interest rate +0.5% £000	-0.5% £000
Impact on profit in a 12 month period based on financial instruments held at:		
31 March 2017	(64)	64
31 March 2016	(21)	21

The Company has minimal exposure to interest rate risk. It has interest bearing liabilities that are matched with interest bearing assets. It is exposed to interest rate risk on its financial assets being its cash at bank balances. The interest rate receivable on these balances is less than 0.5%. The Company gave careful consideration to which organisation it should use for its banking services and interest rates available was one aspect of the decision. The Directors currently believe that interest rate risk is at an acceptable level.

Credit risk analysis

The Group continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Group's policy is to deal only with creditworthy counterparties.

The Group's most significant exposure to credit risk is in respect of the possibility of any individual customer being unable to settle their debts as they fall due or as a result of changes in the political landscape that impact the Group's ability to collect debts from an individual jurisdiction. The credit risk associated with customers and jurisdictions is considered as part of the tender review process and is addressed initially via contract payment terms and, where appropriate, payment security. In certain circumstances it may lead to a decision by the Group to cease trading with individual customers or customers from certain jurisdictions.

The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

	At 31 March 2017 £000	At 31 March 2016 £000
Classes of financial assets – carrying amounts		
Trade and other receivables	23,311	20,414
Cash and cash equivalents	1,235	5,135

The Group's management considers that all the above financial assets that are not impaired or past due for each of the reporting dates under review are of good credit quality. None of the Group's financial assets are secured by collateral or other credit enhancements.

Some of the unimpaired trade receivables are past due as at the reporting date. Financial assets past due but not impaired can be shown as follows:

	At 31 March 2017 £000	At 31 March 2016 £000
Not more than 3 months	73	13
More than 3 months but less than 6 months	3	4
More than 6 but less than 12 months	3	146
More than 12 months	85	4
	164	167

In respect of trade and other receivables, the Group is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Trade receivables consist of a large number of customers in various industries and geographical areas. Based on historical information about customer default rates management consider the credit quality of trade receivables that are not past due or impaired to be good.

The credit risk for cash and cash equivalents is considered to be negligible since the counterparties are reputable banks with high quality external credit ratings.

The Company's credit risk arises principally from the Company's cash balances and the balances due to it from other Group undertakings. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The concentration of the Company's credit risk is considered by counterparty, geography and currency. During the year ended and as at 31 March 2017 the Company held minimal cash balances. In addition, as at 31 March 2017 the Company had provided long-term intercompany funding to its subsidiaries of £14.2 million (FY2016: £14.6 million), the Company's management consider that these financial assets that are not impaired are of good credit quality.

Liquidity risk analysis
The Group, together with the Company, manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term liabilities as well as forecast cash inflows and outflows due in day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis as well as on the basis of a rolling 60-day forecast and a rolling 15-week projection. Long-term liquidity needs for a 365-day lookout period are identified quarterly. Net cash requirements are compared to available borrowing facilities in order to determine headroom or any shortfalls.

The Group and the Company maintain cash and headroom to meet their liquidity requirements for 60-day periods at a minimum. Funding for long-term liquidity needs is additionally secured by an adequate amount of credit facilities and the ability to sell long-term investment in subsidiaries.

As at 31 March 2017, the liabilities that have contractual maturities (including interest payments where applicable) are summarised below:

	Current (<1 year) £000	Non-current (> 1 year) £000
31 March 2017		
Trade payables	9,666	-
Accruals and other payables	3,637	-
Short-term bank borrowings	11,477	-
Finance lease liabilities	1,147	2,502
Bank loans	411	2,240
Loan notes	2,153	3,419
Owed to Group undertakings	-	-
31 March 2016		
Trade payables	10,376	-
Accruals and other payables	3,426	-
Short-term bank borrowings	6,200	-
Finance lease liabilities	429	1,212
Bank loans	859	2,203
Loan notes	(70)	2,941
Owed to Group undertakings	-	-

The above amounts reflect the contractual undiscounted cash flows, which may differ to the carrying values of the liabilities at the reporting date. Where the counterparty has a choice of when an amount is paid the liability has been included on the earliest date on which payment can be required. The Directors are of the view that the fair value of borrowings approximate to their carrying value.

30 Capital management objectives

The Group's capital management objectives are:
- to ensure the Group's ability to continue as a going concern; and
- to provide an adequate return to shareholders
- by pricing products and services commensurately with the level of risk. The Group funds itself through equity and debt, which is defined as bank borrowings, loan notes and finance leases.

The Group's capital is represented by the carrying amount of equity as presented on the face of the statement of financial position. The Group's long-term goal in capital management is to maintain a balance of capital to overall financing in the range 40% to 60% while maintaining net debt to trading EBITDA below the Group's target KPI of less than 2.0:1. At 31 March 2017 capital represented 50% of overall financing (FY2016: 75%) and the Board will continue to monitor developments in the Group's capital over FY2018. The capital and overall financing for the reporting periods under review is summarised as follows:

	At 31 March 2017 £000	At 31 March 2016 £000
Total equity	22,378	25,808
Total equity	22,378	25,808
Net borrowings	22,114	8,639
Overall financing	44,492	34,447

31 Financial assets and liabilities

31.1 Categories of financial assets and liabilities

The carrying amounts presented in the financial statements relate to the following categories of assets and liabilities:

	At 31 March 2017 £000	At 31 March 2016 £000
Financial assets		
Current:		
Loans and receivables:		
- Trade and other receivables	23,311	20,414
- Cash and cash equivalents	1,235	5,135
Financial liabilities		
Current:		
Financial liabilities measured at amortised cost:		
- Trade payables	9,666	10,376
- Borrowings	15,188	7,418
Finance liabilities measured at fair value:		
- Derivatives	302	292
Non-current		
Financial liabilities measured at amortised cost:		
- Borrowings	8,161	6,356

See note 2.23 for a description of the accounting policies for each category of financial instrument. The fair values are presented in the related notes. A description of the Group's risk management objectives and policies for financial instruments is given in note 29.

31.2 Derivatives financial instruments

The fair value of forward foreign currency contracts is calculated by reference to current market rates for contracts with similar maturity profiles.

The derivative financial liabilities can be summarised as follows:

	At 31 March 2017 £000	At 31 March 2016 £000
Forward exchange contracts	302	292
Fair value of derivative financial liabilities	302	292

The Group uses forward exchange contracts to mitigate exchange rate exposure arising from forecast sales and purchases US Dollars and Euro respectively.

In the period a loss of £10,000 (2016: £40,000) was recognised in the consolidated income statements.

The fair value measurements of all of the above derivative financial liabilities fall into Level 2 of the fair value hierarchy. Valuation has been obtained from an external valuation report which compares the contractual deal rate with the spot rate at the 31 March 2017.

31.3 Financial results by category of financial instruments

The financial results by category of financial instruments can be summarised as follows:

	Year to 31 March 2017 £000	Year to 31 March 2016 £000
Loans and receivables – interest received	-	-
Financial liabilities measured at amortised cost – interest paid	(1,032)	(895)
Fair value movements on derivative financial instruments	(10)	(40)
	(1,042)	(935)

31.4 Borrowings

Borrowings comprise the following financial liabilities:

	Current At 31 March 2017 £000	Non-current At 31 March 2016 £000	At 31 March 2017 £000	At 31 March 2016 £000
Financial liabilities measured at amortised cost:				
Bank borrowings and loans	14,041	6,989	5,659	5,144
Finance lease liabilities	1,147	429	2,502	1,212
	15,188	7,418	8,161	6,356

The bank borrowings and loans are secured by fixed and floating charges over the Group assets. The rates of interest on these borrowings and loans are detailed in note 29. The above bank loans contain terms and conditions that are normal for the commercial banking market. A breakdown of net debt is given in note 23.

32 Related party transactions

The Group's related parties include its key management, post-employment benefit plans for the Group's employees and subsidiaries.

Unless otherwise stated, none of the transactions incorporate special terms and conditions. Outstanding balances are usually settled in cash.

Transactions with key management personnel
During the year the Group undertook transactions with key management personnel as set out below. Members of the Board of Directors are considered to be key management personnel.

Remuneration with key management personnel are disclosed in note 8 and in the Remuneration Committee's report.

Nicholas Flanagan and Ewan Lloyd-Baker have subscribed to the Hayward Tyler Group PLC £10 million secured loan note programme. Loan notes issued in the programme have a term range of between 1 and 4 years, and a coupon of between 6.75% and 7.0%. In the year ended 31 March 2017 Nicholas Flanagan received interest of £5,250 (FY2016: £5,264) on his subscription of £75,000. Ewan Lloyd-Baker received interest of £1,412 (FY2016: £1,053) on his subscription of £50,000. Loan note subscriptions were made on an arm's length basis.

During the year, the Group ordered machinery from Severn Drives & Energy Limited and Severn Subsea Technologies Limited, both of which Maurice Critchley is a Director. The total value of orders placed was £41,511 (FY2016: £1,385,180) and the amount billed in the year was £786,505 (FY2016: £377,730). This machinery was provided on an arm's length basis.

Transactions with post-employment benefit plans
The defined benefit plan referred to in note 28 is a related party to the Group.

The Group's transactions with the pension scheme include contributions paid to the plan, which are disclosed in note 28. The Group has not entered into other transactions with the pension scheme, neither has it any outstanding balances at the reporting dates under review.

Transactions with subsidiaries

Transactions and balances within the Group have been eliminated on consolidation. Balances between the Company and its subsidiaries at the year-end were as follows:

Company	At 31 March 2017	At 31 March 2016
	£000	£000
Amounts due from subsidiary undertakings:		
- Southbank UK Limited	7,457	6,982
- Hayward Tyler Group Limited	-	112
- Hayward Tyler Limited	6,669	5,508
- Peter Brotherhood Limited	-	1,865
- Redglade Investments Limited	22	-
	14,148	14,467
Amounts owed to subsidiary undertakings:		
- Nviro Cleantech Limited	-	(1)
- Peter Brotherhood Limited	-	(5)
		(6)

Amounts due from subsidiary undertakings represent intercompany funding. In the case of Southbank UK Limited funding has been provided to finance working capital, particularly for Hayward Tyler, and to finance debt repayments. Funding has been provided to Hayward Tyler Limited to finance the Centre of Excellence and working capital. Funding was provided to Peter Brotherhood Limited to fund the acquisition and support working capital. Amounts owed to subsidiary undertakings relate to trading balances. From 1 April 2014 the intercompany funding has been converted to loans at market rates of interest with varying terms of between one to three years.

33 Commitments

	At 31 March 2017 £000	At 31 March 2016 £000
Contracted for but not provided for	217	2,274
	217	2,274

34 Equity

Share capital

The share capital of Hayward Tyler Group PLC consists of fully paid ordinary shares with a par value of 1 pence per share. Shares authorised and issued are summarised below.

	At 31 March 2017 £000	At 31 March 2016 £000
Authorised share capital:		
80,000,000 ordinary shares of 1p	800	800
	800	800

	At 31 March 2017		At 31 March 2016	
	No.	£000	No.	£000
Issued share capital:				
Allotted, called-up and fully paid				
At start of year	55,384,856	554	45,507,404	455
Issued in the Year	-	-	9,877,452	99
At end of year	55,384,856	554	55,384,856	554

Share premium
Share premium consists of proceeds received in addition to the nominal value of the shares issued, net of transaction costs.

35 Non-cash adjustments and changes in working capital

The following non-cash flow adjustments and adjustments for changes in working capital have been made to profit before tax to arrive at operating cashflow.

	Year to 31 March 2017 £000	Year to 31 March 2016 £000
Non-cash adjustments:		
Amortisation of intangibles	416	257
Depreciation of property, plant and equipment	2,162	1,144
Finance costs	1,185	619
Interest income	(9)	-
Share based payment	38	110
Deferred tax	(253)	(253)
Loss on disposal of property, plant and equipment	-	118
Total adjustments	3,539	1,995
Net changes in working capital:		
Movement in inventories	(1,108)	5,152
Movement in trade and other receivables	(3,899)	(4,785)
Movement in trade and other payables	387	(820)
Movement in provisions	(260)	569
	(4,880)	116

Part (b)

HTG accounts for the year ended 31 March 2016

Independent Auditor’s Report to the members of Hayward Tyler Group PLC

We have audited the financial statements of Hayward Tyler Group PLC for the year ended 31 March 2016 which comprise the Group and Company Statements of Financial Position, the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Changes in Equity, the Group and Company Cash Flow Statements and the related notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) (as adopted by the European Union).

This report is made solely to the Company’s members, as a body, in accordance (Section 80C(2) of the Isle of Man 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 Statement of Directors’ Responsibilities as set out on page 49, the Directors are responsible for the preparation of the financial statements which 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 Group’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 Report and Accounts 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 Group’s and Company’s affairs as at 31 March 2016 and of the Group’s profit for the year then ended in accordance with the International Financial Reporting Standards (IFRS) (as adopted by the European Union).

Paul Naylor
Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Grant Thornton House
Milton Keynes
4 July 2016

Statements of Financial Position

	Notes	At 31 March 2016 £000	At 31 March 2015 £000
Non-current assets			
Goodwill	15	2,573	2,219
Other intangible assets	17	1,586	1,034
Investments	18	-	-
Property, plant and equipment	19	25,302	11,288
Deferred tax assets	22	2,726	2,555
Other debtors	21	180	806
Trade and other receivables	21	-	-
Pension and other employee obligations	28	167	-
		32,534	17,902
Current assets			
Inventories	20	6,626	6,015
Trade and other receivables	21	20,414	16,599
Other current assets	21	2,308	1,139
Current tax assets	12	207	500
Cash and cash equivalents	23	5,135	1,769
		34,690	26,022
Total assets		67,224	43,924
Current liabilities			
Trade and other payables	24	15,178	9,976
Borrowings	31.4	7,418	4,270
Provisions	26	3,542	884
Current tax liabilities	12	755	1,084
Other liabilities	25	3,426	3,722
Derivatives	31.2	292	252
Current liabilities		30,611	20,188
Net current assets		4,079	5,834
Total assets less current liabilities		36,613	23,736
Non-current liabilities			
Borrowings	31.4	6,356	5,359
Pension and other employee obligations	28	-	179
Other creditors	25	4,449	2,757
		10,805	8,295
Net assets		25,808	15,441
Equity			
Called-up share capital	34	554	455
Share premium account	34	36,677	28,705
Merger reserve		14,502	14,502
Treasury stock reserve		-	(274)
Reverse acquisition reserve		(19,973)	(19,973)
Share based payment reserve		93	-
Other equity		18	18
Foreign currency translation reserve		375	238
Retained earnings		(6,438)	(8,230)
Total equity		25,808	15,441

Consolidated Income Statement

		Year to 31 March 2016			Year to 31 March 2015		
	Notes	£000 Trading	£000 Non-trading	£000 Total	£000 Trading	£000 Non-trading	£000 Total
Revenue	6	61,648	-	61,648	48,619	-	48,619
Cost of sales		(41,223)	-	(41,223)	(31,554)	-	(31,554)
Gross profit		20,425	-	20,425	17,065	-	17,065
Operating charges	2.5	(14,659)	(1,777)	(16,436)	(11,718)	-	(11,718)
Operating profit/(loss)	7	5,766	(1,777)	3,989	5,347	-	5,347
Finance costs							
Fair value losses on derivatives	2.5 & 10	(579)	(382)	(961)	(694)	-	(694)
	10	(40)	-	(40)	(294)	-	(294)
Profit/(loss) before tax		5,147	(2,159)	2,988	4,359	-	4,359
Taxation	2.5 & 11	(597)	(41)	(638)	(1,210)	-	(1,210)
Profit/(loss) for the year		4,550	(2,200)	2,350	3,149	-	3,149
Basic earnings per share (pence)	13	9.47	(4.58)	4.89	6.98	-	6.98
Diluted earnings per share (pence)	13	9.47	(4.58)	4.89	6.98	-	6.98

Consolidated Statement of Comprehensive Income

	Year to 31 March 2016 £000	Year to 31 March 2015 £000
Profit for the year	2,350	3,149
Other comprehensive income/(loss):		
Items that will not be reclassified subsequently to profit and loss		
Remeasurement of net defined benefit liability	138	1,221
Income tax relating to items not reclassified	(28)	(256)
Items that will be reclassified subsequently to profit and loss		
Gain on translation of overseas subsidiaries	137	659
Other comprehensive income for the year net of tax	247	1,624
Total comprehensive profit for the year	2,597	4,773
Attributable to Equity shareholders of the Company	2,597	4,773

Consolidated Statement of Changes in Equity

	Share Capital £000	Share Premium £000	Merger Reserve £000	Reverse Acquisition Reserve £000	Treasury Stock Reserve £000	Share Based Payment Reserve £000	Other Equity £000	Foreign Currency Translation Reserve £000	Retained Earnings £000	Total £000
Balance at 1 April 2014	455	28,705	14,502	(19,973)	(274)	-	18	(421)	(11,769)	11,243
Dividends	-	-	-	-	-	-	-	-	(575)	(575)
Transactions with owners	-	-	-	-	-	-	-	-	(575)	(575)
Profit for the year	-	-	-	-	-	-	-	-	3,149	3,149
Actuarial gain for the year on pension scheme (see note 28)	-	-	-	-	-	-	-	-	1,221	1,221
Deferred tax on actuarial movement on pension scheme	-	-	-	-	-	-	-	-	(256)	(256)
Gain on translation of overseas subsidiaries	-	-	-	-	-	-	-	659	-	659
Total comprehensive income	-	-	-	-	-	-	-	659	4,114	4,773
Balance at 31 March 2015	455	28,705	14,502	(19,973)	(274)	-	18	238	(8,230)	15,441
Dividends	-	-	-	-	-	-	-	-	(668)	(668)
Issue of share capital	99	7,902	-	-	-	-	-	-	-	8,001
Sale of shares	-	70	-	-	274	-	-	-	-	344
Employee share based compensation	-	-	-	-	-	93	-	-	-	93
Transactions with owners	99	7,972	-	-	274	93	-	-	(668)	7,770
Profit for the year	-	-	-	-	-	-	-	-	2,350	2,350
Actuarial gain for the year on pension scheme (see note 28)	-	-	-	-	-	-	-	-	138	138
Deferred tax on actuarial movement on pension scheme	-	-	-	-	-	-	-	-	(28)	(28)
Gain on translation of overseas subsidiaries	-	-	-	-	-	-	-	137	-	137
Total comprehensive income	-	-	-	-	-	-	-	137	2,460	2,597
Balance at 31 March 2016	554	36,677	14,502	(19,973)	-	93	18	375	(6,438)	25,808

Cash Flow Statement

	Notes	Year to 31 March 2016 £000	Year to 31 March 2015 £000
Operating activities			
Trading profit/(loss) before tax		5,147	4,359
Non-cash adjustment	35	1,995	1,853
Net changes in working capital	35	116	(1,608)
Contributions to defined benefit plan		(210)	(210)
Payment of non-trading items		(1,359)	-
Taxes paid		(548)	(426)
Net cash from operating activities		5,141	3,968
Investing activities			
Purchase of property, plant and equipment		(10,803)	(2,944)
Proceeds from finance leases to purchase property, plant and equipment		1,578	364
Purchase of intangible assets		(765)	(446)
Interest received		-	-
Disposal of property, plant and equipment		7,460	(5)
Acquisition of trade and assets		(10,132)	-
Investment in subsidiary		-	-
Dividends received		-	-
Net cash used in investing activities		(12,662)	(3,031)
Financing activities			
Proceeds from borrowings		15,665	4,035
Repayment of borrowings		(12,760)	(4,626)
Re-banking costs		(258)	(199)
Proceeds from issue of share capital		8,001	-
Dividends paid		(668)	(575)
Sale of treasury shares		344	-
Repayment of finance leases		(631)	(166)
Interest paid		(411)	(523)
Grant income received		1,605	1,138
Net cash from financing activities		10,887	(916)
Net change in cash and cash equivalents		3,366	21
Cash and cash equivalents at beginning of year		1,769	1,748
Cash and cash equivalents at end of year		5,135	1,769

Notes to the Financial Statements for the year to 31 March 2016

1. General information

Hayward Tyler Group PLC is incorporated and resident in the Isle of Man. The Company's registered office is Peregrine Corporate Services Limited, Burleigh Manor, Peel Road, Douglas, Isle of Man, IM1 5EP. The Company's principal place of business is 1 Kimpton Road, Luton, UK, LU1 3LD. Hayward Tyler Group PLC's shares are listed on the Alternative Investment Market (AIM).

Hayward Tyler Group PLC is the ultimate parent company of the Group and its consolidated financial statements are presented in Pounds Sterling (£), which is its functional currency. These consolidated financial statements have been approved for issue by the Board of Directors on 04 July 2016. The Directors have recommended a final dividend of 0.83 pence per share.

The Group includes both the Hayward Tyler and Peter Brotherhood businesses, which together provide nearly 350 years of engineering experience, heritage and pedigree. The Group is focused on delivering performance-critical solutions for the most demanding requirements to meet current and future global energy needs. Hayward Tyler is a market leader in the design, manufacture and servicing of performance-critical motors and pumps for the harshest of environments. Peter Brotherhood is a market leader in the design, manufacture and servicing of performance-critical steam turbines, turbo gen-sets, compressors and combined heat and power systems. The end markets served by the Group include oil and gas (topside and subsea), power generation (conventional and nuclear), the chemical and industrials sectors, the marine market and the sugar industry.

In addition to the head office in Luton (England), Hayward Tyler has manufacturing and service support facilities in Kunshan (China), Delhi (India), East Kilbride (Scotland) and Colchester (USA) together with a sales office in Shanghai (China). Peter Brotherhood has its manufacturing and servicing facility in Peterborough (England). These facilities and staff provide cover 24 hours 7 days a week for maintenance, overhaul and repair.

2. Summary of significant accounting policies

2.1 Going concern

The consolidated financial statements have been prepared on a going concern basis. The Directors have taken note of the guidance issued by The Financial Reporting Council on Going Concern Assessments in determining that this is the appropriate basis of preparation of the financial statements and have considered a number of factors.

After making due enquiry, and having considered the Group's budget for the coming year and its projections through to 2019 together with its banking and borrowing arrangements, the Directors confirm that they have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Company continues to adopt the going concern basis of accounting in preparing the financial statements for the year ended 31 March 2016.

2.2 Basis of preparation

The company and consolidated financial statements for the year ended 31 March 2016 have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Isle of Man Companies Act 1931-2006. The financial statements have been prepared under the historical cost basis for the purposes of inclusion in this document with the exception of some financial instruments which are carried at fair value (see note 31) and freehold properties which are held at revalued amounts (see note 19). The accounting policies set out below have been consistently applied to all the periods presented. In accordance with the exemption by the Isle of Man Companies Act 2006 no separate Income Statement or Statement of Comprehensive Income is presented for the Company.

2.3 Basis of consolidation

The Group financial statements consolidate those of the Company and all of its subsidiaries as of 31 March 2016. Subsidiaries are all entities over which the company is exposed to, or has rights to, variable returns from its involvement, and has the ability to affect those returns through its power over the subsidiary in accordance with IFRS10 – Consolidated Financial Statements.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group. Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal as applicable.

2.4 Business combinations

For business combinations occurring since 1 January 2010, the requirements of IFRS 3R have been applied. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are measured at their acquisition-date fair values.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of (a) fair value of consideration transferred, (b) the recognised amount of any non-controlling interest in the acquiree and (c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognised in profit or loss immediately.

2.5 Trading and non-trading

The consolidated income statement reports the results for the year under the headings Trading and Non-trading. Trading represents the underlying performance of Hayward Tyler and Peter Brotherhood together with head office costs. Non-trading represents non-recurring items. There were non-trading operating charges in the year of £1.8 million. These charges relate to cost of the acquisition of the Peter Brotherhood business of £1.3 million, the sale and leaseback of the Peterborough site of £0.1 million and amortisation of the Peter Brotherhood order book of £0.4 million. Non-trading finance costs of £0.4 million relate to the one-off cost of expensing bank arrangement fees on loans associated with the acquisition of Peter Brotherhood that were prepaid. Non-trading tax charges of £41,000 relate to a reduction in the deferred tax asset of £253,000 following the change in the enacted UK corporation tax rate from 20% to 18% offset by a tax credit on non-trading operating and finance charges of £212,000.

2.6 Segmental reporting

In identifying its operating segments, management follows the Group's service lines, which represent the main products and services provided by the Group. The activities undertaken by the original equipment manufacturing segment ("OE") includes the design and manufacture of motors, pumps and steam generators. The aftermarket segment ("AM") provides a comprehensive range of aftermarket services and spares supporting the Group's own product range as well as those of other original equipment manufacturers. Each of these operating segments is managed separately as they require different resources and have a different customer base, including sales and marketing approach. All inter-segment transfers are carried out at arm's length prices.

The measurement policies the Group uses for segment reporting under IFRS 8 are the same as those used in its financial statements, except that:

- Centre of Excellence expenses net of grant income
- expenses relating to share-based payments; and
- unallocated central costs

are not included in arriving at the operating profit of the operating segments. In addition, corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment. There have been no change from prior periods in the measurement methods used to determine reported segment profit or loss.

2.7 Foreign currency translation

The consolidated financial statements are presented in Pounds Sterling, which is the Company's functional currency.

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). In the Group's financial statements, all assets, liabilities and transactions of the Group entities, with a functional currency other than the Pound Sterling (the Group's presentation currency) are translated into Pounds Sterling upon consolidation. The functional currencies of the entities in the Group have remained unchanged during the reporting period.

Transactions and balances

Foreign currency transactions are translated into the functional currency of the respective Group entity using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction (not re-translated). Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined.

Foreign subsidiaries

The assets and liabilities in the financial statements of foreign subsidiaries and related goodwill are translated at the rate of exchange ruling at the reporting date. Income and expenses are translated at the average rate. The exchange differences arising from the re-translation of the opening net investment in subsidiaries are recognised in other comprehensive income and accumulated in the "Foreign Currency Translation Reserve" in equity. On disposal of a foreign operation the cumulative translation differences are reclassified from equity to profit or loss when the gain or loss on disposal is recognised.

2.8 Property, plant and equipment

Land held for use in production or administration is stated at historical cost. As land is considered to have an unlimited useful life, related carrying amounts are not depreciated. Buildings for use in production or administration are initially recognised at acquisition cost and subsequently measured using the cost model, cost less accumulated depreciation and impairment losses.

Property and equipment held under finance leases are capitalised and included in property, plant and equipment. Such assets are depreciated on a straight line basis over their expected useful lives (determined by reference to comparable owned assets) or over the term of the lease, if shorter. Buildings are stated at cost or revaluation less depreciation and impairment losses. Equipment, furniture and fittings are stated at cost less depreciation and impairment losses. Depreciation is provided at rates calculated to write off the cost or revaluation of fixed assets, less their estimated residual value, over their expected useful lives. The following useful lives are applied:

Buildings	-	25 years
Plant and machinery	-	5-10 years
Fixtures and fittings	-	3-5 years
Short leasehold improvements	-	over period of lease

Material residual value estimates and estimates of the useful life are updated as required, but at least annually, whether or not the asset is revalued.

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss within ”other income” or ”other expenses”.

2.9 Leased assets

The economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards related to the ownership of the leased asset. The related asset is then recognised at the inception of the lease at the fair value of the leased asset or, if lower, the present value of the lease payments plus incidental payments, if any. A corresponding amount is recognised as a finance leasing liability. Leases of land and buildings are classified separately and are split into a land and a building element, in accordance with the relative fair values of the leasehold interests at the date the asset is recognised initially.

Depreciation methods and useful lives for assets held under finance lease agreements correspond to those applied to comparable assets which are legally owned by the Group. The corresponding finance leasing liability is reduced by lease payments, less finance charges, which are expensed as part of finance costs.

The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to profit or loss over the period of the lease.

All other leases are treated as operating leases. Payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

2.10 Goodwill

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised. Goodwill is carried at cost less accumulated impairment losses. Goodwill is considered to have an indefinite useful life. Refer to Note 2.12 for a description of impairment testing procedures.

2.11 Other intangible assets

Other intangible assets include capitalised development costs of the Hayward Tyler businesses incurred in the development of new pump and motor technology and product and process development. They are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful life. Management assess the useful life of group intangible assets to be in the range of five to ten years.

Costs that are directly attributable to the development phase of technology are recognised as an intangible asset, provided they meet the following recognition requirements:

- completion of the intangible asset to the development phase is technically feasible, so that it will be available for use or sale;
- the Group intends to complete the intangible asset and use or sell it;
- the Group has the ability to use or sell the intangible asset;
- the intangible asset will generate probable future economic benefits. Among other things, this requires that there be a market for the output from the intangible asset or for the intangible asset itself, or, if it is to be used internally, the asset will be used in generating such benefits;
- there are adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the expenditure attributable to the intangible asset during its development can be measured reliably.

Development costs not meeting these criteria for capitalisation are expensed as incurred.

Directly attributable costs include employee costs incurred on the development along with an appropriate portion of relevant overheads. Development costs recognised as an intangible asset are subject to the same subsequent measurement method. However, until completion of the development project, the assets are subject to impairment testing only as described below in the note on impairments.

In addition, other intangible assets include the fair value of intangible assets acquired in a business combination at their acquisition date less any amortisation of such assets. In the case of Peter Brotherhood, these assets include the value of the order book at the acquisition date less the value of the orders that had traded during the period from the acquisition date to 31 March 2016.

2.12 Impairment testing of goodwill, other intangible assets and property, plant and equipment

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of a related business combination and represent the lowest level within the Group at which management monitors goodwill. Cash-generating units to which goodwill has been allocated (determined by the Group’s management as equivalent to its operating segments) are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset’s (or cash-generating unit’s) carrying amount exceeds its recoverable amount, which is the higher of fair value less costs of disposal and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect current market assessments of the time value of money and asset-specific risk factors.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

2.13 Investments

Investments in subsidiaries are recorded at fair value of consideration paid less impairment.

2.14 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises the direct purchase price, including all expenses directly attributable to the manufacturing process as well as suitable portions of related production overheads, based on normal operating capacity. Costs are assigned using the first in, first out cost formula. Net realisable value is the estimated selling price in the ordinary course of business less applicable variable selling expenses.

2.15 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments maturing within 90 days from the date of acquisition that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

2.16 Equity, reserves and dividend payments

Share capital represents the nominal value of shares that have been issued.

Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

The foreign currency translation reserve represents differences arising on the re-translation of net investments in overseas subsidiary undertakings, based on the rate of exchange ruling at the balance sheet date.

The merger reserve of £14.5 million includes £9.9 million arising as a result of the acquisition of Southbank in January 2010. The merger reserve represents the difference between the nominal value of the share capital issued by Hayward Tyler Group PLC and its fair value at 20 January 2010, the date of the acquisition.

Treasury stock reserve represents the cost of stock issued and subsequently reacquired.

The reverse acquisition reserve arises as a result of the method of accounting for the acquisition of Southbank by Hayward Tyler Group PLC. In accordance with IFRS 3 Business Combinations (Revised 2008) the acquisition has been accounted for as a reverse acquisition.

Share based payment reserve comprises the fair value of options and restricted shares recognised as an expense less the nominal value of restricted shares which is presented in share capital. Upon exercise of options or performance share rights, any proceeds received are credited to share capital.

Retained earnings include all current and prior period retained profits.

Dividend distributions payable to equity shareholders are included in "other liabilities" when the dividends have been approved in a general meeting prior to the reporting date.

Treasury Stock
On 28 January 2014 the Company purchased 419,204 of its own shares at 65 pence per share. During the year the Company sold the shares held at 82.5 pence per share. The costs of purchasing own shares held by the Company are shown as a deduction against equity. The gain on the sale of the shares is recorded in share premium.

2.17 Taxation

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Deferred income taxes are calculated using the liability method.

Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilised against future taxable income. This is assessed based on the Group's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit.

Deferred tax liabilities are generally recognised in full, although IAS 12 'Income Taxes' specifies limited exemptions. As a result of these exemptions the Group does not recognise deferred tax on temporary differences relating to goodwill, or to its investments in subsidiaries.

2.18 Post-employment benefits, short-term employee benefits and share-based employee remuneration

Post employee benefits
The Group provides post-employment benefits through defined benefit plans as well as various defined contribution plans.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into an independent entity. The Group has no legal or constructive obligations to pay further contributions after its payment of the fixed contribution. The contributions are recognised as an employee benefit expense when they are due.

Plans that do not meet the definition of a defined contribution plan are defined benefit plans. Under the Group's defined benefit plans, the amount of pension benefit that an employee will receive on retirement is defined by reference to the employee's length of service and final salary. The legal obligation for any benefits remains with the Group, even if plan assets for funding the defined benefit plan have been set aside. Plan assets may include assets specifically designated to a long-term benefit fund as well as qualifying insurance policies.

The liability recognised in the statement of financial position for defined benefit plans is the present value of the defined benefit obligation (DBO) at the reporting date less the fair value of plan assets. The net obligation has been eliminated in the year and now shows a net surplus of £0.2 million.

Management estimates the DBO annually with the assistance of independent actuaries. This is based on standard rates of inflation, salary growth rate and mortality. Discount factors are determined close to each year-end by reference to high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension liability.

Service cost on the Group's defined benefit plan is included in employee benefits expense. Employee contributions, all of which are independent of the number of years of service, are treated as a reduction of service cost. Net interest expense on the net defined benefit liability is included in finance costs. Gains and losses resulting from remeasurements of the net defined benefit liability are included in other comprehensive income.

Short-term benefits
Short-term employee benefits, including holiday entitlement, are current liabilities included in pension and other employee obligations, measured at the undiscounted amount that the Group expects to pay as a result of the unused entitlement.

Share-based employee remuneration
The Group operates equity-settled share-based remuneration plans for its key management personnel. None of the Group's plans are cash-settled.

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values.

Where employees are rewarded using share-based payments, the fair value of employees' services is determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions.

All share-based remuneration is ultimately recognised as an expense in the income statement with a corresponding credit to share-based payment reserve. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest.

Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any adjustment to cumulative share-based compensation resulting from a revision is recognised in the current period.

The number of vested options ultimately exercised by holders does not impact the expense recorded in any period.

Upon exercise of share options, the proceeds received, net of any directly attributable transaction costs, are allocated to share capital up to the nominal (or par) value of the shares issued with any excess being recorded as share premium.

2.19 Provisions, contingent liabilities and contingent assets

Provisions are recognised when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Group and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, for example, product warranties granted to a customer, legal disputes or onerous contracts. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

No liability is recognised if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities unless the outflow of resources is remote.

2.20 Revenue recognition

Revenue comprises revenue from the sale of goods and the rendering of services.

Revenue is measured at the fair value of consideration received or receivable and represents amounts obtained through trading activities, net of value added tax and trade discounts. The Group applies the revenue recognition criteria set out below to each separately identifiable component of the sales or service transaction in order to reflect the substance of the transaction. The consideration received from these transactions is allocated to the separately identifiable component by taking into account the relative fair value of each component.

Revenue is recognised when the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity, the costs incurred or to be incurred can be measured reliably, and when the criteria for each of the Group's different activities has been met. These activity-specific recognition criteria are based on the goods or solutions provided to the customer and the contract conditions in each case, and are described below.

Original equipment manufacture
The Group provides pumps, motors, turbo gen-sets, compressors and steam turbines specifically customised to each customer. The contracts for the sale of these goods specify a fixed price for their development and installation.

When the outcome can be assessed reliably, contract revenue and associated costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the reporting date. Revenue is measured at the fair value of consideration received or receivable in relation to that activity.

When the Group cannot measure the outcome of a contract reliably, revenue is recognised only to the extent of the contract costs incurred and to the extent that such costs are recoverable. Contract costs are recognised in the period in which they are incurred. When it is probable that total contract costs will exceed total contract revenue, the total expected loss is recognised immediately in profit or loss.

The stage of completion of any contract is assessed by management by taking into consideration all information available at the reporting date. The percentage of completion is calculated by comparing costs incurred to date with the total estimated costs of the contract. The gross amount due from customers for contract work is presented as an asset within ”trade and other receivables” for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceeds progress billings. The gross amount due to customers for contract work is presented as a liability within ”trade and other payables” for all contracts in progress for which progress billings exceed costs incurred plus recognised profits (less losses).

Aftermarket
Revenue comprises the sale of spare parts and other aftermarket services, which is recognised when the Group has transferred to the buyer the significant risks and rewards of ownership of the goods and services supplied. Significant risks and rewards are generally considered to be transferred to the buyer when the customer has taken undisputed delivery of the goods and services.

Interest income
Interest income is recorded on an accrual basis using the effective interest method.

2.21 Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin. Expenditure for warranties is recognised and charged against the associated provision when the related revenue is recognised.

2.22 Borrowing costs

Borrowing costs primarily comprise interest on the Group's borrowings. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, are capitalised as part of the cost of that asset when it is probable that they will result in future economic benefits and the costs can be measured reliably. All other borrowing costs are expensed in the period in which they are incurred and reported within "finance costs".

2.23 Financial instruments

Financial assets and liabilities are recognised on the Group's Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires. Financial assets and financial liabilities are measured initially at fair value plus transactions costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value.

Financial assets and financial liabilities are measured subsequently as described below.

Financial assets
For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition - loans and receivables.

The category determines subsequent measurement and whether any resulting income and expense is recognised in profit or loss or in other comprehensive income.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within "finance costs" or "finance income", except for impairment of trade receivables, which is presented within "other expenses".

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents and trade and most other receivables fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other available features of shared credit risk characteristics. The impairment loss is then based on recent historical counterparty default rates for each identified group.

Financial liabilities
The Group's financial liabilities include borrowings, trade and other payables and derivative financial instruments.

Financial liabilities other than derivatives are measured subsequently at amortised cost using the effective interest method, except for financial liabilities held for trading or designated at fair value through profit or loss, that are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within "finance costs" or "finance income".

Derivative financial instruments
Derivatives are financial assets or financial liabilities classified as held for trading and recorded at fair value through profit and loss.

Due to certain customer contracts being settled in foreign currencies, the Group enters into forward exchange contracts and swaps in order to reduce the exposure to foreign currency risk.

2.24 Government Grants

A government grant is recognised only when there is reasonable assurance that (a) the Group will comply with any conditions attached to the grant and (b) the grant will be received.

A grant is recognised as income in the income statement over the period necessary to match it with the expense, to which it relates, on a systematic basis. For reporting purposes the grant income is deducted from the related expense. A grant relating to assets is presented as deferred income in the consolidated statement of financial position, and released over the life of the asset in line with depreciation.

In the prior period, Hayward Tyler Limited ("HTL"), based in Luton, UK, was awarded a £3.5 million grant from the Regional Growth Fund ("RGF"). In the year ended 31 March 2016 the Group has concluded that there is reasonable assurance that it will be able to comply with the RGF grant conditions. The grant is conditional upon HTL achieving a job target of 231 full time jobs at the Luton business by 2024 and defraying £21.6 million on eligible spending by 2020. This eligible spending relates to the extension to the existing factory, plant and machinery, training, and research and development. Failure to hit either target could result in the repayment of part of the grant. Accordingly, at inception of the grant the Group recognised a receivable for the full grant amount of £3.5 million, presented as an other debtor, and a deferred income liability of £3.5 million, presented as an other creditor. In the year ended 31 March 2016 the group received £1.9 million (2015: £1.4 million), leaving a remaining debtor at the year end of £0.2 million. Also in the year ended 31 March 2016, the deferred income liability was reduced to £2.9 million by £0.3 million of grant income (2015: £0.3 million) that is recognised in the consolidated income statement. This grant income is included in operating charges as a deduction from related research, development and training expenses.

3 Changes in accounting policies

New and revised standards that are effective for annual periods beginning on or after 1 January 2015

'Defined Benefit Plans: Employee Contributions' (Amendments to IAS 19) came into mandatory effect for the first time in 2015. The Group adopted these amendments early in 2014. Other amendments to IFRSs that became mandatorily effective in 2015 have no material impact on the Group's financial results or position. Accordingly, the Group have made no changes to its accounting policies in 2015.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Group.

At the date of authorisation of these financial statements, certain new standards, and amendments to existing standards have been published by the IASB that are not yet effective, and have not been adopted early by the Group. Information on those expected to be relevant to the Group's financial statements is provided below.

Management anticipates that all relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement. New standards, interpretations and amendments not either adopted or listed below are not expected to have a material impact on the Group's financial statements.

IFRS 9 'Financial Instruments' (2014)

The IASB recently released IFRS 9 'Financial Instruments' (2014), representing the completion of its project to replace IAS 39 'Financial Instruments: Recognition and Measurement'.

The new standard introduces extensive changes to IAS 39's guidance on the classification and measurement of financial assets and introduces a new 'expected credit loss' model for the impairment of financial assets. IFRS 9 also provides new guidance on the application of hedge accounting.

Management has started to assess the impact of IFRS 9 but is not yet in a position to provide quantified information. At this stage the main areas of expected impact are as follows:

- the classification and measurement of the Group's financial assets will need to be reviewed based on the new criteria that considers the assets' contractual cash flows and the business model in which they are managed;
- an expected credit loss-based impairment will need to be recognised on the Group's trade receivables it will no longer be possible to measure equity investments at cost less impairment and all such investments will instead be measured at fair value. Changes in fair value will be presented in profit or loss unless the Group makes an irrevocable designation to present them in other comprehensive income; and if the Group continues to elect the fair value option for certain financial liabilities fair value movements will be presented in other comprehensive income to the extent those changes relate to the Group's own credit risk.

The Group has no financial liabilities classified as 'Available for Sale or Held to Maturity'

IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018.

IFRS 15 'Revenue from Contracts with Customers'

IFRS 15 presents new requirements for the recognition of revenue, replacing IAS 18 'Revenue', IAS 11 'Construction Contracts' and several revenue-related interpretations. The new standard establishes a control-based revenue recognition model and provides additional guidance in many areas not covered in detail under existing IFRSs, including how to account for arrangements with multiple performance obligations, variable pricing, customer refund rights, supplier repurchase options and other common complexities.

IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018.

Management has started to assess the impact of IFRS 15 but is not yet in a position to provide quantified information.

Amendments to IFRS 11 'Joint Arrangements'
These amendments provide guidance on the accounting for acquisitions of interests in joint operations constituting a business. The amendments require all such transactions to be accounted for using the principles on business combinations accounting in IFRS 3 'Business Combinations' and other IFRSs except where those principles conflict with IFRS 11. Acquisitions of interests in joint ventures are not impacted by this new guidance.

Currently the Group has no joint arrangements in place. The amendments are effective for reporting periods beginning on or after 1 January 2016. Accordingly, if adopted today, these amendments would have no impact on the consolidated financial statements.

4 Significant management judgements in applying accounting policies

The following are significant management judgements in applying accounting policies of the Group that have the most effect on the financial statements.

Internally generated development costs
Management monitors progress of internal research and development projects by using a project management system. Significant judgement is required in distinguishing research from the development phase. Development costs are recognised as an asset when all the criteria are met, whereas research costs are expensed as incurred.

To distinguish any research-type project phase from the development phase, it is the Group's accounting policy to require a detailed forecast of sales or cost savings expected to be generated by the intangible asset. The forecast is incorporated into the Group's overall budget forecast as the capitalisation of development costs commences. This ensures that managerial accounting, impairment testing procedures and accounting for internally-generated intangible assets is based on the same data.

The Group's management also monitors whether the recognition requirements for development costs continue to be met and an assessment made of its recoverability. This is necessary as the economic success of any product development is uncertain and may be subject to future technical problems after the time of recognition. Further information on intangible assets is contained in note 17.

Revenue recognition – original equipment manufacture
The stage of completion of a contract is assessed by management taking into consideration all information available at the reporting date. In this process management carries out significant judgements about milestones, actual work performed and the estimated costs to complete the work. Further information on the Group's accounting policy for contracts is contained in note 2.20.

Deferred tax assets
The assessment of the probability of future taxable income in which deferred tax assets can be utilised is based on the Group's latest approved budget forecast, which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. The tax rules in the numerous jurisdictions in which the Group operates are also carefully taken into consideration. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilised without a time limit, that deferred tax asset is usually recognised in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances. All unused tax losses and credits have been recognised in the year as management believes that use of the deferred tax asset created is probable.

Leases
In applying the classification of leases in IAS 17, management considers its leases of equipment as finance lease arrangements. In some cases, the lease transaction is not always conclusive and management uses judgement in determining whether the lease is a finance lease arrangement that transfers substantially all the risks and rewards incidental to ownership. Further information on the Group's leases are contained in note 27.

Property leases are spilt between land and the building to assess whether they are operating or finance leases. Land is almost always an operating lease due to its long life but judgment is required to assess the classification between operating and finance lease for buildings which are assessed individually against the criteria in IAS 17.10. Refer to note 27 in respect of the new lease entered into in the year.

5 Estimation uncertainty

When preparing financial statements management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses.

The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Original equipment revenue
The stage of completion of any contract is assessed by management by taking into consideration all information available at the reporting date. In this process management formulates estimates regarding actual work performed and the estimated costs to complete the work.

Deferred tax asset – refer to note 22
The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry-forwards can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

Defined benefit pension liability – refer to note 28
Management estimates the defined benefit pension liability annually with the assistance of independent actuaries; however, the actual outcome may vary due to estimation uncertainties. The estimate of its defined benefit pension gross liability of £13.2 million (FY2015: £14.1 million) is based on standard rates of inflation and mortality. The estimate does not include anticipation of future salary increases as there are no members with benefits related to future salary progression. Discount factors are determined close to each period end by reference to high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability. Estimation uncertainties exist particularly with regard to medical cost trends, which may vary significantly in future appraisals of the Group's defined benefit pension obligations. The value of the defined benefit pension asset at 31 March 2016 was £0.2 million (FY2015: £0.2 million liability).

Provisions – refer to note 26
The amount recognised for warranties for which customers are covered for the cost of repairs is estimated based on management's past experience, current knowledge and future expectation that defects may arise. The value of warranty provisions at 31 March 2016 was £0.8 million (FY2015: £0.6 million).

The amount recognised for restoration is a management estimate in relation to the estimated cost to restore the property to the agreed condition set out in the lease rental agreement for Peter Brotherhood's Peterborough property.

Goodwill – refer to note 15
Management carry out impairment tests at each reporting date and indicate present values of future cash flows in respect of both the OE and AM divisions are far in excess of the carrying values of the associated assets including goodwill such that management considers the likelihood of any impairment arising to be remote.

Business combinations – refer to note 16
A number of estimates and valuation techniques were used when determining the provisional fair values of certain assets and liabilities acquired in the acquisition of the trade and assets of Peter Brotherhood. The principal estimates were in relation to customer contracts, PPE, stock and work in progress and debtors.

A valuation methodology was applied to determine the fair value of the customer contracts acquired which involved a number of key estimates, including the future profitability of those contacts and attributable costs. The fair value of the freehold property has been measured by reference to the sale and leaseback transaction, which occurred before the end of the financial period, making adjustments for estimated restoration costs required under the lease. Plant and machinery has been measured by estimating the net present value of future cash flows based on forecasted future usage, and attributing a profit factor to each usage based on historical margins. Inventory has been reduced to net realisable value by estimating future usage and recoverable amount and work in progress by reference to estimated cost to complete less selling price. The fair value of debtors reflects estimated recoverable amounts.

6 Segment information

Management currently identifies the Group's two service lines, OE and AM, as operating segments. The activities undertaken by the OE segment include the manufacture of pumps, motors and steam turbines. The activities of the AM division include the servicing of, and provision of spares for, a wide range of goods.

In light of the new acquisition of Peter Brotherhood Limited, management have reviewed whether the current segmental reporting framework is appropriate. As the chief operating decision maker continues to regularly review results based on the OE and AM segments no change has been made to the segmental reporting. The newly acquired Peter Brotherhood business is divided between OE and AM. The classification of these segments are consistent with the Group segmental treatment and have been included below.

Segment information can be analysed as follows for the reporting periods under review:

	OE	AM	Total
Year to 31 March 2016	£000	£000	£000
Segment revenues from:			
External customers	27,274	34,374	61,648
Other segments	0	0	0
Segment revenues	27,274	34,374	61,648
Cost and expenses	(26,403)	(26,753)	(53,156)
Segment operating profit	871	7,621	8,492
Segment assets	19,949	27,135	47,084

	OE	AM	Total
Year to 31 March 2015	£000	£000	£000
Segment revenues from:			
External customers	19,689	28,930	48,619
Other segments	0	0	0
Segment revenues	19,689	28,930	48,619
Cost and expenses	(19,961)	(21,289)	(41,250)
Segment operating profit/(loss)	(272)	7,641	7,369
Segment assets	19,076	14,958	34,034

The Group's revenues from external customers and its non-current assets (other than goodwill and deferred tax assets) are divided into the following geographical areas:

	31 March 2016		31 March 2015	
	Revenue	Non-current Assets	Revenue	Non-current Assets
	£000	£000	£000	£000
Africa & Middle East	3,212	-	6,018	-
Americas & Caribbean (excl. USA)	4,170	-	3,124	-
Asia Pacific (excl. China)	15,326	5	15,596	3
China	7,762	144	2,317	177
Europe (excluding UK)	6,008	-	3,979	-
United Kingdom	11,628	24,923	6,008	13,058
United States of America	13,542	1,816	11,577	1,205
	61,648	26,888	48,619	14,443

Revenues from external customers in the Group's domicile, United Kingdom, as well as its major markets, have been identified on the basis of the customers' geographical location. Non-current assets are allocated based on their physical location.

No customer represented greater than 10% of Group revenue in the year to 31 March 2016 or in the year to 31 March 2015.

The totals presented for the Group's operating segments reconcile to the entity's key financial figures as presented in its financial statements as follows:

	Year to 31 March 2016	Year to 31 March 2015
	£000	£000
Segment revenues		
Segment revenues	61,648	48,619
Elimination of inter-segmental revenues	-	-
	61,648	48,619

	Year to 31 March 2016 £000	Year to 31 March 2015 £000
Segment profit		
Segment operating profit	8,492	7,369
Centre of Excellence expenses net of grant income	(896)	(548)
Other operating costs not allocated	(1,503)	(1,378)
Foreign currency exchange differences	(327)	(96)
Trading operating profit	5,766	5,347
Non-trading items (see note 2.5)	(1,777)	-
Operating profit after exceptional items	3,989	5,347
Finance costs	(961)	(694)
Fair value on derivatives	(40)	(294)
Group profit before tax	2,988	4,359

Segment total assets can be reconciled to Group assets as follows:

	At 31 March 2016 £000	At 31 March 2015 £000
Segment total assets		
Total segment assets	47,084	34,034
Group assets	59,643	48,062
Consolidation adjustments	(39,503)	(38,172)
Group total assets	67,224	43,924

7 Operating profit

Operating profit is stated after charging:

	Year to 31 March 2016 £000	Year to 31 March 2015 £000
Depreciation of owned assets	961	719
Depreciation of assets held under finance leases	183	101
Amortisation of other intangible assets	675	193
Auditor's remuneration:		
Fees payable to the Company's auditor for the audit of the Company's annual accounts	58	16
Fees payable to the Company's auditor for other services:		
- Audit of the accounts of subsidiaries	117	110
- Tax compliance services	-	-
- Other assurance services	10	-
Rentals under operating leases:		
- Land and buildings	199	205
- Plant and equipment	262	300
Foreign currency exchange differences – loss	327	96
Research and developments costs	304	203

Foreign currency exchange differences relate to realised losses on receipts and payments together with an unrealised loss arising on the re-translation of net current assets.

8 Employee remuneration

Employee benefits expense

The employee benefit expense during the year was as follows:

	Year to 31 March 2016 £000	Year to 31 March 2015 £000
Wages and salaries	17,674	13,686
Social security costs	1,661	1,246
Share based payments	106	-
Redundancy costs	68	111
Pension costs	880	784
	20,389	15,827

The average numbers of employees during the year were as follows:

	Year to 31 March 2016	Year to 31 March 2015
OE and AM	241	188
General and administration	146	122
Selling	35	35
	422	345

Key management personnel

Key management of the Group are members of the Board of Directors in Hayward Tyler Group PLC.

Remuneration in respect of the Directors including employer's national insurance cost was as follows:

	Year to 31 March 2016 £000	Year to 31 March 2015 £000
Short-term employee benefits	702	689
Post-employment benefits	-	-
Share-based payment benefits	76	-
Employer's National Insurance Contributions	81	78
	859	767

The amounts set out above include remuneration in respect of the highest paid Director as follows:

	Year to 31 March 2016 £000	Year to 31 March 2015 £000
Short-term employee benefits	344	332
Post-employment benefits	-	-
Share-based payment benefits	47	-
Employer's National Insurance Contributions	46	44
	437	376

None of the Directors participate in the Group's defined benefit plan. Details of related party transactions are given in note 32 to the financial statements.

Share-based employee remuneration

As at 31 March 2016, the Group maintained two share-based payment schemes as long-term incentive plans that align management's interest with those of shareholders. The plans are the Total Shareholder Return Long-Term Incentive Plan ("TSR LTIP") and the Peter Brotherhood Limited Long-Term Incentive Plan ("PBL LTIP"). Both programmes will be settled in equity.

In both schemes there are options and restricted shares. Participants awarded restricted shares pay only the nominal value of the shares and the shares are subject to clawback if performance conditions are not met. The dates and performance conditions are identical on restricted shares and options, however on vesting, only restricted shares are entitled to receive any accrued dividends on the underlying shares during the vesting period. Those granted restricted shares are required to pay the nominal value of the shares at the commencement of the lease period creating share capital at the grant date. Subsequently, the accounting treatment for the restricted shares is the same as the share options.

In total, £106,000 (2015: £nil) of employee remuneration expense (all of which related to equity-settled share-based payment transactions) net of related deferred tax has been included in the income statement and credited to share-based payment reserve.

TSR LTIP

The TSRLTIP is part of the remuneration package of the Executive Directors and certain senior managers ("Executives"). Options and restricted shares under this programme will vest only if the total shareholder return achieved by the Company over the three year vesting period is greater or equal to the TSR of the median company in a defined comparator group of companies over that period. The percentage of the award that vests operates on a sliding scale with 0% below the median, 20% at the median and 100% in the upper quartile. In addition, participants in this programme have to be employed until the end of the agreed vesting period. Upon vesting, each option allows the holder to purchase one ordinary share at a nominal value of £0.01 up to 10 years from the grant date. Total expense included in the income statement relating to the TSR LTIP is £53,000 (2015: £nil).

The TSR LTIP options and restricted shares together with their related exercise prices were as follows for the reporting period:

	Restricted shares		Share options	
	Number	Exercise price per share (pence)	Number	Exercise price per share (pence)
Outstanding at 1 April 2015	-	-	-	-
Granted	294,118	1	426,917	1
Forfeited	-	-	-	-
Exercised	-	-	-	-
Outstanding at 31 March 2016	294,118	1	426,917	1
Exercisable at 31 March 2016	-	-	-	-

Fair values have been determined by a Monte Carlo model. The following principal assumptions were used in the valuation:

Grant date	23 June 2015
Vesting period ends	23 June 2018
Share price at date of grant (pence)	79
Volatility	44.00%
Option life (years)	3
Dividend yield[1]	1.70%
Risk-free investment rate	1.04%
Option fair value at grant date (pence)	28
Restricted shares fair value at grant date (pence)	30
Exercise price at grant date (pence)	1
Exercisable from	23 June 2018
Exercisable to	23 June 2025
Remaining contractual life (years)	9.2

[1] *Dividend yield for restricted shares is 0.00%*

The underlying expected volatility was determined by reference to historical share price of the Company over the same period as the expected life of the awards that were granted.

Weighted average fair value of options granted during the period is 28 pence, and weighted average fair value of restricted shares granted is 30 pence.

PBL LTIP

The PBL LTIP is part of the remuneration package of the Group's Executives. Options and restricted shares under this programme will vest only if Peter Brotherhood Limited (a subsidiary of Hayward Tyler Group PLC) delivers an operating profit (before intercompany charges) of £1.6 million or higher, and/or revenues of £27.5 million or higher, in its audited results for the year ended 31 March 2017. Upon vesting, each option allows the holder to purchase one ordinary share at a nominal value of £0.01 up to 10 years from the grant date. Total expense included in the income statement relating to the PBL LTIP is £53,000 (2015: £nil).

The PBL LTIP options and restricted shares together with their exercise prices were as follows for the reporting period:

	Restricted shares		Share options	
	Number	Exercise price per share (pence)	Number	Exercise price per share (pence)
Outstanding at 1 April 2015	-	-	-	-
Granted	250,000	1	250,000	1
Forfeited	-	-	-	-
Exercised	-	-	-	-
Outstanding at 31 March 2016	250,000	1	250,000	1
Exercisable at 31 March 2016	-	-	-	-

Fair values have been determined using a Black Scholes option pricing model. The following principal assumptions were used in the valuation:

Grant date	19 November 2015
Vesting period ends	1 June 2017[3]
Share price at date of grant (pence)	91
Volatility	31.00%
Option life (years)	1.53
Dividend yield[2]	1.50%
Risk-free investment rate	0.56%
Option fair value at grant date (pence)	88
Restricted shares fair value at grant date (pence)	90
Exercise price at grant date (pence)	1
Exercisable from	1 June 2017
Exercisable to	1 June 2025
Remaining contractual life (years)	9.2

[2] *Dividend yield for restricted shares is 0.00%*

[3] *Options vest as at the later of 1 June 2017 or the date that the audited accounts are published*

Options vest as at the later of 1 June 2017 or the date that the audited accounts of Peter Brotherhood Limited are published for the year ended 31 March 2017. The underlying expected volatility was determined by reference to historical share price of the Company over the same period as the expected life of the awards that were granted.

Weighted average fair value of options granted during the period is 88 pence, and weighted average fair value of restricted shares granted is 90 pence.

9 Trading EBITDA

Trading earnings before interest, tax, depreciation and amortisation are as follows:

	Year to 31 March 2016 £000	Year to 31 March 2015 £000
Trading operating profit	5,766	5,347
Depreciation and amortisation	1,401	1,013
Trading EBITDA	7,167	6,360

10 Finance costs

	Year to 31 March 2016 £000	Year to 31 March 2015 £000
Trading:		
Interest payable on bank borrowing	371	496
Finance charges – re-banking	206	136
Finance costs of pensions	2	62
Loss arising on fair value of derivative contracts	40	294
	619	988
Non-trading:		
Finance charges – prepayment	382	-
	1,001	988

11 Income tax expense

(a) Analysis of total tax charge

	Year to 31 March 2016 £000	Year to 31 March 2015 £000
Current tax		
UK corporation tax at 20% (FY2015: 21%)	-	-
Amounts over provided in prior years	-	-
Overseas taxation	840	674
Adjustment in respect of prior year	(110)	35
Total current tax charge	730	709
Deferred tax		
Accelerated capital allowances	238	109
(Gains)/losses available for offset against future taxable income	(311)	400
Retirement benefit obligations	69	286
Less movement recorded in other comprehensive income	(28)	(256)
Other temporary differences	(103)	43
Derivatives	(8)	(62)
Effect of change in tax rate	253	(34)
Amounts (over)/under provided in prior years	(202)	15
Total deferred tax (credit)/charge	(92)	501
Tax charge reported in the income statement	638	1,210

(b) Reconciliation of profit before tax total to tax charge

The relationship between the expected tax expense based on the domestic effective tax rate of Hayward Tyler Group PLC at 20% (FY2015: 21%) and the reported tax expense in the income statement is set out below, which also shows the major components of tax expense:

	Year to 31 March 2016 £000	Year to 31 March 2015 £000
Profit before tax	2,988	4,359
Domestic tax rate for Hayward Tyler Group PLC	20%	21%
Expected tax charge	598	915
Adjustment for tax-rate differences in foreign jurisdictions	220	265
Deferred tax not recognised and effect of tax rate change	(234)	(116)
Amounts over provided in prior years	(312)	50
Adjustment for non-deductible expenses	366	96
Tax charge	638	1,210

Note 22 provides information on the entity's deferred tax assets and liabilities, including the amounts recognised directly in the income statement.

12 Income tax asset/(liability)

	At 31 March 2016 £000	At 31 March 2015 £000
Current tax assets	207	500
Current tax liabilities	(755)	(1,084)
Income tax payable	(548)	(584)

13 Earnings per share

The calculation of the basic earnings per share is based on the earnings attributable to ordinary shareholders divided by the weighted average number of shares in issue during the year.

The calculation of diluted earnings per share is based on the basic earnings per share, adjusted to allow for the issue of shares and the post-tax effect of dividends and/or interest, on the assumed conversion of all dilutive options and other dilutive potential ordinary shares.

	Year to 31 March 2016	Year to 31 March 2015
Adjusted Earnings per share calculations based on Trading Profit		
Trading Profit for the year (£000)	4,550	3,149
Weighted average number of shares used for basic earnings per share	48,047,956	45,088,200
Shares deemed to be issued for no consideration in respect of share based payments	8,017	-
Weighted average number of shares used in diluted earnings per share	48,055,973	45,088,200
Basic earnings per share (pence)	9.47	6.98
Diluted earnings per share (pence)	9.47	6.98

	Year to 31 March 2016	Year to 31 March 2015
Earnings per share calculations based on Total Profit		
Profit for the year	2,350	3,149
Weighted average number of shares used for basic earnings per share	48,047,956	45,088,200
Shares deemed to be issued for no consideration in respect of share based payments	8,017	-
Weighted average number of shares used in diluted earnings per share	48,055,973	45,088,200
Basic earnings per share (pence)	4.89	6.98
Diluted earnings per share (pence)	4.89	6.98

Dividends

An interim dividend of 0.552 pence per ordinary share was declared during the year representing a total of £305,723 (FY2015: £238,913).

14 Dividends

	Year to 31 March 2016		Year to 31 March 2015	
	Pence per share	£000	Pence per share	£000
Paid in the year				
Interim dividend – current year	0.552	306	0.525	237
Final dividend – in respect of prior year	0.790	362	0.750	338
Total	1.342	668	1.275	575

A final dividend of 0.83 pence per share payable on 25 August 2016 is proposed subject to shareholder approval.

15 Goodwill

The net carrying amount of goodwill can be analysed as follows:

	At 31 March 2016 £000	At 31 March 2015 £000
Gross carrying amount		
Carrying amount at start of year	2,219	2,219
Acquired through business combinations (note 16)	354	-
Carrying amount at end of year	2,573	2,219

Impairment testing

For the purpose of annual impairment testing, goodwill is allocated to the operating segments expected to benefit from the synergies of the business combinations in which the goodwill rises, as follows:

	At 31 March 2016 £000	At 31 March 2015 £000
OE	416	368
AM	2,157	1,851
Carrying amount at end of year	2,573	2,219

The recoverable amount of each segment was determined based on value-in-use calculations, covering a detailed three-year forecast, followed by an extrapolation of expected cash flows for the remaining useful lives using a declining growth rate determined by management. The recoverable amount of each operating segment is set below:

	At 31 March 2016 £000	At 31 March 2015 £000
OE	23,539	12,238
AM	94,467	118,483

The key assumptions used in the calculations were:

- the forecast operating cash flows for the next three years and a terminal value of such flows based on approved budgets and plans. These budgets and plans are based on past performance, current orders, future order pipeline and expectations for the market development of the CGU, taking into account the current economic climate and forecast assumptions (both internal and external where appropriate) around the relevant product markets;
- an estimate of the long-term growth rate for the CGU representing management's best estimate of future long-term growth in the respective divisions, taking into account both internal and external projections for the markets in which they operate. The growth rate used for the first five years was 12% for OE and 8% for AM which has been based on a review of historic growth rates over the last one to five years. The terminal growth rate used was 2%, which is based on the UK's long-term consumer price index growth rate; and
- a discount rate of 11.04% was used to discount future cash flows and reflects management's estimate of the weighted average cost of capital of the Group.

Impairment test are carried out at each reporting date and indicate present values of future cash flows in respect of both the OE and AM divisions are far in excess of the carrying values of the associated assets including goodwill such that management considers the likelihood of any impairment arising to be remote.

16 Business combinations

On 30 October 2015 the Company acquired the trade and assets of the Peter Brotherhood business from Dresser-Rand Company Ltd.

Peter Brotherhood is a UK engineering business based in Peterborough with 145 employees that can trace its history back to 1867. More recently it has focused on energy efficient solutions for land and marine based applications including steam turbines, reciprocating gas compressors and combined heat and power units for the power generation, oil and gas and marine markets. Peter Brotherhood is the UK's only producer of steam turbines with an output up to 40MW which has applications in waste heat recovery, the FPSO and FLNG markets and the British Navy Astute class submarine new build programme. Steam turbines tend to have higher operational availability and lower operating costs, when compared to gas turbines. Peter Brotherhood has nearly 1,500 units that continue to operate across 100 countries globally, having supplied steam turbines to many of the world's leading operators including Woodside, SBM, Saipem, Aker, Fred Olsen, Samsung and Maersk.

Provisional fair value of consideration transferred	£000
Amount settled in cash	10,132
	10,132
Recognised amounts of identifiable net assets	
Property, plant and equipment	7,646
Other intangible assets	462
Deferred tax assets	89
Non-current assets	8,197

Inventories	5,745
Trade and other receivables	1,463
Current assets	7,208
Trade and other payables	(5,627)
Current Liabilities	(5,627)
Identifiable net assets	9,778
Goodwill on acquisition	354

Consideration transferred
The acquisition was settled in cash amounting to £10,132,266. Of this consideration £9,813,543 was paid on 30 October 2015 and a further £318,723 following an adjustment for a working capital benchmark. Acquisition-related costs amounting to £1,244,456 are not included as part of consideration transferred and have been recognised as non-trading operating charges in the consolidated income statement.

Identifiable net assets
The fair value of the trade and other receivables acquired as part of the business combination amounted to £1,462,599, with a gross contractual amount of £1,559,077. As of the acquisition date, the Group's best estimate of the contractual cash flow not expected to be collected amounted to £96,478.

The fair value of the land and buildings at the time of acquisition has been determined by reference to the sale and leaseback arrangements during March 2016. Management do not judge there to be any significant movement in the value of the land and buildings between the acquisition date in October 2015 and the disposal in March 2016. The fair value is based upon the proceeds from the sale and leaseback less the estimated cost to restore the property to the agreed condition set out in the lease rental agreement.

The value of key plant and machinery was assessed by considering the net present value of the future cash flows that they are expected to generate, as well as their current condition, repair requirements and any obsolescence. That assessment led to a write down of £1.1 million from the acquired value, which resulted in a revised opening valuation of £2.0 million for plant and machinery.

At the date of acquisition the Company acquired the order book of customer contracts relating to Peter Brotherhood equipment. These represent an intangible asset and were valued at £462,000 based on their forecast gross margins less appropriate adjustments including overheads, taxation and other less significant factors. Most of the contracts were completed in the period and they accounted for 75% of the revenues recognised by Peter Brotherhood. During the period £418,000 of the order book value was therefore amortised against those sales. The remaining balance of £44,000 is expected to trade out and be amortised in FY2017. The fair value of customer contracts is presented on the balance sheet as part of "Other intangible assets".

Goodwill
Goodwill on acquisition was £354,260. It relates primarily to (1) management's expectations for the growth and future profitability of Peter Brotherhood and (2) the substantial skill and expertise of Peter Brotherhood's workforce. Goodwill has been allocated to the aftermarket and original equipment segments and is not deductible for tax purposes.

Peter Brotherhood's contribution to the Group
In the period from 30 October 2015 to 31 March 2016 Peter Brotherhood generated revenue of £12,500,000 and trading operating profit of £1,022,000, which mainly arose from the original equipment order book acquired as part the trade and assets of the business. Without access to the records of Dresser-Rand Company Ltd producing an accurate assessment of the revenue and profit of Peter Brotherhood for the period had they been acquired at the beginning of the accounting period is impractical, therefore no estimate has been disclosed.

17 Other intangible assets

The Group's other intangible assets comprise (1) internally generated development costs and (2) the order book acquired on acquisition of Peter Brotherhood (see note 2.11). The net carrying amounts for the reporting periods under review can be analysed as follows:

	At 31 March 2016 £000	At 31 March 2015 £000
Gross carrying amount		
Balance at start of year	2,159	1,713
Additions	765	446
Acquisition through business combinations	462	-
Balance at end of year	3,386	2,159
Accumulated amortisation and impairment		
Balance at start of year	1,125	932
Amortisation	675	193
Balance at end of year	1,800	1,125
Carrying amount at end of year	1,586	1,034

The amortisation charge for the year is included within operating charges and disclosed in note 7.

The main material asset included above is the development of the subsea motor, which has a carrying value of £300,812 at 31 March 2016. The remaining amortisation period of the subsea motor is 3 years.

18 Investments

The Company had the following investments in subsidiary undertakings:

	At 31 March 2016 £000	At 31 March 2015 £000
Gross value of investments		
Balance at start of year	27,916	27,916
Additions	2,000	-
Balance at end of year	29,916	27,916
Provision for impairment		
Balance at start of year	20,193	20,193
Impairment in year	-	-
Balance at end of year	20,193	20,193
Net book value at end of year	9,723	7,723

On 29 March 2016, the Company subscribed for 100 £0.01 ordinary shares with a £19,999.99 share premium per share from Peter Brotherhood.

The Company owns more than 20% of the following companies:

Name of company	Place of incorporation	% ownership/ voting power	Principal activity
Southbank UK Limited	England & Wales	100	Holding company
Redglade Associates Limited	England & Wales	100	Property
Redglade Investments Limited	England & Wales	100	Property
Hayward Tyler Group Limited	England & Wales	100	Holding company
Hayward Tyler Limited	England & Wales	100	Trading
Hayward Tyler (UK) Limited	England & Wales	100	Dormant
Varley Pumps Limited	England & Wales	100	Dormant
Hayward Tyler Subsea Limited	England & Wales	100	Dormant
Hayward Tyler Holdings Limited	England & Wales	100	Holding company
Hayward Tyler Holding Inc	USA	100	Holding company
Hayward Tyler Inc	USA	100	Trading
Hayward Tyler Pumps (Kunshan) Co Limited	China	100	Trading
Hayward Tyler India PTE Limited	India	100	Trading
Appleton & Howard Limited	England & Wales	100	Dormant
Hayward Tyler Fluid Dynamics Limited	England & Wales	100	Dormant
Hayward Tyler Fluid Handling Limited	England & Wales	100	Trading
Hayward Tyler Services Limited	England & Wales	100	Dormant
Specialist Energy Group Trustee Limited	England & Wales	100	Acts as employee benefit trust
Hayward Tyler Pension Plan Trustees Limited	England & Wales	100	Manages pension scheme
Sumo Pumps Limited	England & Wales	100	Dormant
Hayward Tyler Engineered Products Limited	England & Wales	100	Dormant
Capital Engineering Services Limited	England & Wales	100	Dormant
Credit Montague Limited	England & Wales	100	Dormant
Mullins Limited	England & Wales	100	Dormant
Nviro Cleantech Limited	England & Wales	100	Holding company
Nviro Cleantech Inc	USA	100	Holding company
Vertus Technologies US LLC	USA	100	Holding company
Vertus Technologies Industrial LLC	USA	100	No longer trading
Vertus Technologies Limited	Cayman Islands	100	Holding company
Nviro Cleantech Limited	Cayman Islands	100	Holding company
Peter Brotherhood Limited	England & Wales	100	Trading

All companies are owned indirectly by Hayward Tyler Group PLC except for Southbank UK Limited, Specialist Energy Group Trustee Limited, Nviro Cleantech Limited and Peter Brotherhood Limited, which are owned directly, and the results for all companies have been included within the consolidated results for the Group.

19 Property, plant and equipment

The Group's property, plant and equipment comprise primarily land, buildings, plant and machinery, and fixtures and fittings. The carrying amount can be analysed as follows:

	Freehold land and buildings £000	Short leasehold improvements £000	Plant and machinery, fixtures and fittings £000	Assets in course of construction £000	Total £000
Gross carrying amount					
Balance at 1 April 2015	8,814	1,982	13,779	1,702	26,277
Exchange adjustments	-	37	161	-	198
Additions	666	2,434	3,417	6,373	12,891
Reclassification	-	-	-	-	-
Acquisition through business combinations	5,317	-	2,329	-	7,646
Disposals	(5,317)	(82)	(286)	-	(5,685)
Balance at 31 March 2016	9,480	4,371	19,401	8,075	41,327

	Freehold land and buildings £000	Short leasehold improvements £000	Plant and machinery, fixtures and fittings £000	Assets in course of construction £000	Total £000
Depreciation and impairment					
Balance at 1 April 2015	3,048	1,100	10,841	-	14,989
Exchange adjustments	-	17	127	-	144
Reclassification	-	(2)	2	-	-
Disposals	-	-	(252)	-	(252)
Charge for the year	92	125	927	-	1,144
Balance at 31 March 2016	3,140	1,240	11,645	-	16,025
Carrying amount at 31 March 2016	6,340	3,131	7,756	8,075	25,302
Gross carrying amount					
Balance at 1 April 2014	8,622	1,694	13,333	-	23,649
Exchange adjustments	-	102	572	-	674
Additions	192	186	864	1,702	2,944
Reclassification	-	-	-	-	-
Disposals	-	-	(990)	-	(990)
Balance at 31 March 2015	8,814	1,982	13,779	1,702	26,277
Depreciation and impairment					
Balance at 1 April 2014	3,001	903	10,745	-	14,649
Exchange adjustments	-	68	437	-	505
Reclassification	-	-	-	-	-
Disposals	-	-	(985)	-	(985)
Charge for the year	47	129	644	-	820
Balance at 31 March 2015	3,048	1,100	10,841	-	14,989
Carrying amount at 31 March 2015	5,766	882	2,938	1,702	11,288

The category “Assets in course of construction” in the fixed asset table relates to the work being out carried out at the Centre of Excellence in Luton. The work will be completed during FY2017. A valuation of the freehold land and buildings relating to the Luton property will be carried out by an independent valuer once the construction is completed.

The Group’s freehold land and buildings were valued by independent valuers for the financial statements for the year ended 31 December 2011 and an impairment charge was made at that date. The Directors believe that there has been no further impairment of the property since that date. Fair value of freehold land and buildings do not have quoted prices and have been determined based on professional appraisals that would be classified as Level 3 of the fair value hierarchy as defined in IFRS 13 “Fair Value Measurement”.

If the cost model had been used, the carrying amount of land and buildings would be £6,165,105 (FY2015: £6,309,781). Revaluation previously has only ever resulted in a decrease arising, as a consequence there is no revaluation surplus.

All depreciation charges are included within operating charges and disclosed in note 7.

The Group’s land and buildings have been pledged as security for term loans.

Additions in the year includes investment in the Centre of Excellence. This is made up of £7,038,788 of building improvements and £2,725,801 of new plant and machinery.

Disposals includes Peter Brotherhood’s disposal of £5,317,000 of land and buildings in Peterborough in March 2016, which relate to the sale and leaseback transaction. Further detail can be found in note 27.

The carrying value of assets under finance leases included in plant and machinery amounted to £2,227,459 (FY2015: £937,503). The depreciation charged to the financial statements in the year in respect of finance leased assets amounted to £182,735 (FY2015: £101,195).

20 Inventories

Inventories recognised in the statement of financial position can be analysed as follows:

	At 31 March 2016 £000	At 31 March 2015 £000
Raw materials and consumables	3,092	2,931
Work in progress	1,908	1,044
Finished goods and goods for resale	1,626	2,040
	6,626	6,015

In the year ended 31 March 2016, total inventory included in expenses amounted to £24,839,000 (FY2015: £19,960,000).

21 Trade and other receivables

	At 31 March 2016 £000	At 31 March 2015 £000
Current		
Trade receivables	15,860	10,659
Less: provision for impairment of receivables	(167)	(139)
Trade receivables – net	15,693	10,520
Gross amounts due from customers	4,222	4,493
Other receivables	499	286
Other debtors	-	1,300
Due from Group undertakings	-	-
Trade and other receivables	20,414	16,599
Prepayments	1,668	911
VAT recoverable	640	228
Other current assets	2,308	1,139
Total current trade and other receivables	22,722	17,738

	At 31 March 2016 £000	At 31 March 2015 £000
Non current		
Due from Group undertakings	-	-
Other debtors	180	806
Trade and other receivables	180	806
Total non current trade and other receivables	180	806

The Directors believe that the carrying amounts of trade and other receivables approximate their fair values. The receivables are short-term and non-interest bearing in the Group. Receivables are long-term interest bearing loans to subsidiaries in the Company.

All of the Group's trade and other receivables have been reviewed for indicators of impairment. Certain trade receivables were found to be impaired and an allowance for credit losses of £0.2 million (FY2015: £0.1 million) has been made.
The movement in the provision for credit losses can be reconciled as follows:

	At 31 March 2016 £000	At 31 March 2015 £000
Balance at start of year	139	88
Charge for the year	189	53
Impairment reversals	(35)	(126)
Amounts utilised in the year	(2)	-
Balance at end of year	167	139

An analysis of unimpaired trade receivables that are past due is given in note 29.

22 Deferred tax assets

Deferred tax movements for the year arising from temporary differences and unused tax losses of the Group can be summarised as follows:

	At 31 March 2016 £000	At 31 March 2015 £000
Balance at start of year	2,555	3,312
Charge to income statement for the year (note 11)	92	(501)
Charge to other comprehensive income	(10)	(256)
Recognised in business combination	89	-
Balance at end of year	2,726	2,555

Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available in future against which deductible temporary differences can be utilised. This recognition is supported by the underlying profitability of the Group in the year ended 31 March 2016 and the future projected profitability of the Group. There are no losses for which a deferred tax asset has not been recognised (FY2015: £0.1 million).

Deferred tax assets

	1 April 2015 £000	Charge through profit or loss for the year £000	Recognised in other comprehensive income £000	Recognised in business combination £000	31 March 2016 £000
Accelerated tax depreciation	(154)	(14)	-	181	13
Retirement benefit obligations	36	(38)	(28)	-	(30)
Tax losses	2,605	201	-	-	2,806
Derivatives	50	8	-	-	58
Temporary differences	18	(65)	18	(92)	(121)
Total	2,555	92	(10)	89	2,726

	1 April 2014 £000	Charge through profit or loss for the year £000	Recognised in other comprehensive income £000	Recognised in business combination £000	31 March 2015 £000
Accelerated tax depreciation	8	(162)	-	-	(154)
Retirement benefit obligations	308	(16)	(256)	-	36
Tax losses	2,856	(251)	-	-	2,605
Derivatives	(8)	58	-	-	50
Temporary differences	148	(130)	-	-	18
Total	3,312	(501)	(256)	-	2,555

23 Cash and Cash equivalents

Cash and cash equivalents included the following components:

	At 31 March 2016 £000	At 31 March 2015 £000
Cash at bank and in hand:		
GBP	4,217	896
USD	453	608
EUR	117	39
Other	348	226
	5,135	1,769

At 31 March 2016 the Group had the following undrawn facilities:

	At 31 March 2016 £000	At 31 March 2015 £000
Revolving credit facilities	5,087	5,851
Corporate charge card facility	344	84

The bank revolving credit facilities and loans are secured by fixed and floating charges over the Group's assets.

The short-term bank borrowings under the revolving credit facilities have been classified under borrowings in Hayward Tyler Group PLC. A breakdown of cash and borrowings is set out below:

	At 31 March 2016 £000	At 31 March 2015 £000
Cash at bank and in hand	5,135	1,769
Short-term bank borrowings	(6,629)	(3,145)
Short-term bank loans	(859)	(1,195)
Unamortised arrangement fees	70	70
Non-current bank borrowings	(1,212)	-
Non-current bank loans	(2,203)	(3,923)
Non-current non bank borrowings	(2,941)	(1,436)
Net debt	(8,639)	(7,860)

The Directors consider that the carrying amount of the cash and cash equivalents approximates to their fair value.

24 Trade and other payables

	At 31 March 2016 £000	At 31 March 2015 £000
Trade payables	10,376	6,202
Payments on account	3,863	3,410
Social security and other taxes	939	364
Due to Group undertakings	-	-
Trade and other payables	15,178	9,976

The carrying amounts of trade and other payables approximate to their fair values. All amounts shown above are short-term liabilities and accrue no interest.

25 Other liabilities

Other liabilities can be summarised as follows:

	At 31 March 2016 £000	At 31 March 2015 £000
Current		
Accruals	1,704	2,506
Other payables	1,721	1,216
	3,426	3,722

	At 31 March 2016 £000	At 31 March 2015 £000
Non current		
Other creditors – deferred income	4,449	2,757
	4,449	2,757

26 Provisions

	At 31 March 2016 £000	At 31 March 2015 £000
Warranty	773	631
Loss making contracts	351	76
Restoration	2,088	-
Other	330	177
	3,542	884

All provisions are considered current. The carrying amounts may be analysed as follows:

	Warranty £000	Loss making contracts £000	Restoration £000	Other £000	Total £000
Carrying amount at start of year	631	76	-	177	884
Exchange differences	10	-	-	2	12
Additional provisions	1,151	351	2,088	388	3,978
Unused amounts reversed	(214)	-	-	-	(214)
Amount utilised	(805)	(76)	-	(237)	(1,118)
Carrying amount at end of year	773	351	2,088	330	3,542

Warranty provision
Provisions for warranty work represent the estimated cost of work provided under the terms of the contracts with customers with reference to the length and unexpired portion of the terms provided.

Loss making contracts
Provisions for loss making contracts are the estimated total costs that exceed the total revenues from contracts that are in progress at the reporting date.

Restoration provision
Provisions for restoration represent the estimated cost to restore the property to the agreed condition set out in the lease rental agreement for Peter Brotherhood's Peterborough property, which resulted from the sale and leaseback of the property.

Other provisions include:
Annual leave provision
Paid holidays are regarded as an employee benefit and are charged to the profit or loss as the benefit is earned. A provision is made at the balance sheet date to reflect the present value of the holidays earned but not taken.

Liquidated damages
Provisions for liquidated damages are the liabilities estimated to arise on the expected delay in shipment of contracts that have been shipped prior to 31 March 2016. There were minor expected delays in the year.

Post acquisition provision
Provision for incremental committed expenditure arising from the acquisition.

27 Leases

Finance Leases
The Group leases various equipment under finance lease arrangements. The net carrying amount of the assets held under finance lease arrangements is £2,227,459 (FY2015: £937,503). The assets are included under "Plant and Machinery", which form an integral part of "property, plant and equipment" (see note 19).

The future aggregate minimum finance lease payments are as follows:

	At 31 March 2016		At 31 March 2015	
	Minimum payments £000	Present value of payments £000	Minimum payments £000	Present value of payments £000
No later than 1 year	517	429	272	250
Later than 1 year and no later than 5 years	1,288	1,212	583	450
	1,805	1,641	855	700
Less: Amounts representing finance charges	(164)	-	(155)	-
Present value of minimum lease payments	1,641	-	700	-

The lease agreement for the equipment includes fixed lease payments and a purchase option at the end of the lease term. The agreement is non-cancellable but does not contain any further restrictions. No contingent rents were recognised as an expense in the reporting periods under review.

Operating leases
The Group leases various buildings, vehicles and equipment under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.
The future aggregate minimum lease payments under non-cancellable operating leases are:

	At 31 March 2016 £000	At 31 March 2015 £000
No later than 1 year	981	142
Later than 1 year and no later than 5 years	3,223	175
More than 5 years	6,679	-
	10,883	317

Lease payments recognised as an expense during the period are shown in note 7.

In March 2016, the Group announced the completion of the sale and leaseback of its 11.5 acre Peter Brotherhood site in Peterborough. The Group signed a 15 year lease with a market rent of £575,000 per annum and subject to market reviews after 5 and 10 years. Of the minimum lease payments above, £9,553,841 relates to this lease.

As per IAS17 leases, when a lease includes both land and buildings elements, an entity assesses the classification of each element as a finance or an operating lease separately. Given the indefinite economic life of the land, this element has been classified as an operating lease. Based on the indicators in IAS 17.10, management has also assessed the building element to be an operating lease. It considers the persuasive indicators to be the short length of the lease in relation to the economic life of the building, the lease does not transfer ownership to the company nor does the company have any option to purchase it at below market rate or share in the residual value, nor to extend the lease at a below market rent.

28 Pensions and other employee obligations

Within the UK the Group operates a defined benefit plan with benefits linked to final salary and a defined contribution plan. With effect from 1 June 2003 the defined benefit plan was closed to new UK employees who are offered membership of the defined contribution plan. The majority of UK employees are members of one of these arrangements. The method used in assessing the scheme liabilities is the projected unit method. A full valuation of the pension scheme is produced every three years (the last one being as at 1 January 2014) and updated annually to 31 March 2016 by independent qualified actuaries.

The Group operates a defined benefit pension arrangement called the Hayward Tyler Pension Plan (the "Plan"). The Plan provides benefits based on final salary and length of service on retirement, leaving service or death.

The Plan is subject to the Statutory Funding Objective under the Pensions Act 2004. A valuation of the Plan is carried out at least once every three years to determine whether the Statutory Funding Objective is being met. As part of the process the Company must agree with the Trustees of the Plan the contributions to be paid to address any shortfall against the Statutory Funding Objective. The Statutory Funding Objective does not currently impact on the recognition of the Plan in these accounts.

The Plan is managed by a board of trustees appointed in part by the Company and in part from elections by members of the Plan. The board of trustees includes a professional trustee (Independent Trustee Services Limited). The trustees have responsibility for obtaining valuations of the fund, administering benefit payments and investing the Plan's assets. The trustees delegate some of these functions to their professional advisers where appropriate.

The Plan exposes the Company to a number of risks:

Investment risk
The Plan holds investments in asset classes, such as equities, which have volatile market values and, while these assets are expected to provide the real returns over the long term, the short-term volatility can cause additional funding to be required if a deficit emerges;

Interest rate risk
The Plan's liabilities are assessed using market yields on high quality corporate bonds to discount the liabilities. As the Plan holds assets such as equities the value of the assets and liabilities may not move in the same way;

Inflation risk
A significant proportion of the benefits under the Plan are linked to inflation. Although the Plan's assets are expected to provide a good hedge against inflation over the long term, movements over the short-term could lead to deficits emerging;

Longevity risk
In the event that members live longer than assumed a deficit will emerge in the Plan; and

Concentration risk
A significant proportion of the Plan's liabilities are in respect of a single pensioner member. The development of the liabilities over time will therefore depend heavily on the actual experience in respect of this member.

There were no plan amendments, curtailments or settlements during the period. The Group's defined benefit obligations and plan assets may be reconciled to the amounts presented on the face of the statement of financial position for each of the reporting periods under review as follows:

	At 31 March 2016 £000	At 31 March 2015 £000
Defined benefit obligation	(13,204)	(14,084)
Fair value of plan assets	13,371	13,905
Surplus/(deficit)	167	-
Impact of asset ceiling	-	-
Net defined benefit asset/(liability)	167	(179)

Scheme liabilities
The defined benefit obligations for the reporting periods under review are as follows:

	At 31 March 2016 £000	At 31 March 2015 £000
Defined benefit obligation at start of year	14,084	13,053
Interest cost	423	543
Experience (gain)	-	(185)
Changes to demographic assumptions	-	83
Changes to financial assumptions	(415)	1,461
Benefits paid	(888)	(871)
Defined benefits obligation at end of year	13,204	14,084

For determination of the pension obligation, the following actuarial assumptions were used:

	At 31 March 2016	At 31 March 2015
Discount rate	3.35%	3.10%
Expected rate of pension increases	2.00%	2.00%
Inflation assumption	2.80%	2.80%
Mortality assumption	S2PXA CMI	S2PXA CMI

S2PXA CMI – for males and females projected on a year of birth basis using CMI (2013) projections with a long-term rate of improvement of 1.25% per annum with a plus 2 year age rating. The mortality assumptions imply the following life expectancies:

Male retiring at age 65 in 2016	*20.8*
Female retiring at age 65 in 2016	*22.7*
Male retiring at age 65 in 2036	*22.6*
Female retiring at age 65 in 2036	*24.7*

These assumptions were developed by management under consideration of expert advice provided by Barnett Waddingham, independent actuarial appraisers. These assumptions have led to the amounts determined as the Group's defined benefit obligations for the reporting periods under review and should be regarded as management's best estimate. However, the actual outcome may vary.

No assumption is made with regard to the expected rate of salary increases as there are no members with benefits related to future salary progression.

Scheme assets
The assets held by the pension fund can be reconciled from the opening balance to the reporting date as follows:

	At 31 March 2016 £000	At 31 March 2015 £000
Fair value of plan assets at start of year	13,905	11,515
Interest income	421	481
Return on plan assets (excluding amounts included in net interest)	(277)	2,580
Contributions by the Group	210	200
Benefits paid	(888)	(871)
Fair value of plan assets at end of year	13,371	13,905
Actual return on plan assets	144	525

The Group expects to pay contributions of £221,000 in the year to 31 March 2017 and the weighted average duration of the defined benefit obligation is around 14 years.

Plan assets do not include any investment in shares of the Company. Plan assets can be broken down into the following major categories of investments:

	At 31 March 2016		At 31 March 2015	
	£000	%	£000	%
Real estate funds	-	-	973	7
Equity investment funds	-	-	5,423	39
Diversified growth funds	8,959	67	-	-
Gilts and LDI funds	4,412	33	4,450	32
Corporate bonds	-	-	2,781	20
Liquid funds	-	-	278	2
Total value of assets	13,371	100	13,905	100

All equity and debt instruments have quoted prices in active markets (Level 1). Fair values of real estate investments do not have quoted prices and have been determined based on professional appraisals that would be classified as Level 3 of the fair value hierarchy as defined in IFRS 13 'Fair Value Measurement'. Level 3 valuations are sensitive to unobservable inputs.

Scheme expenses

Net interest expense resulting from the Group's defined benefit plans was £2,000 (FY2015: £62,000). The employee benefits expense for the period is £nil (FY2015: £nil). In the period the actual return on plan assets was £144,000 (FY2015: £525,000).

The remeasurement recorded in other comprehensive income is as follows:

	At 31 March 2016 £000	At 31 March 2015 £000
Loss/(gain) on scheme assets in excess of interest	277	(2,580)
Experience (gain)	-	(185)
Loss from changes to demographic assumptions	-	83
(Gain)/loss from changes to financial assumptions	(415)	1,461
Total gain/(loss) recognised in other comprehensive income	138	(1,221)

Sensitivity of the value placed on the liabilities

umptions	Approximate effect on liabilities
Reduce discount rate by 0.1% p.a.	£163,000
Increase inflation and related assumption by 0.1% p.a.	£110,000
Increase a long-term rate of longevity improvement by 0.25 p.a	£145,000
Apply a 90% loading to the mortality base table (reduces probability of death by 10% at each age)	£521,000

Note that the above sensitivities are approximate and only show the likely effect of an assumption being adjusted whilst all other assumptions remain the same.

Risk mitigation strategies

The trustees invest the Plan's assets in combination of Liability-Sensitive assets and Return-Generating assets. The Liability-Sensitive assets are invested in a variety of LDI (Liability-Driven Investment) Funds. These funds invest in a combination of interest rate and inflation rate swaps in order to mimic the movement in expected cashflows of the Plan caused by changes in interest and inflation rates.

Effect of the Plan on Company's future cashflows

The Company is required to agree a schedule of contributions with the trustees of the Plan following a valuation, which must be carried out at least once every three years. The next valuation of the plan is due as at 1 January 2017. In the event that the valuation reveals a larger deficit than expected the Company may be required to increase contributions above those set out in the existing schedule of contributions. Conversely, if the position is better than expected contributions may be reduced.

29 Financial instrument risk

The Group's activities expose it to a variety of financial risks; foreign currency risk, credit risk, liquidity risk, cash flow risk and interest rate risk. The Group's overall risk management programmes focus on both credit risk and the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

The Group's risk management is co-ordinated at its headquarters, in close co-operation with the Board of Directors, and focuses on actively securing the Group's and the Company's short to medium-term cash flows by minimising the exposure to financial markets.

While the Group does use derivatives in order to economically hedge its exposure to foreign currency risk and cash flow interest rate risk (see below) it does not engage in the trading of derivatives for speculative purposes nor does it write options. The most significant financial risks to which the Group and the Company are exposed are described below.

The Group is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risks, which result from both its operating and investing activities.

Foreign currency sensitivity

The Group operates in overseas markets and is subject to currency exposures of transactions undertaken during the period. Management's overarching objective is to minimise the extent of the Group's exposure to currency risk. In respect of transactional foreign currency risk the Group maintains a policy that all exposures on material committed transactions should be economically hedged as far as possible. The Group prepares rolling 12 month currency cash flow forecasts to enable currency exposures to be identified and then subsequently hedged.

The Group uses forward exchange contracts to hedge the impact on receipts and payments of the volatility in exchange rates of US Dollar and Euro to Pound Sterling. The notional principal amounts of the outstanding forward foreign exchange contracts at 31 March 2016 were £5.9 million (FY2015: £4.8 million). Hedge accounting is not applied in respect of these hedged transactions.

Derivative contracts are measured at fair value in the statement of financial position with movements in that fair value being recognised in profit or loss.

Currency exposures comprise the monetary assets and monetary liabilities of the Group that are not denominated in the functional currency of the operating unit involved. The significant currency risk arises from contracts raised in US Dollars.

The following table illustrates the sensitivity of profit and equity to a reasonably possible change in the US Dollar/Pound Sterling exchange rate of +/-10%. These changes are considered to be reasonably possible based on observation of recent volatility in the currency markets. The calculations are based on a change in average US Dollar/Pound Sterling exchange rate for each period and the foreign currency denominated financial instruments held at each reporting date that are sensitive to changes in the US Dollar/ Pound Sterling exchange rate. All other variables are held constant.

	Change in exchange rate	
	+10%	-10%
Impact on profit in a 12 month period based on financial instruments held at:	£000	£000
31 March 2016	(546)	667
31 March 2015	(371)	454

There is no impact on equity arising from foreign exchange fluctuations as the Group does not use hedge accounting. Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to currency risk.

The Company does not have any currency exposures.

Interest rate sensitivity

The Group's borrowings include loans that carry variable rates of interest and thus expose the Group to cash flow risk. The Group's policy is to minimise interest costs and changes in the market value of debt. Interest rate risk is regularly monitored to ensure that the mix of variable and fixed rate borrowing is appropriate for the Group. The Group has chosen to maintain the majority of its borrowings as floating in order to benefit from low current interest rates.

The Group has term borrowings of £4.5 million that have an effective fixed rate of interest. These borrowings relate to finance lease agreements (£1.6 million) and loan notes (£2.9 million). The remaining term borrowings of £4.1 million have a floating rate of interest based on LIBOR.

The Group's policy is to minimise interest rate cash flow risk exposures on long-term financing. The interest rate profile of the financial assets and liabilities of the Group at 31 March 2016 is as follows:

Interest rate profile	Fixed £000	Floating £000	Zero £000	Total £000
Receivables				
Trade and other receivables	-	-	20,414	20,414
Payables				
Trade and other payables	-	-	15,178	15,178
Bank loans	-	3,062	-	3,062
Amounts due under revolving credit facilities	-	6,200	-	6,200
Amounts due under finance lease agreements	1,641	-	-	1,641
Amounts due under loan notes agreements	2,871	-	-	2,871
	4,512	9,262	15,178	28,952
Cash	-	(5,135)	-	(5,135)
	4,512	4,127	15,178	23,817

The following table illustrates the sensitivity of profit and equity to a reasonably possible change in interest rates of +/-0.5%. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in average market interest rate for each period and the financial instruments held at each reporting date that are sensitive to changes in interest rates (i.e. net floating rate debt). All other variables are held constant.

	Change in interest rate +0.5%	-0.5%
Impact on profit in a 12 month period based on financial instruments held at:	£000	£000
31 March 2016	(21)	21
31 March 2015	(29)	29

The Company has minimal exposure to interest rate risk. It has interest bearing liabilities that are matched with interest bearing assets. It is exposed to interest rate risk on its financial assets being its cash at bank balances. The interest rate receivable on these balances is less than 0.5%. The Company gave careful consideration to which organisation it should use for its banking services and interest rates available was one aspect of the decision. The Directors currently believe that interest rate risk is at an acceptable level.

Credit risk analysis

The Group continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Group's policy is to deal only with creditworthy counterparties.

The Group's most significant exposure to credit risk is in respect of the possibility of any individual customer being unable to settle their debts as they fall due or as a result of changes in the political landscape that impact the Group's ability to collect debts from an individual jurisdiction. The credit risk associated with customers and jurisdictions is considered as part of the tender review process and is addressed initially via contract payment terms and, where appropriate, payment security. In certain circumstances it may lead to a decision by the Group to cease trading with individual customers or customers from certain jurisdictions.

The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

	At 31 March 2016 £000	At 31 March 2015 £000
Classes of financial assets – carrying amounts		
Trade and other receivables	20,414	16,599
Cash and cash equivalents	5,135	1,769

The Group's management considers that all the above financial assets that are not impaired or past due for each of the reporting dates under review are of good credit quality. None of the Group's financial assets are secured by collateral or other credit enhancements.

Some of the unimpaired trade receivables are past due as at the reporting date. Financial assets past due but not impaired can be shown as follows:

	At 31 March 2016 £000	At 31 March 2015 £000
Not more than 3 months	13	-
More than 3 months but less than 6 months	4	3
More than 6 but less than 12 months	146	136
More than 12 months	4	-
	167	139

In respect of trade and other receivables, the Group is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Trade receivables consist of a large number of customers in various industries and geographical areas. Based on historical information about customer default rates management consider the credit quality of trade receivables that are not past due or impaired to be good.

The credit risk for cash and cash equivalents is considered to be negligible since the counterparties are reputable banks with high quality external credit ratings.

The Company's credit risk arises principally from the Company's cash balances and the balances due to it from other Group undertakings. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The concentration of the Company's credit risk is considered by counterparty, geography and currency. During the year ended and as at 31 March 2016 the Company held minimal cash balances. In addition, as at 31 March 2016 the Company had provided long-term intercompany funding to its subsidiaries of £14.6 million (FY2015: £10.3 million), the Company's management consider that these financial assets that are not impaired are of good credit quality.

Liquidity risk analysis

The Group, together with the Company, manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term liabilities as well as forecast cash inflows and outflows due in day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis as well as on the basis of a rolling 60-day forecast and a rolling 13-week projection. Long-term liquidity needs for a 365-day lookout period are identified quarterly. Net cash requirements are compared to available borrowing facilities in order to determine headroom or any shortfalls.

The Group and the Company maintain cash and headroom to meet their liquidity requirements for 60-day periods at a minimum. Funding for long-term liquidity needs is additionally secured by an adequate amount of credit facilities and the ability to sell long-term investment in subsidiaries.

As at 31 March 2016, the liabilities that have contractual maturities (including interest payments where applicable) are summarised below:

	Current (<1 year) £000	Non-current (> 1 year) £000
31 March 2016		
Trade payables	10,376	-
Accruals and other payables	3,426	-
Short-term bank borrowings	6,200	-
Finance lease liabilities	429	1,212
Bank loans	859	2,203
Loan notes	(70)	2,941
Owed to Group undertakings	-	-
31 March 2015		
Trade payables	6,202	-
Accruals and other payables	3,721	-
Short-term bank borrowings	2,900	-
Finance lease liabilities	245	448
Bank loans	1,196	3,405
Loan notes	(70)	1,506
Owed to Group undertakings	-	-

The above amounts reflect the contractual undiscounted cash flows, which may differ to the carrying values of the liabilities at the reporting date. Where the counterparty has a choice of when an amount is paid the liability has been included on the earliest date on which payment can be required. The Directors are of the view that the fair value of borrowings approximate to their carrying value.

30 Capital management objectives

The Group's capital management objectives are:

- to ensure the Group's ability to continue as a going concern; and
- to provide an adequate return to shareholders

by pricing products and services commensurately with the level of risk. The Group funds itself through equity and debt, which is defined as bank borrowings, loan notes and finance leases.

The Group's capital is represented by the carrying amount of equity as presented on the face of the statement of financial position. The Group's long-term goal in capital management is to maintain a balance of capital to overall financing in the range 40% to 60% while maintaining net debt to trading EBITDA below the Group's target KPI of less than 2.0:1. At 31 March 2016 capital represented 75% of overall financing (FY2015: 66%) and net debt to trading EBITDA was 1.2:1 (FY2015: 1.2:1). The Board will continue to monitor developments in the Group's capital over FY2017. The Group has met all external capital requirements in the year ended 31 March 2016. The capital and overall financing for the reporting periods under review is summarised as follows:

	At 31 March 2016 £000	At 31 March 2015 £000
Total equity	25,808	15,441
Total equity	25,808	15,441
Net borrowings	8,639	7,860
Overall financing	34,447	23,301

31 Financial assets and liabilities

31.1 Categories of financial assets and liabilities

The carrying amounts presented in the financial statements relate to the following categories of assets and liabilities:

	At 31 March 2016 £000	At 31 March 2015 £000
Financial assets		
Current:		
Loans and receivables:		
- Trade and other receivables	20,414	15,269
- Cash and cash equivalents	5,135	1,769
Financial liabilities		
Current:		
Financial liabilities measured at amortised cost:		
- Trade payables	10,376	6,202
- Borrowings	7,418	4,270
Finance liabilities measured at fair value:		
- Derivatives	292	252
Non-current		
Financial liabilities measured at amortised cost:		
- Borrowings	6,356	5,359

See note 2.23 for a description of the accounting policies for each category of financial instrument. The fair values are presented in the related notes. A description of the Group's risk management objectives and policies for financial instruments is given in note 29.

31.2 Derivatives financial instruments

The fair value of forward foreign currency contracts is calculated by reference to current market rates for contracts with similar maturity profiles.

The derivative financial liabilities can be summarised as follows:

	At 31 March 2016 £000	At 31 March 2015 £000
Forward exchange contracts	292	252
Fair value of derivative financial liabilities	292	252

The Group uses forward exchange contracts to mitigate exchange rate exposure arising from forecast sales and purchases US Dollars and Euro respectively.

In the period a loss of £40,000 (2015: £294,000) was recognised in the consolidated income statements.

The fair value measurements of all of the above derivative financial liabilities fall into Level 2 of the fair value hierarchy. Valuation has been obtained from an external valuation report which compares the contractual deal rate with the spot rate at the 31 March 2016.

31.3 Financial results by category of financial instruments

The financial results by category of financial instruments can be summarised as follows:

	At 31 March 2016 £000	At 31 March 2015 £000
Loans and receivables – interest received	-	-
Financial liabilities measured at amortised cost – interest paid	(895)	(489)
Fair value movements on derivative financial instruments	(40)	(294)
	(935)	(783)

31.4 Borrowings

Borrowings comprise the following financial liabilities:

	Current		Non-current	
	At 31 March 2016 £000	At 31 March 2015 £000	At 31 March 2016 £000	At 31 March 2015 £000
Financial liabilities measured at amortised cost:				
Bank borrowings and loans	6,989	4,025	5,144	4,911
Finance lease liabilities	429	245	1,212	448
	7,418	4,270	6,356	5,359

The bank borrowings and loans are secured by fixed and floating charges over the Group assets. The rates of interest on these borrowings and loans are detailed in note 29. The above bank loans contain terms and conditions that are normal for the commercial banking market. A breakdown of net debt is given in note 23.

32 Related party transactions

The Group's related parties include its key management, post-employment benefit plans for the Group's employees and subsidiaries.

Unless otherwise stated, none of the transactions incorporate special terms and conditions. Outstanding balances are usually settled in cash.

Transactions with key management personnel
During the year the Group undertook transactions with key management personnel as set out below. Members of the Board of Directors are considered to be key management personnel.

Remuneration with key management personnel are disclosed in note 8 and in the Remuneration Committee's report.

In the prior year both Nicholas Flanagan and Ewan Lloyd-Baker subscribed to the Hayward Tyler Group PLC £3.0 million secured loan note programme. Loan notes issued in the programme bear a 7% coupon and will be repaid by the Group at the end of their three year term. In the year ended 31 March 2016 Nicholas Flanagan received interest of £5,264 (FY2015: £863) on his subscription of £75,000 and Ewan Lloyd-Baker received interest of £1,053 (FY2015: £172) on his subscription of £15,000, which is held through his holding in Platform Securities Nominees Limited. Both loan note subscriptions were made on an arm's length basis.

During the year, the Group received acquisition related consultancy services from Lloyd-Baker & Associates LLP, a firm of which Ewan Lloyd-Baker is a partner. The cost incurred in the year was £118,000 (2015: £nil). These services were provided on an arm's length basis.

During the year, the Group ordered machinery from Severn Drives & Energy Limited, a company of which Maurice Critchely is a Director, for its test facilities at the Centre of Excellence. The value of the order was £1,385,180 and the amount billed in the year was £377,730 (2015: £nil). This machinery was provided on an arm's length basis.

Transactions with post-employment benefit plans
The defined benefit plan referred to in note 28 is a related party to the Group.

The Group's transactions with the pension scheme include contributions paid to the plan, which are disclosed in note 28. The Group has not entered into other transactions with the pension scheme, neither has it any outstanding balances at the reporting dates under review.

Transactions with subsidiaries

Transactions and balances within the Group have been eliminated on consolidation. Balances between the Company and its subsidiaries at the year-end were as follows:

Company At 31 March	2016 £000	2015 £000
Amounts due from subsidiary undertakings:		
- Southbank UK Limited	6,982	7,862
- Hayward Tyler Group Limited	112	-
- Hayward Tyler Limited	5,508	2,417
- Peter Brotherhood Limited	1,865	-
	14,467	10,279
Amounts owed to subsidiary undertakings:		
- Nviro Cleantech Limited	(1)	-
- Hayward Tyler Limited	(2)	-
- Peter Brotherhood Limited	(5)	-
- Hayward Tyler Group Limited	-	(175)
	(8)	(175)

Amounts due from subsidiary undertakings represent intercompany funding. In the case of Southbank UK Limited funding has been provided to finance working capital, particularly for Hayward Tyler, and to finance debt repayments. Funding has been provided to Hayward Tyler Limited to finance the Centre of Excellence and working capital. Funding was provided to Peter Brotherhood to fund the acquisition and support working capital. Amounts owed to subsidiary undertakings relate to trading balances. From 1 April 2014 the intercompany funding has been converted to loans at market rates of interest with varying terms of between one to three years.

33 Commitments

	At 31 March 2016 £000	At 31 March 2015 £000
Contracted for but not provided for	2,274	4,660
	2,274	4,660

34 Equity

Share capital

The share capital of Hayward Tyler Group PLC consists of fully paid ordinary shares with a par value of 1 pence per share. Shares authorised and issued are summarised below.

	At 31 March 2016 £000	At 31 March 2015 £000
uthorised share capital:		
80,000,000 ordinary shares of 1p	800	800
	800	800

	At 31 March 2016		At 31 March 2015	
	No.	£000	No.	£000
Issued share capital:				
Allotted, called-up and fully paid				
At start of year	45,507,404	455	45,507,404	455
Issued in June 2015	294,118	3	-	-
Issued in November 2015	250,000	3	-	-
Issued in December 2015	9,333,334	93	-	-
At end of year	55,384,856	554	45,507,404	455

The Group issued restricted shares in relation to share-based payments representing 294,118 shares in June 2015 and 250,000 shares in November 2015 (see note 8). Restricted shares carry the same voting and dividend rights as ordinary shares.

The Group issued 9,333,334 shares on 15 December 2015, corresponding to 20.5% of total shares issued. Each share has the same right to receive dividends and the repayment of capital and represents one vote at a shareholders' meeting of Hayward Tyler Group PLC.

The Company did not own any of its own shares at 31 March 2016 (FY2015: 419,204).

Share premium

Share premium consists of proceeds received in addition to the nominal value of the shares issued, net of transaction costs.

Proceeds received in addition to the nominal value of the shares issued during the year have been included in share premium, less registration and other costs. The premium from the share issue during the year, less costs amounted to £7,994,743 (FY2015: £nil).

The sale of treasury shares in the period gave rise to a gain of £70,269 (FY2015: £nil). In accordance with the Companies Act (2006) this gain has been adjusted through share premium.

35 Non-cash adjustments and changes in working capital

The following non-cash flow adjustments and adjustments for changes in working capital have been made to profit before tax to arrive at operating cashflow.

	Year to 31 March 2016 £000	Year to 31 March 2015 £000
Non-cash adjustments:		
Amortisation of intangibles	257	193
Depreciation of property, plant and equipment	1,144	820
Finance costs	619	988
Interest income	-	-
Share based payment	110	-
Deferred tax	(253)	(158)
Loss on disposal of property, plant and equipment	118	10
Total adjustments	1,995	1,853
Net changes in working capital:		
Movement in inventories	5,152	1,762
Movement in trade and other receivables	(4,785)	(3,495)
Movement in trade and other payables	(820)	310
Movement in provisions	569	(185)
	116	(1,608)

Part (c)

HTG accounts for the year ended 31 March 2015

Independent Auditor's Report to the members of Hayward Tyler Group PLC

We have audited the financial statements of Hayward Tyler Group PLC for the year ended 31 March 2015 which comprise the Consolidated and Company Statements of Financial Position, the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Changes in Equity, the Group and Company Cashflow Statements and the related notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) (as adopted by the European Union).

This report is made solely to the Company's members, as a body, in accordance (Section 80C92) of the Isle of Man 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 Statement of Directors' Responsibilities as set out on page 54, the Directors are responsible for the preparation of the financial statements which 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 Group'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 Report and Accounts 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 Group's and of the Company's affairs as at 31 March 2015 and of the Group's profit for the year then ended
- have been properly prepared in accordance with IFRSs as adopted by the European Union

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Isle of Man Companies Acts 1931 to 2006 require us to report to you if, in our opinion:
- proper books of account have not been kept by the Company and proper 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' loans and remuneration specified by law are not made; or
- we have not obtained all the information and explanations which, to the best of our knowledge and belief, are necessary for the purpose of our audit.

Paul Naylor
Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Grant Thornton House
Milton Keynes
22 June 2015

Statement of Financial Position

	Notes	At 31 March 2015 £000	At 31 March 2014 £000
Non-current assets			
Goodwill	15	2,219	2,219
Other intangible assets	16	1,034	781
Investments	17	-	-
Property, plant and equipment	18	11,288	9,000
Deferred tax assets	21	2,555	3,312
Other debtors	20	806	-
Trade and other receivables	20	-	-
		17,902	15,312
Current assets			
Inventories	19	6,015	7,674
Trade and other receivables	20	16,599	11,872
Other current assets	20	1,139	870
Current tax assets	12	500	580
Financial assets - derivatives	30.2	-	41
Cash and cash equivalents	22	1,769	1,748
		26,022	22,785
Total assets		43,924	38,097
Current liabilities			
Trade and other payables	23	9,976	10,514
Borrowings	30.4	4,270	5,163
Provisions	25	884	1,070
Current tax liabilities	12	1,084	881
Other liabilities	24	3,722	2,755
Derivatives	30.2	252	-
Current liabilities		20,188	20,383
Net current assets		5,834	2,402
Total assets less current liabilities		23,736	17,714
Non-current liabilities			
Borrowings	30.4	5,359	4,933
Pension and other employee obligations	27	179	1,538
Other creditors	24	2,757	-
		8,295	6,471
Net assets		15,441	11,243
Equity			
Called-up share capital	33	455	455
Share premium account	33	28,705	28,705
Merger reserve		14,502	14,502
Treasury stock reserve		(274)	(274)
Reverse acquisition reserve		(19,973)	(19,973)
Other equity		18	18
Foreign currency translation reserve		238	(421)
Retained earnings		(8,230)	(11,769)
Total equity		15,441	11,243

Consolidated Income Statement

	Notes	Year to 31 March 2015			Year to 31 March 2014		
		£000 Trading	£000 Non-trading	£000 Total	£000 Trading	£000 Non-trading	£000 Total
Revenue	6	48,619	-	48,619	43,205	-	43,205
Cost of sales		(31,554)	-	(31,554)	(26,920)	-	(26,920)
Gross profit		17,065	-	17,065	16,285	-	16,285
Operating charges	2.5	(11,718)	-	(11,718)	(11,623)	-	(11,623)
Operating profit	7	5,347	-	5,347	4,662	-	4,662
Finance costs	2.5 & 10	(694)	-	(694)	(676)	(224)	(900)
Fair value of derivatives	2.5 & 10	(294)	-	(294)	41	-	41
Profit/(loss) before tax		4,359	-	4,359	4,027	(224)	3,803
Taxation	2.17 & 11	(1,210)	-	(1,210)	(1,068)	(455)	(1,523)
Profit/(loss) for the year		3,149	-	3,149	2,959	(679)	2,280
Basic earnings per share (pence)	13	6.98	-	6.98	6.51	(1.49)	5.02
Diluted earnings per share (pence)	13	6.98	-	6.98	6.51	(1.49)	5.02

Consolidated Statement of Comprehensive Income

	Year to 31 March 2015 £000	Year to 31 March 2014 £000
Profit for the year	3,149	2,280
Other comprehensive income/(loss):		
Items that will not be reclassified subsequently to profit and loss		
Remeasurement of net defined benefit liability	1,221	(113)
Income tax relating to items not reclassified	(256)	26
Items that will be reclassified subsequently to profit and loss		
Gain/(loss) on translation of overseas subsidiaries	659	(295)
Other comprehensive income for the year net of tax	1,624	(382)
Total comprehensive profit for the year	4,773	1,898
Attributable to		
Equity shareholders of the Company	4,773	1,898

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

Consolidated Statement of Changes in Equity

	Share Capital £000	Share Premium £000	Merger Reserve £000	Reserve Acquisition Reverse £000	Treasury Stock Reserve £000	Other Equity £000	Translation Reserve £000	Foreign Currency Retained Earnings £000	Total £000
Balance at 1 April 2013	455	28,705	14,502	(19,973)	-	18	(126)	(13,735)	9,846
Purchase of shares	-	-	-	-	(274)	-	-	-	(274)
Dividends	-	-	-	-	-	-	-	(227)	(227)
Transactions with owners	-	-	-	-	(274)	-	-	(227)	(501)
Profit for the year	-	-	-	-	-	-	-	2,280	2,280
Actuarial loss for the year on pension scheme (see note 27)	-	-	-	-	-	-	-	(113)	(113)
Deferred tax on actuarial movement on pension scheme	-	-	-	-	-	-	-	26	26
Loss on translation of overseas subsidiaries	-	-	-	-	-	-	(295)	-	(295)
Total comprehensive income/(loss)	-	-	-	-	-	-	(295)	2,193	1,898
Balance at 31 March 2014	455	28,705	14,502	(19,973)	(274)	18	(421)	(11,769)	11,243
Dividends	-	-	-	-	-	-	-	(575)	(575)
Transactions with owners	-	-	-	-	-	-	-	(575)	(575)
Profit for the year	-	-	-	-	-	-	-	3,149	3,149
Actuarial gain for the year on pension scheme (see note 27)	-	-	-	-	-	-	-	1,221	1,221
Deferred tax on actuarial movement on pension scheme	-	-	-	-	-	-	-	(256)	(256)
Gain on translation of overseas subsidiaries	-	-	-	-	-	-	659	-	659
Total comprehensive income/(loss)	-	-	-	-	-	-	659	4,114	4,773
Balance at 31 March 2015	455	28,705	14,502	(19,973)	(274)	18	238	(8,230)	15,441

Cash Flow Statement

	Notes	Year to 31 March 2015 £000	Year to 31 March 2014 £000
Operating activities			
Profit/(loss) before tax		4,359	3,803
Non-cash adjustment	34	2,001	1,739
Net changes in working capital	34	(1,976)	(2,007)
Profit on disposal of property, plant and equipment		10	10
Taxes paid		(426)	(345)
Net cash from operating activities		3,968	3,200
Investing activities			
Purchase of property, plant and equipment		(2,944)	(1,656)
Purchase of intangible assets		(446)	-
Interest received		-	-
Disposal of property, plant and equipment		(5)	(5)
Dividends received		-	-
Net cash used in investing activities		(3,395)	(1,661)
Financing activities			
Proceeds from borrowings		4,035	9,524
Repayment of borrowings		(4,626)	(8,516)
Re-banking costs		(199)	(415)
Purchase of treasury shares		-	(274)
Dividends paid		(575)	(227)
Drawdown of finance leases		364	294
Repayment of finance leases		(166)	(161)
Interest paid		(523)	(587)
Grant income received		1,138	-
Net cash from financing activities		(552)	(362)
Net change in cash and cash equivalents		21	1,177
Cash and cash equivalents at beginning of year		1,748	571
Cash and cash equivalents at end of year		1,769	1,748

Notes to the Financial Statements for the year to 31 March 2015

1. General information

Hayward Tyler Group PLC is incorporated and resident in the Isle of Man. The Company's registered office is Peregrine Corporate Services Limited, Burleigh Manor, Peel Road, Douglas, Isle of Man, IM1 5EP. The Company's principal place of business is 1 Kimpton Road, Luton, UK, LU1 3LD. Hayward Tyler Group PLC's shares are listed on the Alternative Investment Market (AIM).

Hayward Tyler Group PLC is the ultimate parent company of the Group and its consolidated financial statements are presented in Pounds Sterling (£), which is its functional currency. These consolidated financial statements have been approved for issue by the Board of Directors on 22 June 2015. The Directors have recommended a final dividend of 0.79 pence per share.

Established in the UK in 1815, Hayward Tyler designs, manufactures and services a comprehensive range of fluid filled electric motors and pumps. These units are custom designed to meet the most demanding of applications and environments. Focused on the power generation (conventional and nuclear), oil and gas (topside and deep subsea) and industrial markets, Hayward Tyler is a market leader in its technology solutions. Furthermore, Hayward Tyler supplies and services a range of mission critical motors and pumps for the Royal Navy submarine fleet in the UK. Hayward Tyler also undertakes service, overhaul and upgrading of third-party motor and pump equipment across all sectors.

In addition to the head office in Luton (England), Hayward Tyler has manufacturing and service support facilities in Kunshan (China), Delhi (India), East Kilbride (Scotland) and Vermont (USA). These facilities and staff provide cover 24 hours 7 days a week for maintenance, overhaul and repair.

2. Summary of significant accounting policies

2.1 Going concern

The consolidated financial statements have been prepared on a going concern basis. The Directors have taken note of the guidance issued by The Financial Reporting Council on Going Concern Assessments in determining that this is the appropriate basis of preparation of the financial statements and have considered a number of factors.

After making due enquiry, and having considered the Group's budget for the coming year and its projections through to 2018 together with its banking and borrowing arrangements, the Directors confirm that they have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Company continues to adopt the going concern basis of accounting in preparing the financial statements for the year ended 31 March 2015.

2.2 Basis of preparation

The consolidated financial statements for the year ended 31 March 2015 have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Isle of Man Companies Act 1931-2006. The financial statements have been prepared under the historical cost basis for the purposes of inclusion in this document with the exception of some financial instruments which are carried at fair value (see note 30) and freehold properties which are held at revalued amounts (see note 18). The accounting policies set out below have been consistently applied to all the periods presented. In accordance with the exemption by the Isle of Man Companies Act 2006 no separate income statement or Statement of Comprehensive Income is presented for the Company.

2.3 Basis of consolidation

The Group financial statements consolidate those of the Company and all of its subsidiary undertakings drawn up to 31 March 2015. Subsidiaries are entities over which the Group has the power to control the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

2.4 Business combinations

For business combinations occurring since 1 January 2010, the requirements of IFRS 3R have been applied. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are measured at their acquisition-date fair values.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of (a) fair value of consideration transferred, (b) the recognised amount of any non-controlling interest in the acquiree and (c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognised in profit or loss immediately.

2.5 Trading and non-trading

The consolidated income statement reports the results for the year under the headings Trading and Non-trading. Trading represents the underlying performance of Hayward Tyler together with head office costs. Non-trading represents non-recurring items, which include finance costs and deferred tax charge.

There are no Non-trading items in the current year. Non-trading in the prior year represented non-recurring items, which included re-banking costs of £0.2 million and a deferred tax charge, which represented the impact on the deferred tax asset of the reduction in the enacted UK corporation tax rate from 23% to 20% of £0.5 million.

2.6 Segmental reporting

In identifying its operating segments, management follows the Group's service lines, which represent the main products and services provided by the Group. The activities undertaken by the original equipment manufacturing segment ("OE") includes the design and manufacture of motors and pumps. The aftermarket segment ("AM") provides a comprehensive range of aftermarket services and spares supporting the Group's own product range as well as those of other original equipment manufacturers. Each of these operating segments is managed separately as they require different resources and have a different customer base, including sales and marketing approach. All inter-segment transfers are carried out at arm's length prices.

The measurement policies the Group uses for segment reporting under IFRS 8 are the same as those used in its financial statements, except that:

- post-employment benefit expenses;
- site modernisation costs and associated grant income;
- expenses relating to share-based payments;
- research costs relating to new business activities; and
- unallocated central costs

are not included in arriving at the operating profit of the operating segments. In addition, corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment. There have been no changes from prior periods in the measurement methods used to determine reported segment profit or loss.

2.7 Foreign currency translation

The consolidated financial statements are presented in Pounds Sterling, which is the Company's functional currency.

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). In the Group's financial statements, all assets, liabilities and transactions of the Group entities, with a functional currency other than the Pound Sterling (the Group's presentation currency) are translated into Pounds Sterling upon consolidation. The functional currencies of the entities in the Group have remained unchanged during the reporting period.

Transactions and balances

Foreign currency transactions are translated into the functional currency of the respective Group entity using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction (not retranslated). Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined.

Foreign subsidiaries

The assets and liabilities in the financial statements of foreign subsidiaries and related goodwill are translated at the rate of exchange ruling at the reporting date. Income and expenses are translated at the average rate. The exchange differences arising from the retranslation of the opening net investment in subsidiaries are recognised in other comprehensive income and accumulated in the "Foreign Currency Translation Reserve" in equity. On disposal of a foreign operation the cumulative translation differences are reclassified from equity to profit or loss when the gain or loss on disposal is recognised.

2.8 Property, plant and equipment

Land held for use in production or administration is stated at historical cost. As land is considered to have an unlimited useful life, related carrying amounts are not depreciated. Buildings for use in production or administration are initially recognised at acquisition cost and subsequently measured using the cost model, cost less accumulated depreciation and impairment losses.

Property and equipment held under finance leases are capitalised and included in property, plant and equipment. Such assets are depreciated on a straight line basis over their expected useful lives (determined by reference to comparable owned assets) or over the term of the lease, if shorter. Buildings are stated at cost or revaluation less depreciation and impairment losses. Equipment, furniture and fittings are stated at cost less depreciation and impairment losses. Depreciation is provided at rates calculated to write off the cost or revaluation of fixed assets, less their estimated residual value, over their expected useful lives. The following useful lives are applied:

Buildings	-	25 years
Plant and machinery	-	5-10 years
Fixtures and fittings	-	3-5 years
Short leasehold improvements	-	over period of lease

Material residual value estimates and estimates of the useful life are updated as required, but at least annually, whether or not the asset is revalued.

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss within ”other income” or ”other expenses”.

2.9 Leased assets

The economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards related to the ownership of the leased asset. The related asset is then recognised at the inception of the lease at the fair value of the leased asset or, if lower, the present value of the lease payments plus incidental payments, if any. A corresponding amount is recognised as a finance leasing liability. Leases of land and buildings are classified separately and are split into a land and a building element, in accordance with the relative fair values of the leasehold interests at the date the asset is recognised initially.

Depreciation methods and useful lives for assets held under finance lease agreements correspond to those applied to comparable assets which are legally owned by the Group. The corresponding finance leasing liability is reduced by lease payments, less finance charges, which are expensed as part of finance costs.

The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to profit or loss over the period of the lease.

All other leases are treated as operating leases. Payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

2.10 Goodwill

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised. Goodwill is carried at cost less accumulated impairment losses. Goodwill is considered to have an indefinite useful life. Refer to Note 2.12 for a description of impairment testing procedures.

2.11 Other intangible assets

Other intangible assets include capitalised development costs used in respect of the development of new pump and motor technology and product and process development. They are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful life. Management assess the useful life of group intangible assets to be in the range of five to ten years.

Costs that are directly attributable to the development phase of technology are recognised as an intangible asset, provided they meet the following recognition requirements:
- completion of the intangible asset to the development phase is technically feasible, so that it will be available for use or sale;
- the Group intends to complete the intangible asset and use or sell it;
- the Group has the ability to use or sell the intangible asset;
- the intangible asset will generate probable future economic benefits. Among other things, this requires that there be a market for the output from the intangible asset or for the intangible asset itself, or, if it is to be used internally, the asset will be used in generating such benefits;
- there are adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the expenditure attributable to the intangible asset during its development can be measured reliably.

Development costs not meeting these criteria for capitalisation are expensed as incurred.

Directly attributable costs include employee costs incurred on the development along with an appropriate portion of relevant overheads. Development costs recognised as an intangible asset are subject to the same subsequent measurement method. However, until completion of the development project, the assets are subject to impairment testing only as described below in the note on impairments.

2.12 Impairment testing of goodwill, other intangible assets and property, plant and equipment

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of a related business combination and represent the lowest level within the Group at which management monitors goodwill. Cash-generating units to which goodwill has been allocated (determined by the Group's management as equivalent to its operating segments) are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's (or cash-generating unit's) carrying amount exceeds its recoverable amount, which is the higher of fair value less costs of disposal and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect current market assessments of the time value of money and asset-specific risk factors.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

2.13 Investments

Investments in undertakings are recorded at fair value of consideration paid less impairment.

2.14 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises the direct purchase price, including all expenses directly attributable to the manufacturing process as well as suitable portions of related production overheads, based on normal operating capacity. Costs are assigned using the first in, first out cost formula. Net realisable value is the estimated selling price in the ordinary course of business less applicable variable selling expenses.

2.15 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments maturing within 90 days from the date of acquisition that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

2.16 Equity, reserves and dividend payments

Share capital represents the nominal value of shares that have been issued.

Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

The foreign currency translation reserve represents differences arising on the retranslation of net investments in overseas subsidiary undertakings, based on the rate of exchange ruling at the balance sheet date.

The merger reserve of £14.5 million includes £9.9 million arising as a result of the acquisition of Southbank in January 2010. The merger reserve represents the difference between the nominal value of the share capital issued by Hayward Tyler Group PLC and its fair value at 20 January 2010, the date of the acquisition.
The reverse acquisition reserve arises as a result of the method of accounting for the acquisition of Southbank by Hayward Tyler Group PLC. In accordance with IFRS 3 Business Combinations (Revised 2008) the acquisition has been accounted for as a reverse acquisition.

Retained earnings include all current and prior period retained profits.

Dividend distributions payable to equity shareholders are included in "other liabilities" when the dividends have been approved in a general meeting prior to the reporting date.

Treasury Stock

On 28 January 2014 the Company purchased 419,204 of its own shares at 65 pence per share. The costs of purchasing own shares held by the Company are shown as a deduction against equity.

2.17 Taxation

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.
Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Deferred income taxes are calculated using the liability method.

Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilised against future taxable income. This is assessed based on the Group's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit.

Deferred tax liabilities are generally recognised in full, although IAS 12 'Income Taxes' specifies limited exemptions. As a result of these exemptions the Group does not recognise deferred tax on temporary differences relating to goodwill, or to its investments in subsidiaries.

2.18 Post-employment benefits

The Group provides post-employment benefits through defined benefit plans as well as various defined contribution plans.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into an independent entity. The Group has no legal or constructive obligations to pay further contributions after its payment of the fixed contribution. The contributions are recognised as an employee benefit expense when they are due.

Plans that do not meet the definition of a defined contribution plan are defined benefit plans. Under the Group's defined benefit plans, the amount of pension benefit that an employee will receive on retirement is defined by reference to the employee's length of service and final salary. The legal obligation for any benefits remains with the Group, even if plan assets for funding the defined benefit plan have been set aside. Plan assets may include assets specifically designated to a long-term benefit fund as well as qualifying insurance policies.

The liability recognised in the statement of financial position for defined benefit plans is the present value of the defined benefit obligation (DBO) at the reporting date less the fair value of plan assets.

Management estimates the DBO annually with the assistance of independent actuaries. This is based on standard rates of inflation, salary growth rate and mortality. Discount factors are determined close to each year-end by reference to high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension liability.

Service cost on the Group's defined benefit plan is included in employee benefits expense. Employee contributions, all of which are independent of the number of years of service, are treated as a reduction of service cost. Net interest expense on the net defined benefit liability is included in finance costs. Gains and losses resulting from remeasurements of the net defined benefit liability are included in other comprehensive income.

2.19 Provisions, contingent liabilities and contingent assets

Provisions are recognised when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Group and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, for example, product warranties granted to a customer, legal disputes or onerous contracts.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

No liability is recognised if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities unless the outflow of resources is remote.

2.20 Revenue recognition

Revenue comprises revenue from the sale of goods and the rendering of services.

Revenue is measured at the fair value of consideration received or receivable and represents amounts obtained through trading activities, net of value added tax and trade discounts. The Group applies the revenue recognition criteria set out below to each separately identifiable component of the sales or service transaction in order to reflect the substance of the transaction. The consideration received from these transactions is allocated to the separately identifiable component by taking into account the relative fair value of each component.

Revenue is recognised when the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity, the costs incurred or to be incurred can be measured reliably, and when the criteria for each of the Group's different activities has been met. These activity-specific recognition criteria are based on the goods or solutions provided to the customer and the contract conditions in each case, and are described below.

Original equipment manufacture

The Group provides pumps and motors specifically customised to each customer. These contracts specify a fixed price for the development and installation of pumps and motors.

When the outcome can be assessed reliably, contract revenue and associated costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the reporting date. Revenue is measured at the fair value of consideration received or receivable in relation to that activity.

When the Group cannot measure the outcome of a contract reliably, revenue is recognised only to the extent of the contract costs incurred and to the extent that such costs are recoverable. Contract costs are recognised in the period in which they are incurred. When it is probable that total contract costs will exceed total contract revenue, the total expected loss is recognised immediately in profit or loss.

The stage of completion of any contract is assessed by management by taking into consideration all information available at the reporting date. The percentage of completion is calculated by comparing costs incurred to date with the total estimated costs of the contract.

The gross amount due from customers for contract work is presented as an asset within ”trade and other receivables” for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceeds progress billings. The gross amount due to customers for contract work is presented as a liability within ”trade and other payables” for all contracts in progress for which progress billings exceed costs incurred plus recognised profits (less losses).

Aftermarket
Revenue comprises the sale of spare parts and other aftermarket services, which is recognised when the Group has transferred to the buyer the significant risks and rewards of ownership of the goods and services supplied. Significant risks and rewards are generally considered to be transferred to the buyer when the customer has taken undisputed delivery of the goods and services.

Interest income
Interest income is recorded on an accrual basis using the effective interest method.

2.21 Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin. Expenditure for warranties is recognised and charged against the associated provision when the related revenue is recognised.

2.22 Borrowing costs

Borrowing costs primarily comprise interest on the Group’s borrowings. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, are capitalised as part of the cost of that asset when it is probable that they will result in future economic benefits and the costs can be measured reliably. All other borrowing costs are expensed in the period in which they are incurred and reported within “finance costs”.

2.23 Financial instruments

Financial assets and liabilities are recognised on the Group’s Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Financial assets and financial liabilities are measured initially at fair value plus transactions costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value.

Financial assets and financial liabilities are measured subsequently as described below.

Financial assets
For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition loans and receivables.

The category determines subsequent measurement and whether any resulting income and expense is recognised in profit or loss or in other comprehensive income.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within ”finance costs” or ”finance income”, except for impairment of trade receivables, which is presented within ”other expenses”.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method, less provision for

impairment. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents and trade and most other receivables fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other available features of shared credit risk characteristics. The impairment loss is then based on recent historical counterparty default rates for each identified group.

Financial liabilities
The Group's financial liabilities include borrowings, trade and other payables and derivative financial instruments.

Financial liabilities other than derivatives are measured subsequently at amortised cost using the effective interest method, except for financial liabilities held for trading or designated at fair value through profit or loss, that are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within "finance costs" or "finance income".

Derivative financial instruments
Derivatives are financial assets or financial liabilities classified as held for trading and recorded at fair value through profit and loss.

Due to certain customer contracts being settled in foreign currencies, the Group enters into forward exchange contracts and swaps in order to reduce the exposure to foreign currency risk.

2.24 Government Grants

During the year ended 31 March 2015 Hayward Tyler Limited, based in Luton, UK, was awarded a £3.5 million grant from the Regional Growth Fund. The accounting treatment for the grant is set out below.

A government grant is recognised only when there is reasonable assurance that (a) the Group will comply with any conditions attached to the grant and (b) the grant will be received.

A grant is recognised as income in the income statement over the period necessary to match it with the expense, to which it relates, on a systematic basis. For reporting purposes the grant income is deducted from the related expense. A grant relating to assets is presented as deferred income in the consolidated statement of financial position, and released over the life of the asset in line with depreciation.

In the year ended 31 March 2015 the Group has concluded that there is reasonable assurance that it will be able to comply with the Regional Growth Fund ("RGF") grant conditions. The grant is conditional upon the Luton manufacturing facility achieving a job target of 231 full time jobs at the Luton facility by 2024 and defraying a £21.6m on eligible spending by 2020. This eligible spending relates to the extension to the existing factory, plant and machinery, training, and research and development. Failure to hit either target could result in the repayment of part of the grant to the Department of Business Innovation and Skills. Accordingly, at inception of the grant the Group recognised a receivable for the full grant amount of £3.5 million, presented as an other debtor, and a deferred income liability of £3.5 million, presented as an other creditor. Subsequently in the year ended 31 March 2015, the receivable was reduced to £2.1m by £1.4m of grant income received as cash by the Company. Also in the year ended 31 March 2015, the deferred income liability was reduced to £3.2 million by £0.3 million of grant income that is recognised in the consolidated interim income statement. This grant income is included in operating charges as a deduction from related research, development and training expenses of £0.8 million.

In addition to the RGF programme, Hayward Tyler Limited is participating in the UK government's Civil Nuclear Sharing in Growth ("CNSiG") programme. This programme, which is given in-kind, provides training and development with a value of £1.15 million to bring the business' entire workforce to NVQ level 3 and above. The associated 'Fit for Nuclear' accreditation is focused on ensuring that Hayward Tyler is firmly positioned as a key supplier in the UK domestic supply chain for nuclear new build. During the current year £602,413 was received as an in-kind payment that will be utilised by the CNSiG programme to fund training and development in the following 12 months. The payment is included in other creditors in the statement of financial position.

3 Changes in accounting policies

New and revised standards that are effective for annual periods beginning on or after 1 January 2014
A number of new and revised standards are effective for annual periods beginning on or after 1 January 2014. Information on these new standards is presented below.

IFRIC 21 'Levies'
IFRIC 21 clarifies that:
- the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by the government's legislation. If this activity arises on a specific date within an accounting period then the entire obligation is recognised on that date; and
- the same recognition principles apply in the annual and interim financial statements. IFRIC 21 has no material effect on the annual financial statements but affects the allocation of the cost of certain property taxes between interim periods. The Group's past practice was to spread the cost of property taxes payable annually over the year, resulting in the recognition of a prepayment at interim reporting dates. The application of IFRIC 21 requires the Group to recognise the entire obligation as an expense at the beginning of the reporting period, which is the date specified in the relevant legislation.

IFRIC 21 has been applied retrospectively in accordance with its transitional provisions and had no material effect on the consolidated financial statements for any period presented.

Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)
These amendments clarify the application of certain offsetting criteria in IAS 32, including:
- the meaning of 'currently has a legally enforceable right of set-off'; and
- that some gross settlement mechanisms may be considered equivalent to net settlement.

The amendments have been applied retrospectively in accordance with their transitional provisions. As the Group does not currently present any of its financial assets and financial liabilities on a net basis using the provisions of IAS 32, these amendments had no material effect on the consolidated financial statements for any period presented.

Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36)
These amendments clarify that an entity is required to disclose the recoverable amount of an asset (or cash generating unit) whenever an impairment loss has been recognised or reversed in the period. In addition, they introduce several new disclosures required to be made when the recoverable amount of impaired assets is based on fair value less costs of disposal, including:
- additional information about fair value measurement including the applicable level of the fair value hierarchy, and a description of any valuation techniques used and key assumptions made; and
- the discount rates used if fair value less costs of disposal is measured using a present value technique.

The amendments have been applied retrospectively in accordance with their transitional provisions.

Standards, amendments and interpretation to existing standards that are not yet effective and have not been adopted early by the Group.

At the date of authorisation of these financial statements, certain new standards, and amendments to existing standards have been published by the IASB that are not yet effective, and have not been adopted early by the Group. Information on those expected to be relevant to the Group's financial statements is provided below.

Management anticipates that all relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement. New standards, interpretations and amendments not either adopted or listed below are not expected to have a material impact on the Group's financial statements.

IFRS 9 Financial Instruments (effective from 1 January 2015)
The IASB aims to replace IAS 39 Financial Instruments: Recognition and Measurement in its entirety. The replacement standard (IFRS 9) is being issued in phases. To date, the chapters dealing with recognition, classification, measurement and derecognition of financial assets and liabilities have been issued. These chapters are effective for annual periods beginning 1 January 2015. Further chapters dealing with impairment methodology and hedge accounting are still being developed.

The Group's management have yet to assess the impact of IFRS 9 on these consolidated financial statements. The new standard is required to be applied for annual reporting periods beginning on or after 1 January 2018.

IFRS 15 'Revenue from Contracts with Customers'
IFRS 15 presents new requirements for the recognition of revenue, replacing IAS 18 'Revenue', IAS 11 'Construction Contracts', and several revenue-related Interpretations. The new standard establishes a control-based revenue recognition model and provides additional guidance in many areas not covered in detail under existing IFRSs, including how to account for arrangements with multiple performance obligations, variable pricing, customer refund rights, supplier repurchase options, and other common complexities.

IFRS 15 is effective for reporting periods beginning on or after 1 January 2017. The Group's management have not yet assessed the impact of IFRS 15 on these consolidated financial statements.

Amendments to IFRS 11 Joint Arrangements
These amendments provide guidance on the accounting for acquisitions of interests in joint operations constituting a business. The amendments require all such transactions to be accounted for using the principles on business combinations accounting in IFRS 3 'Business Combinations' and other IFRSs except where those principles conflict with IFRS 11. Acquisitions of interests in joint ventures are not impacted by this new guidance.

Accordingly, if adopted today, these amendments would not have a material impact on the consolidated financial statements.

The amendments are effective for reporting periods beginning on or after 1 January 2016.

4 Significant management judgements in applying accounting policies

The following are significant management judgements in applying accounting policies of the Group that have the most effect on the financial statements.

Internally generated development costs
Management monitors progress of internal research and development projects by using a project management system. Significant judgement is required in distinguishing research from the development phase. Development costs are recognised as an asset when all the criteria are met, whereas research costs are expensed as incurred.

To distinguish any research-type project phase from the development phase, it is the Group's accounting policy to also require a detailed forecast of sales or cost savings expected to be generated by the intangible asset. The forecast is incorporated into the Group's overall budget forecast as the capitalisation of development costs commences. This ensures that managerial accounting, impairment testing procedures and accounting for internally-generated intangible assets is based on the same data.

The Group's management also monitors whether the recognition requirements for development costs continue to be met and an assessment made of its recoverability. This is necessary as the economic success of any product development is uncertain and may be subject to future technical problems after the time of recognition.

Revenue recognition – original equipment manufacture
The stage of completion of a contract is assessed by management taking into consideration all information available at the reporting date. In this process management carries out significant judgements about milestones, actual work performed and the estimated costs to complete the work. Further information on the Group's accounting policy for contracts is in note 2.20.

Deferred tax assets
The assessment of the probability of future taxable income in which deferred tax assets can be utilised is based on the Group's latest approved budget forecast, which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. The tax rules in the numerous jurisdictions in which the Group operates are also carefully taken into consideration. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilised without a time limit,
that deferred tax asset is usually recognised in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

Leases
In applying the classification of leases in IAS 17, management considers its leases of equipment as finance lease arrangements. In some cases, the lease transaction is not always conclusive, and management uses judgement in determining whether the lease is a finance lease arrangement that transfers substantially all the risks and rewards incidental to ownership.

5 Estimation uncertainty

When preparing financial statements management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses.

The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Original equipment revenue
The stage of completion of any contract is assessed by management by taking into consideration all information available at the reporting date. In this process management formulates estimates regarding actual work performed and the estimated costs to complete the work.

Deferred tax asset – refer to note 21
The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry-forwards can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

Defined benefit pension liability – refer to note 27
Management estimates the defined benefit pension liability annually with the assistance of independent actuaries; however, the actual outcome may vary due to estimation uncertainties. The estimate of its defined benefit pension gross liability of £14.1 million (FY2014: £13.1 million) is based on standard rates of inflation and mortality. The estimate does not include anticipation of future salary increases, as there are no members with benefits related to future salary progression. Discount factors are determined close to each period end by reference to high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability. Estimation uncertainties exist particularly with regard to medical cost trends, which may vary significantly in future appraisals of the Group's defined benefit pension obligations. The value of the defined benefit pension liability at 31 March 2015 was £0.2 million (FY2014: £1.5 million).

Provisions – refer to note 25
The amount recognised for warranties for which customers are covered for the cost of repairs is estimated based on management's past experience, current knowledge and future expectation that defects may arise. The value of warranty provisions at 31 March 2015 was £0.6 million (FY2014: £0.4 million).

Goodwill – refer to note 15
Management carry out impairment tests at each reporting date and indicate present values of future cash flows in respect of both the OE and AM divisions are far in excess of the carrying values of the associated assets including goodwill such that management considers the likelihood of any impairment arriving to be remote.

6 Segment information

Management currently identifies the Group's two service lines, OE and AM, as operating segments. The activities undertaken by the OE segment include the manufacture of pumps and motors. The activities of the AM division include the servicing of, and provision of spares for, a wide range of pumps and motors.

Segment information can be analysed as follows for the reporting periods under review:

Year to 31 March 2015	OE £000	AM £000	Total £000
Segment revenues from:			
External customers	19,689	28,930	48,619
Other segments	0	0	0
Segment revenues	19,689	28,930	48,619
Cost and expenses	(19,961)	(21,289)	(41,250)
Segment operating profit	(272)	7,641	7,369
Segment assets	19,076	14,958	34,034

Year to 31 March 2014*	OE £000	AM £000	Total £000
Segment revenues from:			
External customers	17,501	25,704	43,205
Other segments	0	0	0
Segment revenues	17,501	25,704	43,205
Cost and expenses	(17,284)	(19,217)	(36,501)
Segment operating profit	217	6,487	6,704
Segment assets	12,971	11,583	24,554

The Group's revenues from external customers and its non-current assets (other than goodwill and deferred tax assets) are divided into the following geographical areas:

	31 March 2015		31 March 2014	
	Revenue £000	Non-current Assets £000	Revenue £000	Non-current Assets £000
United Kingdom	6,008	13,058	4,007	8,450
USA	11,577	1,205	10,829	1,198
Other countries	31,034	180	28,369	133
	48,619	14,443	43,205	9,781

Revenues from external customers in the Group's domicile, United Kingdom, as well as its major market, the USA, have been identified on the basis of the customers' geographical location. Non-current assets are allocated based on their physical location.

No customer represented greater than 10% of Group revenue in the year to 31 March 2015 or in the year to 31 March 2014.

The totals presented for the Group's operating segments reconcile to the entity's key financial figures as presented in its financial statements as follows:

	Year to 31 March 2015 £000	Year to 31 March 2014* £000
Segment revenues		
Segment revenues	48,619	43,205
Elimination of inter-segmental revenues	-	-
	48,619	43,205
Segment profit		
Segment operating profit	7,369	6,704
Centre of Excellence expenses net of grant income	(548)	-
Site modernisation	-	(243)
Other operating costs not allocated	(1,378)	(1,489)
Foreign currency exchange differences	(96)	(310)
Operating profit	5,347	4,662
Finance costs plus fair value of derivatives	(988)	(859)
Group profit before tax	4,359	3,803

Segment total assets can be reconciled to Group assets as follows:

	At 31 March 2015 £000	At 31 March 2014 £000
Segment total assets		
Total segment assets	34,034	24,554
Group assets	48,062	56,406
Consolidation adjustments	(38,172)	(42,863)
Group total assets	43,924	38,097

*The revenue figures presented in the tables above for the year to 31 March 2014 have been restated from those presented in the prior year financial statements to amend the value of revenues disclosed from external customers and other segments. The amendment does not change the total segment revenues for the year to 31 March 2014.

7 Operating profit

Operating profit is stated after charging:

	Year to 31 March 2015 £000	Year to 31 March 2014 £000
Depreciation of owned assets	719	580
Depreciation of assets held under finance leases	101	106
Amortisation of other intangible assets	193	194
Auditor's remuneration:		
Audit services:		
- Fees payable to the Company's auditor for the audit of the Company's annual accounts	16	16
- The audit of the Company's subsidiaries pursuant to legislation	110	106
Other services:		
- Taxation services	-	-
- Other services	-	48
Rentals under operating leases:		
- Land and buildings	205	245
- Plant and equipment	300	111
Foreign currency exchange differences – loss	96	310
Research and developments costs	203	487

Foreign currency exchange differences relate to realised losses on receipts and payments together with an unrealised loss arising on the retranslation of net current assets.

8 Employee remuneration

Employee benefits expense

The employee benefit expense during the year was as follows:

	Year to 31 March 2015 £000	Year to 31 March 2014 £000
Wages and salaries	13,686	11,504
Social security costs	1,246	1,078
Redundancy costs	111	677
Pension costs	784	709
	15,827	13,968

The average numbers of employees during the year were as follows:

	Year to 31 March 2015	Year to 31 March 2014
OE and AM	188	177
General and administration	122	105
Selling	35	36
	345	318

Key management personnel

Key management of the Group are members of the Board of Directors in Hayward Tyler Group PLC.

Remuneration in respect of the Directors including employer's national insurance cost was as follows:

	Year to 31 March 2015 £000	Year to 31 March 2014 £000
Short-term employee benefits	689	484
Employer's National Insurance Contributions	78	50
	767	534

The amounts set out above include remuneration in respect of the highest paid Director as follows:

	Year to 31 March 2015 £000	Year to 31 March 2014 £000
Short-term employee benefits	332	223
Employer's National Insurance Contributions	44	30
	376	253

None of the Directors participate in the Group's defined benefit plan. Details of related party transactions are given in note 31 to the financial statements.

9 EBITDA

Earnings before interest, tax, depreciation and amortisation are as follows:

	Year to 31 March 2015 £000	Year to 31 March 2014 £000
EBITDA		
Operating profit	5,347	4,662
Depreciation and amortisation	1,013	880
	6,360	5,542

10 Finance costs

	Year to 31 March 2015 £000	Year to 31 March 2014 £000
Interest payable on bank borrowing	496	609
Finance costs of pensions	62	67
Finance charges – re-banking	136	224
Loss/(gain) arising on fair value of derivative contracts	294	(41)
	988	859

11 Income tax expense

(a) Analysis of total tax charge

	Year to 31 March 2015 £000	Year to 31 March 2014 £000
Current tax		
UK corporation tax at 21% (FY2014: 23%)	-	-
Amounts over provided in prior years	-	-
Overseas taxation	674	841
Adjustment in respect of prior year	35	(21)
Total current tax	709	820
Deferred tax		
Accelerated capital allowances	109	(69)
Losses available for offset against future taxable income	400	487
Retirement benefit obligations	286	4
Less movement recorded in other comprehensive income	(256)	26
Other temporary differences	43	(122)
Derivatives	(62)	9
Effect of change in tax rate	(34)	455
Amounts under/(over) provided in prior years	15	(87)
Total deferred tax	501	703
Tax charge reported in the income statement	1,210	1,523

(b) Reconciliation of profit before tax total to tax charge

The relationship between the expected tax expense based on the domestic effective tax rate of Hayward Tyler Group PLC at 21% (FY2014: 23%) and the reported tax expense in the income statement is set out below, which also shows the major components of tax expense:

	Year to 31 March 2015 £000	Year to 31 March 2014 £000
Profit before tax	4,359	3,803
Domestic tax rate for Hayward Tyler Group PLC	21%	23%
Expected tax charge	915	875
Adjustment for tax-rate differences in foreign jurisdictions	265	295
Deferred tax not recognised and effect of tax rate change	(116)	381
Amounts over provided in prior years	50	(87)
Adjustment for non-deductible expenses	96	59
Tax charge	1,210	1,523

Note 21 provides information on the entity's deferred tax assets and liabilities, including the amounts recognised directly in the income statement.

12 Income tax asset/(liability)

	At 31 March 2015 £000	At 31 March 2014 £000
Current tax assets	500	580
Current tax liabilities	(1,084)	(881)
Income tax payable	(584)	(301)

13 Earnings per share

The calculation of the basic earnings per share is based on the earnings attributable to ordinary shareholders divided by the weighted average number of shares in issue during the year.

The calculation of diluted earnings per share is based on the basic earnings per share, adjusted to allow for the issue of shares and the post-tax effect of dividends and/or interest, on the assumed conversion of all dilutive options and other dilutive potential ordinary shares.

	Year to 31 March 2015 £000	Year to 31 March 2014 £000
Earnings per share calculations only		
Profit attributable to ordinary shareholders:		
Profit for the year (£000)	3,149	2,280
Weighted average number of shares (used for basic earnings per share)	45,088,200	45,436,197
Weighted average number of shares	45,088,200	45,436,197
Basic earnings per share (pence)	6.98	5.02
Diluted earnings per share (pence)	6.98	5.02

Dividends

An interim dividend of 0.525 pence per ordinary share was declared during the year representing a total of £238,913 (FY2014: £227,536).

14 Dividends

	Year to 31 March 2015		Year to 31 March 2014	
	Pence per share	£000	Pence per share	£000
Paid in the year				
Interim dividend – current year	0.525	237	0.500	227
Final dividend – in respect of prior year	0.750	338	-	-
Total	1.275	575	0.500	227

A final dividend of 0.79 pence per share payable on 28 August 2015 is proposed subject to shareholder approval.

15 Goodwill

The net carrying amount of goodwill can be analysed as follows:

	At 31 March 2015 £000	At 31 March 2014 £000
Gross carrying amount		
Carrying amount at start of year	2,219	2,219
Carrying amount at end of year	2,219	2,219

Impairment testing

For the purpose of annual impairment testing, goodwill is allocated to the operating segments expected to benefit from the synergies of the business combinations in which the goodwill rises, as follows:

	At 31 March 2015 £000	At 31 March 2014 £000
OE	368	368
AM	1,851	1,851
Carrying amount at end of year	2,219	2,219

The recoverable amount of each segment was determined based on value-in-use calculations, covering a detailed three-year forecast, followed by an extrapolation of expected cash flows for the remaining useful lives using a declining growth rate determined by management.

The key assumptions used in the calculations were:

- the forecast operating cash flows for the next five years and a terminal value of such flows based on approved budgets and plans. These budgets and plans are based on past performance, current orders, future order pipeline and expectations for the market development of the CGU, taking into account the current economic climate and forecast assumptions (both internal and external where appropriate) around the relevant product markets;

- an estimate of the long-term growth rate for the CGU representing management's best estimate of future long-term growth in the respective divisions, taking into account both internal and external projections for the markets in which they operate. The growth rate used for the first five years was 10% which has been based on a review of historic growth rates over the last one to five years. The terminal growth rate used was 2%, which is based on the UK's long-term consumer price index growth rate; and

- a discount rate of 9.68% was used to discount future cash flows and reflects management's estimate of the weighted average cost of capital of the Group.

Impairment test are carried out at each reporting date and indicate present values of future cash flows in respect of both the OE and AM divisions are far in excess of the carrying values of the associated assets including goodwill such that management considers the likelihood of any impairment arising to be remote.

16 Other intangible assets

The Group's other intangible assets comprise solely internally generated development costs (see note 2.11). The net carrying amounts for the reporting periods under review can be analysed as follows:

	At 31 March 2015 £000	At 31 March 2014 £000
Gross carrying amount		
Balance at start of year	1,713	1,713
Additions	446	-
Balance at end of year	2,159	1,713
Accumulated amortisation and impairment		
Balance at start of year	932	738
Amortisation	193	194
Balance at end of year	1,125	932
Carrying amount at end of year	1,034	781

The amortisation charge for the year is included within operating charges and disclosed in note 7.

The main material asset included above is the development of the subsea motor which has a carrying value of £444,990 at 31 March 2015.

17 Investments

The Company had the following investments in subsidiary undertakings:

	At 31 March 2015 £000	At 31 March 2014 £000
Gross value of investments		
Balance at start of year	27,916	27,916
Additions	-	-
Balance at end of year	27,916	27,916
Provision for impairment		
Balance at start of year	20,193	20,193
Impairment in year	-	-
Balance at end of year	20,193	20,193
Net book value at end of year	7,723	7,723

The Company owns more than 20% of the following companies:

Name of company	Place of incorporation	% ownership/ voting power	Principal activity
Southbank UK Limited	England & Wales	100	Holding company
Redglade Associates Limited	England & Wales	100	Property
Redglade Investments Limited	England & Wales	100	Property
Hayward Tyler Group Limited	England & Wales	100	Holding company
Hayward Tyler Limited	England & Wales	100	Trading
Hayward Tyler (UK) Limited	England & Wales	100	Dormant
Varley Pumps Limited	England & Wales	100	Dormant
Hayward Tyler Subsea Limited	England & Wales	100	Dormant
Hayward Tyler Holdings Limited	England & Wales	100	Holding company
Hayward Tyler Holding Inc	USA	100	Holding company
Hayward Tyler Inc	USA	100	Trading
Hayward Tyler Pumps (Kunshan) Co Limited	China	100	Trading
Hayward Tyler India PTE Limited	India	100	Trading
Appleton & Howard Limited	England & Wales	100	Dormant
Hayward Tyler Fluid Dynamics Limited	England & Wales	100	Dormant
Hayward Tyler Fluid Handling Limited	England & Wales	100	Trading
Hayward Tyler Services Limited	England & Wales	100	Dormant
Specialist Energy Group Trustee Limited	England & Wales	100	Acts as employee benefit trust
Hayward Tyler Pension Plan Trustees Limited	England & Wales	100	Manages pension scheme
Sumo Pumps Limited	England & Wales	100	Dormant
Hayward Tyler Engineered Products Limited	England & Wales	100	Dormant
Capital Engineering Services Limited	England & Wales	100	Dormant
Credit Montague Limited	England & Wales	100	Dormant
Mullins Limited	England & Wales	100	Dormant
Nviro Cleantech Limited	England & Wales	100	Holding company
Laseair Limited	England & Wales	80	Dissolved[1]
Microrelease Limited	England & Wales	80	Dissolved[1]
Organotect Inc	USA	65	No longer trading
Nviro Cleantech Inc	USA	100	Holding company
Vertus Technologies US LLC	USA	100	Holding company
Vertus Technologies Industrial LLC	USA	100	No longer trading
Vertus Technologies Limited	Cayman Islands	100	Holding company
Nviro Cleantech Limited	Cayman Islands	100	Holding company

[1] *Dissolved on 5 May 2015*

All companies are owned indirectly by Hayward Tyler Group PLC except for Southbank UK Limited, Specialist Energy Group Trustee Limited and Nviro Cleantech Limited (which are owned directly) and the results for all have been included within the consolidation.

18 Property, plant and equipment

The Group's property, plant and equipment comprise primarily land, buildings, plant and machinery, and fixtures and fittings. The carrying amount can be analysed as follows:

Group	Freehold land and buildings £000	Short leasehold improvements £000	Plant and machinery £000	Fixtures and fittings £000	Total £000
Gross carrying amount					
Balance at 1 April 2014	8,622	1,694	10,212	3,121	23,649
Exchange adjustments	-	102	453	119	674
Additions	1,894	186	677	187	2,944
Reclassification	-	-	(3)	3	-
Disposals	-	-	(990)	-	(990)
Balance at 31 March 2015	10,516	1,982	10,349	3,430	26,277
Depreciation and impairment					
Balance at 1 April 2014	3,001	903	8,236	2,509	14,649
Exchange adjustments	-	68	363	74	505
Reclassification	-	-	-	-	-
Disposals	-	-	(985)	-	(985)
Charge for the year	47	129	418	226	820
Balance at 31 March 2015	3,048	1,100	8,032	2,809	14,989
Carrying amount at 31 March 2015	7,468	882	2,317	621	11,288
Gross carrying amount					
Balance at 1 April 2013	8,622	835	11,569	3,578	24,604
Exchange adjustments	-	(64)	(332)	(88)	(484)
Additions	-	583	741	448	1,772
Reclassification	-	340	(310)	(30)	-
Disposals	-	-	(1,456)	(787)	(2,243)
Balance at 31 March 2014	8,622	1,694	10,212	3,121	23,649
Depreciation and impairment					
Balance at 1 April 2013	2,959	604	9,852	3,154	16,569
Exchange adjustments	-	(51)	(270)	(48)	(369)
Reclassification	-	275	(273)	(2)	-
Disposals	-	-	(1,454)	(783)	(2,237)
Charge for the year	42	75	381	188	686
Balance at 31 March 2014	3,001	903	8,236	2,509	14,649
Carrying amount at 31 March 2014	5,621	791	1,976	612	9,000

The Group's freehold land and buildings were valued by independent valuers for the financial statements for the year ended 31 December 2011 and an impairment charge was made at that date. The Directors believe that there has been no further impairment of the property since that date. Fair value of freehold land and buildings do not have quoted prices and have been determined based on professional appraisals that would be classified as Level 3 of the fair value hierarchy as defined in IFRS 13 "Fair Value Measurement".

If the cost model had been used, the carrying amount of land and buildings would be £6,355,655 (FY2014: £6,494,375). Revaluation previously has only ever resulted in a decrease arising, as a consequence there is no revaluation surplus.

All depreciation charges are included within operating charges and disclosed in note 7.

The Group's land and buildings have been pledged as security for term loans.

The carrying value of assets under finance leases included in plant and machinery amounted to £937,503 (FY2014: £707,000). The depreciation charged to the financial statements in the year in respect of finance leased assets amounted to £101,195 (FY2014: £106,000).

19 Inventories

Inventories recognised in the statement of financial position can be analysed as follows:

	At 31 March 2015 £000	At 31 March 2014 £000
Raw materials and consumables	2,931	2,944
Work in progress	1,044	2,939
Finished goods and goods for resale	2,040	1,791
	6,015	7,674

In the year ended 31 March 2015, total inventory included in expenses amounted to £19,960,000 (FY2014: £16,810,000).

20 Trade and other receivables

	At 31 March 2015 £000	At 31 March 2014 £000
Current		
Trade receivables	10,659	7,793
Less: provision for impairment of receivables	(139)	(88)
Trade receivables – net	10,520	7,705
Gross amounts due from customers	4,493	4,031
Other receivables	286	136
Other debtors	1,300	-
Due from Group undertakings	-	-
Trade and other receivables	16,599	11,872
Prepayments	911	587
VAT recoverable	228	283
Other current assets	1,139	870
Total current trade and other receivables	17,738	12,742

	At 31 March 2015 £000	At 31 March 2014 £000
Non current		
Due from Group undertakings	-	-
Other debtors	806	-
Trade and other receivables	806	-
Total non current trade and other receivables	806	-

The Directors believe that the carrying amounts of trade and other receivables approximate their fair values. The receivables are short term and non-interest bearing.

All of the Group's trade and other receivables have been reviewed for indicators of impairment. Certain trade receivables were found to be impaired and an allowance for credit losses of £0.1 million (FY2014: £0.1 million) has been made.

The movement in the provision for credit losses can be reconciled as follows:

	At 31 March 2015 £000	At 31 March 2014 £000
Balance at start of year	88	717
Charge for the year	53	51
Impairment reversals	(2)	(89)
Amounts utilised in the year	-	(591)
Balance at end of year	139	88

An analysis of unimpaired trade receivables that are past due is given in note 28.

21 Deferred tax assets

Deferred tax movements for the year arising from temporary differences and unused tax losses of the Group can be summarised as follows:

	At 31 March 2015 £000	At 31 March 2014 £000
Balance at start of year	3,312	3,989
Charge to income statement for the year (note 11)	(501)	(703)
Charge to other comprehensive income	(256)	26
Balance at end of year	2,555	3,312

Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available in future against which deductible temporary differences can be utilised. This recognition is supported by the underlying profitability of the Group in the year ended 31 March 2015 and the future projected profitability of the Group. No deferred tax asset has been recognised on tax losses of £0.1 million (FY2014: £0.6 million).

Deferred tax assets

	Balance at 1 April 2014 £000	Charge to income for the year £000	Credit to other comprehensive income for the year £000	Balance at 31 March 2015 £000
Accelerated tax depreciation	8	(162)	-	(154)
Retirement benefit obligations	308	(16)	(256)	36
Tax losses	2,856	(251)	-	2,605
Derivatives	(8)	58	-	50
Temporary differences	148	(130)	-	18
Total	3,312	(501)	(256)	2,555

	Charge Balance at 1 April 2013 £000	Credit to other to income for the year £000	comprehensive income for the year £000	Balance at 31 March 2014 £000
Accelerated tax depreciation	(66)	74	-	8
Retirement benefit obligations	358	(76)	26	308
Tax losses	3,710	(854)	-	2,856
Derivatives	-	(8)	-	(8)
Temporary differences	(13)	161	-	148
Total	3,989	(703)	26	3,312

22 Cash and Cash equivalents

Cash and cash equivalents included the following components:

	At 31 March 2015 £000	At 31 March 2014 £000
Cash at bank and in hand:		
GBP	896	1,487
USD	608	39
EUR	39	33
Other	226	189
	1,769	1,748

At 31 March 2015 the Group had the following undrawn facilities:

	At 31 March 2015 £000	At 31 March 2014 £000
Revolving credit facilities	5,851	2,094
Corporate charge card facility	84	49

The bank revolving credit facilities and loans are secured by fixed and floating charges over the Group's assets.

The short-term bank borrowings under the revolving credit facilities have been classified under borrowings in Hayward Tyler Group PLC. A breakdown of cash and borrowings is set out below:

	At 31 March 2015 £000	At 31 March 2014 £000
Cash at bank and in hand	1,769	1,748
Short-term bank borrowings	(3,145)	(3,806)
Short-term bank loans	(1,125)	(1,357)
Non-current bank loans	(5,359)	(4,933)
Net debt	(7,860)	(8,348)

The Directors consider that the carrying amount of the cash and cash equivalents approximates to their fair value.

23 Trade and other payables

	At 31 March 2015 £000	At 31 March 2014 £000
Trade payables	6,202	4,841
Payments on account	3,410	5,451
Social security and other taxes	364	222
Due to Group undertakings	-	-
Trade and other payables	9,976	10,514

The carrying amounts of trade and other payables approximate to their fair values. All amounts shown above are short-term liabilities and are accruing no interest.

24 Other liabilities

Other liabilities can be summarised as follows:

	At 31 March 2015 £000	At 31 March 2014 £000
Current		
Accruals	2,506	2,682
Other payables	1,216	73
	3,722	2,755

	At 31 March 2015 £000	At 31 March 2014 £000
Non current		
Other creditors – deferred income	2,757	-
	2,757	-

25 Provisions

	At 31 March 2015 £000	At 31 March 2014 £000
Annual leave	156	145
Warranty	631	394
Liquidated damages	21	-
Loss making contracts	76	531
	884	1,070

All provisions are considered current. The carrying amounts may be analysed as follows:

	Annual leave £000	Warranty £000	Liquidated damages £000	Loss making contracts £000	Total £000
Carrying amount at start of year	145	394	-	531	1,070
Exchange differences	5	-	-	-	5
Additional provisions	25	609	21	76	731
Unused amounts reversed	-	(79)	-	-	(79)
Amount utilised	(19)	(293)	-	(531)	(843)
Carrying amount at end of year	156	631	21	76	884

Annual leave provision
Paid holidays are regarded as an employee benefit and are charged to the profit or loss as the benefit is earned. A provision is made at the balance sheet date to reflect the present value of the holidays earned but not taken.

Warranty provision
Provisions for warranty work represent the estimated cost of work provided under the terms of the contracts with customers with reference to the length and unexpired portion of the terms provided.

Liquidated damages
Provisions for liquidated damages are the liabilities estimated to arise on the expected delay in shipment of contracts that have been shipped prior to 31 March 2015. There were minor expected delays in the year.

Loss making contracts
Provisions for loss making contracts are the estimated total costs that exceed the total revenues from contracts that are in progress at the reporting date.

26 Leases

Finance Leases

The Group leases various equipment under finance lease arrangements. The net carrying amount of the assets held under finance lease arrangements is £937,503 (FY2014: £707,000). The assets are included under "Plant and Machinery", which form an integral part of "property, plant and equipment" (see note 18).

The future aggregate minimum finance lease payments are as follows:

	At 31 March 2015		At 31 March 2014	
	Minimum payments £000	Present value of payments £000	Minimum payments £000	Present value of payments £000
No later than 1 year	272	250	180	167
Later than 1 year and no later than 5 years	583	450	447	335
	855	700	627	502
Less: Amounts representing finance charges	(155)	-	(125)	-
Present value of minimum lease payments	700	-	502	-

The lease agreement for the equipment includes fixed lease payments and a purchase option at the end of the lease term. The agreement is non-cancellable but does not contain any further restrictions. No contingent rents were recognised as an expense in the reporting periods under review.

Operating leases

The Group leases various offices, vehicles and equipment under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.
The future aggregate minimum lease payments under non-cancellable operating leases are:

	At 31 March 2015 £000	At 31 March 2014 £000
No later than 1 year	142	187
Later than 1 year and no later than 5 years	175	145
	317	332

Lease payments recognised as an expense during the period are shown in note 7. The Group's operating lease agreements do not contain any contingent rent clauses.

27 Pensions and other employee obligations

Within the UK the Group operates a defined benefit plan with benefits linked to final salary and a defined contribution plan. With effect from 1 June 2003 the defined benefit plan was closed to new UK employees who are offered membership of the defined contribution plan. The majority of UK employees are members of one of these arrangements. The method used in assessing the scheme liabilities is the projected unit method. A full valuation of the pension scheme is produced every three years (the last one being as at 1 January 2014) and updated annually to 31 March 2015 by independent qualified actuaries.

The Group operates a defined benefit pension arrangement called the Hayward Tyler Pension Plan (the "Plan"). The Plan provides benefits based on final salary and length of service on retirement, leaving service or death.

The Plan is subject to the Statutory Funding Objective under the Pensions Act 2004. A valuation of the Plan is carried out at least once every three years to determine whether the Statutory Funding Objective is being met. As part of the process the Company must agree with the Trustees of the Plan the contributions to be paid to address any shortfall against the Statutory Funding Objective. The Statutory Funding Objective does not currently impact on the recognition of the Plan in these accounts.

The Plan is managed by a board of trustees appointed in part by the Company and in part from elections by members of the Plan. The board of trustees includes a professional trustee (Independent Trustee Services Limited). The trustees have responsibility for obtaining valuations of the fund, administering benefit payments and investing the Plan's assets. The trustees delegate some of these functions to their professional advisers where appropriate.

The Plan exposes the Company to a number of risks:

Investment risk
The Plan holds investments in asset classes, such as equities, which have volatile market values and, while these assets are expected to provide the real returns over the long term, the short-term volatility can cause additional funding to be required if a deficit emerges;

Interest rate risk
The Plan's liabilities are assessed using market yields on high quality corporate bonds to discount the liabilities. As the Plan holds assets such as equities the value of the assets and liabilities may not move in the same way;

Inflation risk
A significant proportion of the benefits under the Plan are linked to inflation. Although the Plan's assets are expected to provide a good hedge against inflation over the long term, movements over the short-term could lead to deficits emerging;

Longevity risk
In the event that members live longer than assumed a deficit will emerge in the Plan; and

Concentration risk
A significant proportion of the Plan's liabilities are in respect of a single pensioner member. The development of the liabilities over time will therefore depend heavily on the actual experience in respect of this member.

There were no plan amendments, curtailments or settlements during the period.

The Group's defined benefit obligations and plan assets may be reconciled to the amounts presented on the face of the statement of financial position for each of the reporting periods under review as follows:

	At 31 March 2015 £000	At 31 March 2014 £000
Defined benefit obligation	(14,084)	(13,053)
Fair value of plan assets	13,905	11,515
Net obligation	(179)	(1,538)

Scheme liabilities
The defined benefit obligations for the reporting periods under review are as follows:

	At 31 March 2015 £000	At 31 March 2014 £000
Defined benefit obligation at start of year	13,053	13,158
Interest cost	543	587
Experience loss	(185)	-
Changes to demographic assumptions	83	(216)
Changes to financial assumptions	1,461	336
Benefits paid	(871)	(812)
Defined benefits obligation at end of year	14,084	13,053

For determination of the pension obligation, the following actuarial assumptions were used:

	At 31 March 2015 £000	At 31 March 2014 £000
Discount rate	3.1%	4.3%
Expected rate of return on plan assets	n/a	4.7%
Expected rate of pension increases	2.0%	2.4%
Inflation assumption	2.8%	3.2%
Mortality assumption	S2PXA CMI	S2PXA CMI

S2PXA CMI – for males and females projected on a year of birth basis using CMI (2013) projections with a long-term rate of improvement of 1.25% per annum with a plus 2 year age rating. The mortality assumptions imply the following life expectancies:

Male retiring at age 65 in 2015	*20.7*
Female retiring at age 65 in 2015	*22.6*
Male retiring at age 65 in 2034	*22.5*
Female retiring at age 65 in 2034	*24.6*

These assumptions were developed by management under consideration of expert advice provided by Barnett Waddingham, independent actuarial appraisers. These assumptions have led to the amounts determined as the Group's defined benefit obligations for the reporting periods under review and should be regarded as management's best estimate. However, the actual outcome may vary.

No assumption is made with regard to the expected rate of salary increases as there are no members with benefits related to future salary progression.

Scheme assets

The assets held by the pension fund can be reconciled from the opening balance to the reporting date as follows:

	At 31 March 2015 £000	At 31 March 2014 £000
Fair value of plan assets at start of year	11,515	11,603
Interest income	481	520
Return on plan assets (excluding amounts included in net interest)	2,580	7
Contributions by the Group	200	197
Benefits paid	(871)	(812)
Fair value of plan assets at end of year	13,905	11,515
Actual return on plan assets	525	527

Based on historical data, the Group expects contributions of £210,000 to be paid in the year to 31 March 2016.

Plan assets do not include any investment in shares of the Company. Plan assets can be broken down into the following major categories of investments:

	At 31 March 2015		At 31 March 2014	
	£000	%	£000	%
Real estate funds	973	7	806	7
Equity investment funds	5,423	39	4,376	38
Gilts and LDI funds	4,450	32	4,606	40
Corporate bonds	2,781	20	1,382	12
Liquid funds	278	2	345	3
Total value of assets	13,905	100	11,515	100

All equity and debt instruments have quoted prices in active markets (Level 1). Fair values of real estate investments do not have quoted prices and have been determined based on professional appraisals that would be classified as Level 3 of the fair value hierarchy as defined in IFRS 13 'Fair Value Measurement'.

Scheme expenses

Net interest expense resulting from the Group's defined benefit plans was £62,000 (FY2014: £67,000). The employee benefits expense for the period is £nil (FY2014: £nil). In the period the actual return on plan assets was £525,000 (FY2014: £527,000).

The remeasurement recorded in other comprehensive income is as follows:

	At 31 March 2015 £000	At 31 March 2014 £000
(Gain) on scheme assets in excess of interest	(2,580)	(7)
Experience (gains)	(185)	-
Losses/(gains) from changes to demographic assumptions	83	(216)
Losses from changes to financial assumptions	1,461	336
Total (gains)/losses recognised in other comprehensive income	(1,221)	113

Experience gains and losses	At 31 March 2015 £000	At 31 March 2014 £000	At 31 March 2013 £000	At 31 December 2011 £000	2010 £000
Defined benefit obligation	(14,084)	(13,053)	(13,158)	(13,126)	(13,137)
Fair value of plan assets	13,905	11,515	11,603	10,659	10,488
Plan deficit	(179)	(1,538)	(1,555)	(2,467)	(2,649)
Experience adjustments:					
Plan assets	2,580	7	1,174	218	350
Plan liabilities	(185)	-	27	-	-

Sensitivity of the value placed on the liabilities

Reduce discount rate by 0.1% p.a.	£180,000
Increase inflation and related assumption by 0.1% p.a.	£110,000
Increase a long-term rate of longevity improvement by 0.25 p.a	£150,000

Note that the above sensitivities are approximate and only show the likely effect of an assumption being adjusted whilst all other assumptions remain the same.

Risk mitigation strategies
The trustees invest the Plan's assets in combination of Liability-Sensitive assets and Return-Generating assets. The Liability-Sensitive assets are invested in a variety of LDI (Liability-Driven Investment) Funds. These funds invest in a combination of interest rate and inflation rate swaps in order to mimic the movement in expected cashflows of the Plan caused by changes in interest and inflation rates.

Effect of the Plan on Company's future cashflows
The Company is required to agree a schedule of contributions with the trustees of the Plan following a valuation, which must be carried out at least once every three years. The next valuation of the plan is due as at 1 January 2017. In the event that the valuation reveals a larger deficit than expected the Company may be required to increase contributions above those set out in the existing schedule of contributions. Conversely, if the position is better than expected contributions may be reduced.

The Company expects to pay contributions of £210,000 in the year to 31 March 2016.

The weighted average duration of the defined benefit obligation is approximately 14 years on the Plan's Scheme Funding basis.

28 Financial instrument risk

The Group's activities expose it to a variety of financial risks; foreign currency risk, credit risk, liquidity risk, cash flow risk and interest rate risk. The Group's overall risk management programmes focus on both credit risk and the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

The Group's risk management is co-ordinated at its headquarters, in close co-operation with the Board of Directors, and focuses on actively securing the Group's and the Company's short to medium-term cash flows by minimising the exposure to financial markets.

While the Group does use derivatives in order to economically hedge its exposure to foreign currency risk and cash flow interest rate risk (see below) it does not engage in the trading of derivatives for speculative purposes nor does it write options. The most significant financial risks to which the Group and the Company are exposed are described below.

The Group is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risks, which result from both its operating and investing activities.

Foreign currency sensitivity
The Group operates in overseas markets and is subject to currency exposures of transactions undertaken during the period. Management's overarching objective is to minimise the extent of the Group's exposure to currency risk. In respect of transactional foreign currency risk the Group maintains a policy that all exposures on material committed transactions should be economically hedged as far as possible. The Group prepares rolling 12 month currency cash flow forecasts to enable currency exposures to be identified and then subsequently hedged.

The Group uses forward exchange contracts to hedge the impact on receipts and payments of the volatility in exchange rates of US Dollar and Euro to Pound Sterling. The notional principal amounts of the outstanding forward foreign exchange contracts at 31 March 2015 were £4.8 million (FY2014: £2.8 million). Hedge accounting is not applied in respect of these hedged transactions.

Derivative contracts are measured at fair value in the statement of financial position with movements in that fair value being recognised in profit or loss.

Currency exposures comprise the monetary assets and monetary liabilities of the Group that are not denominated in the functional currency of the operating unit involved. The significant currency risk arises from contracts raised in US Dollars.

The following table illustrates the sensitivity of profit and equity to a reasonably possible change in the US Dollar/Pound Sterling exchange rate of +/-10%. These changes are considered to be reasonably possible based on observation of recent volatility in the currency markets. The calculations are based on a change in average US Dollar/Pound Sterling
exchange rate for each period and the foreign currency denominated financial instruments held at each reporting date that are sensitive to changes in the US Dollar/Pound Sterling exchange rate. All other variables are held constant.

	Change in exchange rate +10%	-10%
Impact on profit in a 12 month period based on financial instruments held at:	£000	£000
31 March 2015	(371)	454
31 March 2014	(263)	321

There is no impact on equity arising from foreign exchange fluctuations as the Group does not use hedge accounting. Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to currency risk.

The Company does not have any currency exposures.

Interest rate sensitivity
The Group's borrowings include loans that carry variable rates of interest and thus expose the Group to cash flow risk. The Group's policy is to minimise interest costs and changes in the market value of debt. Interest rate risk is regularly monitored to ensure that the mix of variable and fixed rate borrowing is appropriate for the Group. The Group has chosen to maintain the majority of its borrowings as floating in order to benefit from low current interest rates.

The Group has term borrowings of £2.1 million that have an effective fixed rate of interest. These borrowings relate to finance lease agreements (£0.7m) and loan notes (£1.4m). The remaining term borrowings of £4.6 million have a floating rate of interest based on LIBOR.

The Group's policy is to minimise interest rate cash flow risk exposures on long-term financing. The interest rate profile of the financial assets and liabilities of the Group at 31 March 2015 is as follows:

Interest rate profile	Fixed £000	Floating £000	Zero £000	Total £000
Receivables				
Trade and other receivables	-	-	15,269	15,269
Payables				
Trade and other payables	-	-	9,976	9,976
Bank loans	-	4,601	-	4,601
Amounts due under revolving credit facilities	-	2,900	-	2,900
Amounts due under finance lease agreements	693	-	-	693
Amounts due under loan notes agreements	1,436	-	-	1,436
	2,129	7,501	9,976	19,606
Cash	-	(1,769)	-	(1,769)
	2,129	5,732	9,976	17,837

The following table illustrates the sensitivity of profit and equity to a reasonably possible change in interest rates of +/-0.5%. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in average market interest rate for each period and the financial instruments held at each reporting date that are sensitive to changes in interest rates (i.e. net floating rate debt). All other variables are held constant.

	Change in interest rate	
	+0.5%	-0.5%
Impact on profit in a 12 month period based on financial instruments held at:	£000	£000
31 March 2015	(29)	29
31 March 2014	(39)	39

The Company has minimal exposure to interest rate risk. It has interest bearing liabilities that are matched with interest bearing assets. It is exposed to interest rate risk on its financial assets being its cash at bank balances. The interest rate receivable on these balances is less than 0.5%. The Company gave careful consideration to which organisation it should use for its banking services and interest rates available was one aspect of the decision. The Directors currently believe that interest rate risk is at an acceptable level.

Credit risk analysis

The Group continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Group's policy is to deal only with creditworthy counterparties.

The Group's most significant exposure to credit risk is in respect of the possibility of any individual customer being unable to settle their debts as they fall due or as a result of changes in the political landscape that impact the Group's ability to collect debts from an individual jurisdiction. The credit risk associated with customers and jurisdictions is considered as part of the tender review process and is addressed initially via contract payment terms and, where appropriate, payment security. In certain circumstances it may lead to a decision by the Group to cease trading with individual customers or customers from certain jurisdictions.

The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

	At 31 March 2015 £000	At 31 March 2014 £000
Classes of financial assets – carrying amounts		
Trade and other receivables	15,269	11,872
Cash and cash equivalents	1,769	1,748

The Group's management considers that all the above financial assets that are not impaired or past due for each of the reporting dates under review are of good credit quality. None of the Group's financial assets are secured by collateral or other credit enhancements.

Some of the unimpaired trade receivables are past due as at the reporting date. Financial assets past due but not impaired can be shown as follows:

	At 31 March 2015 £000	At 31 March 2014 £000
Not more than 3 months	-	22
More than 3 months but less than 6 months	3	182
More than 6 but less than 12 months	136	276
	139	480

In respect of trade and other receivables, the Group is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Trade receivables consist of a large number of customers in various industries and geographical areas. Based on historical information about customer default rates management consider the credit quality of trade receivables that are not past due or impaired to be good.

The credit risk for cash and cash equivalents is considered to be negligible since the counterparties are reputable banks with high quality external credit ratings.

The Company's credit risk arises principally from the Company's cash balances and the balances due to it from other Group undertakings. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The concentration of the Company's credit risk is considered by counterparty, geography and currency. During the year ended and as at 31 March 2015 the Company held minimal cash balances. In addition, as at 31 March 2015 the Company had provided long-term intercompany funding to its subsidiaries of £7.8 million (FY2014: £10.4 million), the Company's management consider that these financial assets that are not impaired are of good credit quality.

Liquidity risk analysis

The Group, together with the Company, manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term liabilities as well as forecast cash inflows and outflows due in day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis as well as on the basis of a rolling 60-day forecast and a rolling 13-week projection. Long-term liquidity needs for a 365-day lookout period are identified quarterly. Net cash requirements are compared to available borrowing facilities in order to determine headroom or any shortfalls.

The Group and the Company maintain cash and headroom to meet their liquidity requirements for 60-day periods at a minimum. Funding for long-term liquidity needs is additionally secured by an adequate amount of credit facilities and the ability to sell long-term investment in subsidiaries.

As at 31 March 2015, the liabilities that have contractual maturities (including interest payments where applicable) are summarised below:

	Current (<1 year) £000	Non-current (> 1 year) £000
31 March 2015		
Trade payables	6,202	-
Accruals and other payables	3,721	-
Short-term bank borrowings	2,900	-
Finance lease liabilities	245	448
Bank loans	1,196	3,405
Loan notes	(70)	1,506
Owed to Group undertakings	-	-
31 March 2014		
Trade payables	4,841	-
Accruals and other payables	2,755	-
Short-term bank borrowings	3,806	-
Finance lease liabilities	163	332
Bank loans	1,194	4,601
Owed to Group undertakings	-	-

The above amounts reflect the contractual undiscounted cash flows, which may differ to the carrying values of the liabilities at the reporting date. Where the counterparty has a choice of when an amount is paid the liability has been included on the earliest date on which payment can be required. The Directors are of the view that the fair value of borrowings approximate to their carrying value.

29 Capital management objectives

The Group's capital management objectives are:

- to ensure the Group's ability to continue as a going concern; and
- to provide an adequate return to shareholders

by pricing products and services commensurately with the level of risk. The Group funds itself through equity and debt, which is defined as bank borrowings, loan notes and finance leases.

The Group's capital is represented by the carrying amount of equity as presented on the face of the statement of financial position. The Group's goal in capital management is to maintain a balance of capital to overall financing in the range 40% to 60%. At 31 March 2015 capital represented 66% of overall financing (FY2014: 57%). The Board will continue to monitor developments in the Group's capital over FY2016. The capital and overall financing for the reporting periods under review is summarised as follows:

	At 31 March 2015 £000	At 31 March 2014 £000
Total equity	15,441	11,243
Total equity	15,441	11,243
Net borrowings	7,860	8,348
Overall financing	23,301	19,591

30 Financial assets and liabilities

30.1 Categories of financial assets and liabilities

The carrying amounts presented in the financial statements relate to the following categories of assets and liabilities:

	At 31 March 2015 £000	At 31 March 2014 £000
Financial assets		
Current:		
Loans and receivables:		
- Trade and other receivables	15,269	11,872
- Cash and cash equivalents	1,769	1,748
- Assets carried at fair value through Profit and Loss	-	41
Financial liabilities		
Current:		
Financial liabilities measured at amortised cost:		
- Trade payables	6,202	4,841
- Borrowings	4,270	5,163
- Derivatives	252	-
Non-current		
Financial liabilities measured at amortised cost:		
- Borrowings	5,359	4,933

See note 2.23 for a description of the accounting policies for each category of financial instrument. The fair values are presented in the related notes. A description of the Group's risk management objectives and policies for financial instruments is given in note 28.

30.2 Derivatives financial instruments

The fair value of forward foreign currency contracts is calculated by reference to current market rates for contracts with similar maturity profiles.

The derivative financial (liabilities)/assets can be summarised as follows:

	At 31 March 2015 £000	At 31 March 2014 £000
Forward exchange contracts	(252)	41
Fair value of derivative financial (liabilities)/assets	(252)	41

The fair value measurements of all of the above derivative financial (liabilities)/assets fall into Level 2 of the fair value hierarchy.

30.3 Financial results by category of financial instruments

The financial results by category of financial instruments can be summarised as follows:

	Year to 31 March 2015 £000	Year to 31 March 2014 £000
Loans and receivables – interest received	-	-
Financial liabilities measured at amortised cost – interest paid	(489)	(409)
Fair value movements on derivative financial instruments	(294)	-
	(783)	(409)

30.4 Borrowings

Borrowings comprise the following financial liabilities:

	Current		Non-current	
	At 31 March 2015 £000	At 31 March 2014 £000	At 31 March 2015 £000	At 31 March 2014 £000
Financial liabilities measured at amortised cost:				
Bank borrowings and loans	4,025	5,000	4,911	4,601
Finance lease liabilities	245	163	448	332
	4,270	5,163	5,359	4,933

The bank loans are secured by fixed and floating charges over the Group assets. The rates of interest on the loans are detailed in note 28. The above bank loans contain terms and conditions that are normal for the commercial banking market. A breakdown of net debt is given in note 22.

31 Related party transactions

The Group's related parties include its key management, post-employment benefit plans for the Group's employees and subsidiaries.

Unless otherwise stated, none of the transactions incorporate special terms and conditions. Outstanding balances are usually settled in cash.

Transactions with key management personnel

During the year the Group undertook transactions with key management personnel as set out below. Members of the Board of Directors are considered to be key management personnel.

Remuneration with key management personnel are disclosed in note 8 and in the Remuneration Committee's report.

During the year the Group rented office space with City and Westminster Corporate Finance LLP, a firm of which John May is a partner. City & Westminster Corporate Finance LLP were paid £5,500 (FY2014: £12,000) during the period for the provision of office and administration services to the Company and £nil (FY2014: £23,859) for the provision of legal services to Hayward Tyler Limited in respect of commercial contracts. These fees were charged on normal commercial terms.

During the year both Nicholas Flanagan and Ewan Lloyd-Baker subscribed to the Hayward Tyler Group PLC £3.0 million secured loan note programme. Loan notes issued in the programme bear a 7% coupon and will be repaid by the Group at the end of its three year term. In the period Nicholas Flanagan subscribed £75,000 and received interest of £863. Ewan Lloyd-Baker subscribed £15,000 through his holding in Platform Securities Nominees Limited and received interest of £172. Both loan note subscriptions were made on an arm's length basis.

Transactions with post-employment benefit plans

The defined benefit plan referred to in note 27 is a related party to the Group.

The Group's transactions with the pension scheme include contributions paid to the plan, which are disclosed in note 27. The Group has not entered into other transactions with the pension scheme, neither has it any outstanding balances at the reporting dates under review.

32 Commitments

	At 31 March 2015 £000	At 31 March 2014 £000
Contracted for but not provided for	4,660	55
	4,660	55

33 Equity

Share capital

The share capital of Hayward Tyler Group PLC consists of fully paid ordinary shares with a par value of 1 pence per share. Shares authorised and issued are summarised below.

	At 31 March 2015 £000	At 31 March 2014 £000
Authorised share capital:		
80,000,000 ordinary shares of 1p	800	800
	800	800

	At 31 March 2015		At 31 March 2014	
	No.	£000	No.	£000
Issued share capital:				
Allotted, called up and fully paid				
At start and end of year	45,507,404	455	45,507,404	455

The total number of own shares held by the Company at 31 March 2015 were 419,204 shares (FY2014: 419,204).

Share premium

Share premium consists of proceeds received in addition to the nominal value of the shares issued, net of transaction costs.

34 Non-cash adjustments and changes in working capital

The following non-cash flow adjustments and adjustments for changes in working capital have been made to profit before tax to arrive at operating cashflow.

	Year to 31 March 2015 £000	Year to 31 March 2014 £000
Non-cash adjustments:		
Amortisation of intangibles	193	194
Depreciation of property, plant and equipment		
Finance costs	820	686
Interest income	988	859
	-	-
Total adjustments	2,001	1,739
Net changes in working capital:		
Movement in inventories	1,762	(2,252)
Movement in trade and other receivables	(3,495)	(2,889)
Movement in trade and other payables	(58)	3,246
Movement in provisions	(185)	(112)
	(1,976)	(2,007)

PART 6

FINANCIAL INFORMATION ON THE EXISTING GROUP

The Existing Group has published its annual report and accounts for the years ended 31 May 2014, 2015 and 2016 (together, the "Accounts") and its unaudited interim report for the six months ended 30 November 2016 (the "Interim Accounts'). Pursuant to Rule 26 of the AIM Rules for Companies, the Accounts and the Interim Accounts are available to view and download from the Company's website at www.avingtrans.plc.uk and therefore have not been reproduced in this Admission Document.

The Accounts were prepared under International Financial Reporting Standards, as adopted by the European Union ("IFRS") and include, on the pages specified below, the following information:

	For the year ended 31 May		
	2014	*2015*	*2016*
Independent auditors' report	16	16	15
Consolidated statement of comprehensive income	26	27	26
Consolidated statement of financial positon	28	29	27
Consolidated statement of cash flows	29	30	31
Consolidated statement of changes in equity	27	28	29
Accounting policies	17-25	17-26	16-25
Notes to the financial statements	30-58	31-58	33-57

David White of Grant Thornton UK LLP is a Senior Statutory Auditor and has issued unqualified audit opinions on the consolidated financial statements of Avingtrans plc and its subsidiaries included in the Accounts for each of the financial years ended 31 May 2015 and 2016.

David Munton of Grant Thornton UK LLP is a Senior Statutory Auditor and has issued unqualified audit opinions on the consolidated financial statements of Avingtrans plc and its subsidiaries included in the Accounts for the financial year ended 31 May 2014.

The Interim Accounts were prepared under International Financial Reporting Standards, as adopted by the European Union ("IFRS") and include, on the pages specified below, the following information:

	For the period ended 30 November 2016
Consolidated statement of comprehensive income	8
Consolidated statement of financial position	8
Consolidated statement of cash flows	9
Consolidated statement of changes in equity	12
Notes to the financial information	13-14

PART 7

UNAUDITED PRO FORMA STATEMENT OF THE FINANCIAL POSITION OF THE ENLARGED GROUP

(a) Pro forma financial information

The unaudited pro forma statement of financial position of the Enlarged Group is based on the unaudited consolidated net assets of the Company as at 30 November 2016 and the audited consolidated net assets of HTG as at 31 March 2017, and has been prepared on the basis of the notes accompanying it to illustrate the effect of the Acquisition on the consolidated net assets of the Company as if it had been completed on 30 November 2016 .

The pro forma financial information, which has been produced for illustrative purposes only, by its nature addresses a hypothetical situation and, therefore, does not represent the Enlarged Group's actual financial position or results.

The pro forma financial information is based on the unaudited consolidated net assets of the Company as at 30 November 2016, set out in the interim results of the Company for the six-month period ended 30 November 2016, and has been prepared in a manner consistent with the accounting policies adopted by the Company in preparing such results and on the basis set out in the notes overleaf.

(b) Proforma statement of financial positon

	Avingtrans plc As at 30 November 2016 Unaudited £'000	Hayward Tyler Group plc As at 31 March 2017 Audited £'000	Adjustments (Note 3) £'000	Adjustments (Note 4) £'000	Proforma £'000
Non-current assets					
Intangible assets	5,541	4,126	5,883	-	15,550
Property, plant and equipment	4,654	29,560	-	-	34,214
Pension and other employee obligations	-	1,040	-	-	1,040
Deferred tax	6	2,839	-	-	2,845
	10,201	37,565	5,883	-	53,649
Current assets					
Inventories	3,622	7,792	-	-	11,414
Trade and other receivables; amounts falling due within one year	6,270	26,713	-	-	32,983
Trade and other receivables; amounts falling due after one year	1,450	-	-	-	1,450
Current tax asset	85	467	-	-	552
Cash and cash equivalents	34,674	1,235	(5,092)	(16,372)	14,445
	46,101	36,207	(5,092)	(16,372)	60,844
Total assets	56,302	73,772	791	(16,372)	114,493
Current liabilities					
Trade and other payables	(4,307)	(15,612)	-	-	(19,919)
Obligations under finance leases	(245)	-	-	-	(245)
Borrowings	(5,549)	(15,188)	-	12,953	(7,784)
Provisions	-	(3,284)	-	-	(3,284)
Other liabilities	-	(3,637)	-	-	(3,637)
Derivatives	-	(302)		-	(302)
Current tax liabilities	(129)	(997)		-	(1,126)
Total current liabilities	(10,230)	(39,020)	-	12,953	(36,297)
Non-current liabilities					
Borrowings	(986)	(8,161)	-	3,419	(5,728)
Obligations under finance leases	(77)	-	-	-	(77)
Deferred income	-	(4,213)	-	-	(4,213)
Deferred tax	(128)	-	-	-	(128)
Total non-current liabilities	(1,191)	(12,374)	-	3,419	(10,146)
Total liabilities	(11,421)	(51,394)	-	16,372	(46,443)
Net assets	44,881	22,378	791	-	68,050
Equity					
Share capital	916	554	23	-	1,493
Share premium account	11,173	36,677	(8,994)	-	38,856
Capital redemption reserve	814	-	-	-	814
Merger reserve	-	14,502	(14,502)	-	-
Reverse acquisition reserve	-	(19,973)	19,973	-	-
Share based payment reserve	-	131	(131)	-	-
Translation reserve	3	1,022	(1,022)	-	3
Other reserve	180	-	-	-	180
Investment in own shares	(1,000)	-	-	-	(1,000)
Other equity	-	18	(18)	-	-
Retained earnings	32,795	(10,553)	5,462	-	27,704
Total equity attributable to equity owners of the parent	44,881	22,378	791	-	68,050

The proforma financial information has been prepared for illustrative purposes only and, because of its nature, it addresses a hypothetical situation and therefore does not represent the Enlarged Group's actual financial position or results.

(c) Notes to the proforma statement of financial positon

1. Avingtrans plc's results are extracted, without adjustment, from the Unaudited Interim Financial Information for the six months ended 30 November 2016 referred to in Part 6 of the Admission Document

2. Hayward Tyler Group plc's results are extracted, without adjustment, from the Audited Financial Information included in Part 5 of the Admission Document

3. Adjustments relating to the acquisition of Hayward Tyler Group plc and associated transaction costs. For the purposes of this proforma financial information, the excess of the consideration over the fair value of the net assets of Hayward Tyler Group plc has been calculated using the Hayward Tyler Group plc balance sheet as at 31 March 2017. The value of the Avingtrans plc shares reflects the Company's closing price on 28 July 2017, being the latest practicable Business Day prior to the date of this Admission Document (245.00p) and assumes the issue of 11,535,000 New Ordinary Shares.

4. Adjustments relating to the repayment of existing bank facilities and loan notes in Hayward Tyler Group plc

5. No adjustment has been made to take account of trading results since the dates presented

PART 8

ADDITIONAL INFORMATION

1. Responsibility statement

The Company, the Directors and the Proposed Director accept responsibility for the information contained in this Admission Document, including individual and collective responsibility, for the Company's compliance with the AIM Rules. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Admission Document is in accordance with the facts and makes no omission likely to affect the import of such information.

2. Incorporation and status of the Company

2.1. The Company was incorporated in England and Wales on 4 December 1985 under the name of Avingtrans Limited with registered number 01968354 as a private company with limited liability under the Act.

2.2. The Company was re-registered as a public company on 2 April 1986 and changed its name to Frank Usher Holdings plc. The Company changed its name to Avingtrans plc on 24 November 2000.

2.3. The liability of the members of the Company is limited.

2.4. The principal legislation under which the Company operates is the Companies Act 1985 as amended by the Companies Act 2006 (as amended, consolidated or re-enacted from time to time) and the regulations made thereunder.

2.5. The registered office of the Company is at Chatteris Business Park, Honeysome Road, Chatteris, Cambridgeshire PE16 6SA, telephone number: 01354 692 391. The Company's website, which discloses the information required by Rule 26 of the AIM Rules for Companies, is www.avingtrans.plc.uk.

2.6. The Company Secretary of the Company is Stephen King of Chatteris Business Park, Honeysome Road, Chatteris, Cambridgeshire PE16 6SA, telephone number: 01354 692 391.

3. The Subsidiaries

3.1. The Company acts as the holding company of the Existing Group.

3.2. The Company has the following subsidiaries which are private limited companies:

Name	County of Incorporation	Principal Activity	Percentage of issued share capital owned by the Company
Crown UK Limited	England and Wales	Manufacturing	100%
Stainless Metalcraft (Chatteris) Limited	England and Wales	Precision Engineering	100%
Metalcraft (Chengdu) Limited	China	Precision Engineering	Indirect ownership *(100% subsidiary of Stainless Metalcraft (Chatteris) Limited)*
Metalcraft (Sichuan) Limited	China	Precision Engineering	Indirect ownership *(100% subsidiary of Stainless Metalcraft (Chatteris) Limited)*
Maloney Metalcraft Ltd	England and Wales	Precision Engineering	100%
Composite Products Limited (formerly Sigma Composites Limited)	England and Wales	Precision Engineering	100%
Space Cryomagnetics Limited	England and Wales	Manufacturing	82%
Scientific Magnetics Limited	England and Wales	Precision Engineering	Indirect ownership *(100% subsidiary of Space Cryomagnetics Limited)*

Assuming completion of the Acquisition, the Company will also have the following subsidiaries which are private limited companies (unless otherwise stated):

Name	County of Incorporation	Principal Activity	Percentage of issued share capital owned by the Company
Hayward Tyler Group plc	Isle of Man	Trading	100%
Southbank UK Limited	England and Wales	Holding company	Indirect ownership *(100% subsidiary of Hayward Tyler Group plc)*
Redglade Associates Limited	England and Wales	Property	Indirect ownership *(100% subsidiary of Southbank UK Limited)*
Redglade Investments Limited	England and Wales	Property	Indirect ownership *(100% subsidiary of Southbank UK Limited)*
Hayward Tyler Group Limited	England and Wales	Holding company	Indirect ownership *(100% subsidiary of Southbank UK Limited)*
Hayward Tyler Limited	England and Wales	Trading	Indirect ownership *(100% subsidiary of Hayward Tyler Group Limited)*
Hayward Tyler UK Ltd	England and Wales	Dormant	Indirect ownership *(100% subsidiary of Hayward Tyler Group Limited)*
Varley Pumps Limited	England and Wales	Dormant	Indirect ownership *(100% subsidiary of Hayward Tyler Group Limited)*
Hayward Tyler Solutions Ltd	England and Wales	Dormant	Indirect ownership *(100% subsidiary of Hayward Tyler Group Limited)*
Hayward Tyler Holdings Limited	England and Wales	Holding company	Indirect ownership *(100% subsidiary of Hayward Tyler Group Limited)*
Hayward Tyler Holding Inc	USA	Holding company	Indirect ownership *(100% subsidiary of Hayward Tyler Holdings Limited)*
Hayward Tyler Inc	USA	Trading	Indirect ownership *(100% subsidiary of Hayward Tyler Holdings Inc)*
Hayward Tyler Pumps (Kunshan) Co Limited	China	Trading	Indirect ownership *(100% subsidiary of Hayward Tyler Group Limited)*
Hayward Tyler India PTE Limited	India	Trading	Indirect ownership *(99.99% subsidiary of Hayward Tyler Group Limited)*
Appleton & Howard Ltd	England and Wales	Dormant	Indirect ownership *(100% subsidiary of Hayward Tyler Limited)*
Hayward Tyler Fluid Dynamics Limited	England and Wales	Dormant	Indirect ownership (*100% subsidiary of Hayward Tyler Limited)*
Hayward Tyler Fluid Handling Ltd	England and Wales	Trading	Indirect ownership *(100% subsidiary of Hayward Tyler Group Limited)*
Hayward Tyler Services Ltd	England and Wales	Dormant	Indirect ownership *(100% subsidiary of Hayward Tyler Group Limited)*
Specialist Energy Group Trustee Limited	England and Wales	Acts as employee benefit trust	Indirect ownership *(100% subsidiary of Hayward Tyler Group plc)*
Hayward Tyler Pension Plan Trustees Limited	England and Wales	Manages pension scheme	Indirect ownership *(50% subsidiary of Hayward Tyler Limited and 50% subsidiary of Sumo Pumps Ltd)*
Sumo Pumps Ltd	England and Wales	Dormant	Indirect ownership *(100% subsidiary of Hayward Tyler Limited)*
Hayward Tyler Engineered Products Limited	England and Wales	Dormant	Indirect ownership *(100% subsidiary of Hayward Tyler Group Limited)*
Capital Engineering Services Ltd	England and Wales	Dormant	Indirect ownership *(100% subsidiary of Hayward Tyler Limited)*

Credit Montague Limited	England and Wales	Dormant	Indirect ownership *(100% subsidiary of Hayward Tyler Group Limited)*
Mullins Ltd	England and Wales	Dormant	Indirect ownership *(100% subsidiary of Hayward Tyler Group Limited)*
Nviro Cleantech Limited	England and Wales	Holding company	Indirect ownership *(100% subsidiary of Hayward Tyler Group plc)*
Nviro Cleantech Inc	USA	Holding company	Indirect ownership *(100% subsidiary of Nviro Cleantech Limited (England and Wales))*
Vertus Technologies US LLC	USA	Holding company	Indirect ownership *(100% subsidiary of Vertus Technologies Limited)*
Vertus Technologies Industrial LLC	USA	No longer trading	Indirect ownership *(100% subsidiary of Vertus Technologies US LLC)*
Vertus Technologies Limited	Cayman Islands	Holding company	Indirect ownership *(100% subsidiary of Nviro Cleantech Limited (Cayman Islands))*
Nviro Cleantech Limited	Cayman Islands	Holding company	Indirect ownership *(100% subsidiary of Nviro Cleantech Limited (England and Wales))*
Peter Brotherhood Limited	England and Wales	Trading	Indirect ownership *(100% subsidiary of Hayward Tyler Group plc)*

4. Share capital of the Company

4.1. As at 28 July 2017 (being the latest practicable Business Day prior to the publication of this Admission Document), the Company's share capital comprised 19,171,123 Ordinary Shares (all of which were fully paid and none of which were held in treasury).

4.2. A history of the Company's share capital for the period from 1 June 2013 to 30 November 2016, being the period covered by the historical financial information on the Existing Group referred to Part 6, is set out below:

4.2.1. During the year ended 31 May 2014, the Company issued 536,167 Ordinary Shares and bought back nil Ordinary Shares. As at 31 May 2014, the issued share capital of the Company comprised 25,587,564 Ordinary Shares, none of which were held in treasury.

4.2.2. During the year ended 31 May 2015, the Company issued 124,000 Ordinary Shares and bought back nil Ordinary Shares. As at 31 May 2015, the issued share capital of the Company comprised 27,711,564 Ordinary Shares, none of which were held in treasury.

4.2.3. During the year ended 31 May 2016, the Company issued 43,000 Ordinary Shares and bought back nil Ordinary Shares. As at 31 May 2016, the issued share capital of the Company comprised 27,754,564 Ordinary Shares, none of which were held in treasury.

4.2.4. Since 31 May 2016 to 28 July 2017 (being the latest practicable Business Day prior to the publication of this Admission Document), the Company has issued 1,107,920 Ordinary Shares and bought back 9,691,361 Ordinary Shares.

4.3. The following table shows the issued and fully paid share capital of the Company immediately prior to Admission:

	Nominal Value (£)	Number of Ordinary Shares of £0.05 each issued and credited as fully paid	Amount Paid Up (£)
Ordinary Shares	£0.05	19,171,123	£958,556.15

4.4. Assuming completion of the Acquisition, the issued and fully paid share capital of the Company immediately following Admission is expected to be, assuming up to 11,535,000 New Ordinary Shares are issued (subject to the rounding of fractional entitlements), as shown in the following table:

	Nominal Value (£)	Number of Ordinary Shares of £0.05 each issued and credited as fully paid	Amount Paid Up (£)
Ordinary Shares	£0.05	30,706,123	£1,535,306.15

5. Memorandum and Articles Of Association

The following is a description of the rights attaching to the Ordinary Shares based on the Company's articles of association (the "Articles") and English law. This description does not purport to be complete and is qualified in its entirety by the full terms of the Articles.

5.1. Voting

Subject to disenfranchisement in the event of non-payment of calls or other monies due and payable in respect of any shares and, subject to any special terms as to voting upon which any share may be issued or may be held, and to any other provisions of the Articles, on a show of hands every shareholder who is present in person and entitled to vote shall have one vote and on a poll every shareholder who is present in person or by proxy and entitled to vote shall have one vote for every share of which he is the holder.

5.2. Dividends

The Company may by ordinary resolution declare dividends but no dividend shall exceed the amount recommended by the Board. Except as otherwise provided by the rights attaching to shares, all dividends shall be declared and paid according to the amounts paid up on the shares in respect of which the dividend in paid. Dividends shall be apportioned and paid proportionally to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. If any share is issued on terms that it shall rank for dividend as from a particular date then it shall rank for dividend from that date. Subject to the Statutes, the Board may declare and pay to the shareholders such interim dividends (including a dividend payable at a fixed rate) as appear to the Board to be justified by the profits of the Company available for distribution. Any dividend unclaimed after a period of 12 years from the date it became due for payment shall be forfeited and shall cease to remain owing by the Company.

5.3. Transferability of Ordinary Shares

5.3.1. All transfers of shares which are in certificated form may be effected by transfer in writing in any usual or common form or in any other form as the Board may approve. The instrument of transfer must be signed by or on behalf of the transferor and (except in the case of a share which is fully paid up) by or on behalf of the transferee but need not be under seal. All transfers of shares which are in uncertificated form may be effected by means of a relevant system (as detailed in the Articles).

5.3.2. The Directors may, in the case of shares in certificated form, in their absolute discretion refuse to register any transfer of shares (not being fully-paid shares) and they may also decline to register the transfer of a share upon which the Company has a lien, provided that where any such share is admitted to AIM, any such refusal does not prevent dealings in partly-paid shares from taking place on an open and proper basis. In addition, the Directors may refuse to register a transfer of shares (whether fully-paid or not) in favour of more than four persons jointly.

5.3.3. The Directors may decline to recognise any instrument of transfer relating to shares in certificated form unless the instrument of transfer is duly stamped, is in respect of only one class of share and is lodged at the registered office of the Company accompanied by the relevant share certificate(s) and such other evidence as the Directors may reasonably require to prove the title of the transferor to make the transfer (or if the instrument of transfer is executed by some other person on his behalf, the authority of that person to do so).

5.4. Variation of class rights

Where the share capital of the Company is divided into different classes of shares, the special rights attached to any class may, subject to the provision of the Statutes, be varied or abrogated (i) in such manner (if any) as may be provided by those rights or (ii) in the absence of provision, either with the written consent of the holders of three-fourths in nominal value of the issued shares of the class or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of the class. At every such general meeting the necessary quorum shall be two or more persons present in person or by proxy, holding or representing by proxy at least one third in nominal value of the capital paid up on the issued shares of the class (but so that at an adjourned meeting any holder of shares of the class present in person or by proxy shall be a quorum). The rights attached to any class of share are not, unless otherwise expressly provided by the Articles or in the rights attaching to the shares of that class, deemed to be modified, varied or abrogated by the creation or issue of further shares ranking equally with every other share of that class or subsequent to them or by the purchase or redemption by the Company of any of its own shares.

5.5. **Changes in capital**

5.5.1. Subject to the Statutes, the Company may issue redeemable shares. Subject to the provisions of the Statutes and to any special rights previously conferred on the holders of any existing shares, any share in the Company may be issued with or have attached to them such special rights, conditions or restrictions as the Company may by ordinary resolution direct or failing such direction (but in the case of unclassified shares only) as the Board may determine. The Company may by ordinary resolution consolidate and divide all or any of its share capital into shares of a larger amount and sub-divide its shares, or any of them, into shares of a smaller amount (subject to the provisions of the Statutes).

5.5.2. Subject to the provisions of the Statutes and the rights attaching to existing shares, the Company may by special resolution reduce its share capital, any capital redemption reserve fund or any share premium account in any manner. The Company may also, subject to the requirements of the Statutes, purchase its own shares (including any redeemable shares).

5.6. **Untraced Shareholders**

Subject to the Statutes, the Company may sell any shares of a member (or the shares of a person who is entitled to such shares by transmission) who is untraceable, if during a period of 12 years, at least three dividends in respect of the shares in question have been paid and all warrants, orders and cheques in respect of the share sent in the manner authorised by the Articles have been returned undelivered or remained uncashed and the Company has received no communication from such member or person entitled by transmission. The net proceeds of sale shall belong to the Company but the member or person who had been entitled to the shares shall become a creditor of the Company in respect of those proceeds, and no interest shall be payable in respect of the proceeds.

5.7. **Non-UK Shareholders**

There are no limitations in the Articles on the rights of non-UK shareholders to hold, or exercise voting rights attaching to, Ordinary Shares. However, no shareholder is entitled to receive notices from the Company (whether electronically or otherwise), including notices of general meetings, unless he has (at least fourteen days before the notice or other document is given) given a postal address in the UK or an address for the service of notices by electronic communication to the Company to which such notices may be sent.

5.8. A**nnual general meetings**

An annual general meeting shall be held each year, at such time and place as the Board may appoint. Not more than fifteen months shall elapse between the date of one annual meeting and the date of the next. At least twenty one clear days' notice shall be given of every annual general meeting.

5.9. **General meetings**

The Board may convene a general meeting whenever it thinks fit. The Board must convene a general meeting on receipt of a requisition in accordance with the Statutes or, in default, a general meeting may be convened by such requisitionists, as provided by the Statutes. A general meeting of the Company shall be called by notice of at least such length as is required in the circumstances by the Statutes and, in particular, a general meeting, other than an annual general meeting, may be called by notice of not less than fourteen clear days' notice.

5.10. **Return of capital**

On a winding up, the liquidator may, with the authority of an extraordinary resolution and any sanction require by law, divide among the shareholders in kind the whole or part of the assets of the Company and whether or not the assets consist of property of one kind or different kinds and may for this purpose set such value as he deems fair on any class or classes of property and may determine on the basis of that valuation and in accordance with the then existing rights of shareholders how such division shall be carried out as between the holders or different classes of shares.

5.11. **Pre-emption rights**

5.11.1. There are no rights of pre-emption under the Articles in respect of transfers of issued Ordinary Shares.

5.11.2. In certain circumstances, the Company's shareholders may have statutory pre-emption rights under the Statutes in respect of the allotment of new shares in the Company. These statutory pre-emption rights would require the Company to offer new shares for allotment to existing shareholders on a pro rata basis before allotting them to other persons. In such circumstances, the procedure for the exercise of such statutory pre-emption rights, by which such shares would be offered to the Company's shareholders, would be set out in the documentation.

5.12. **Sanctions on Shareholders**

A member loses his rights to vote in respect of his shares if and for so long as he or any other person appearing to be interested in those shares fails to comply with a request by the Company under the Act requiring him to give particulars of any interest in those Ordinary Shares within 14 days. In the case of shareholdings representing 0.25 per cent. or more of the issued shares of the class concerned, the sanctions which may be applied by the Company include not only disenfranchisement but also the withholding of the right to receive payment of dividends and other monies payable on, and restrictions on transfers of, the shares concerned.

5.13. **Directors' fees**

5.13.1. The directors shall be entitled to remuneration for their services in such amount as the directors may determine, not exceeding in aggregate £150,000 per annum (or such higher amount as the Company may by ordinary resolution determine). In addition, any directors not holding full-time salaried employment in the Company or any subsidiary of the Company, may be paid such extra remuneration as the directors may determine. Any director who holds executive office or who serves on any committee, or who otherwise performs services outside the ordinary duties of a director, may be paid such remuneration or extra remuneration by way of salary, commission or otherwise as the directors may determine.

5.13.2. The directors may also be paid all such reasonable expenses as they may incur in attending and returning from meetings of the Company or of the directors or any committee or otherwise in or about the business of the Company or the proper exercise of their duties.

5.14. **Directors' conflicts of interest**

5.14.1. A director must declare to the other directors any situation in which he has, or could have, a direct or indirect interest that conflicts, or possibly might conflict, with the interests of the Company unless it relates to a contract, transaction or arrangement with the Company or the matter has been authorised by the directors or the situation cannot reasonably be regarded as likely to give rise to a conflict of interest.

5.14.2. The Board may (subject to such terms and conditions, if any, as they may think fit to impose from time to time, and subject always to their right to vary or terminate such authorisation) authorise any matter proposed to it in accordance with the Articles which would, if not authorised, involve a breach of duty by a director under section 175 of the Act, including, without limitation, any matter which relates to a situation in which a director has, or can have, an interest which conflicts, or possibly may conflict, with the interests of the Company, provided that for this purpose the director in question and any other interested director are not counted in the quorum at any board meeting at which such matter is approved and it is agreed to without their voting or would have been agreed to if their votes had not been counted.

5.15. **Votes and directors' interests**

5.15.1. A director who is in any way, whether directly or indirectly, interested in a proposed or existing contract, transaction or arrangement with the Company must declare the nature and extent of that interest to the other directors unless it cannot reasonably be regarded as likely to give rise to a conflict of interest.

5.15.2. A director shall not vote, and shall not be counted in a quorum, in respect of any contract, transaction, arrangement or any other proposal in which he has an interest which (together with any interest of any person connected with him) is to his knowledge a material interest (otherwise than by virtue of shares or debentures or other securities of or otherwise in or through the Company), except that this prohibition shall not apply to:

5.15.3. the giving to him of any security, guarantee or indemnity in respect of money lent or obligations incurred by him or any other person at the request of or for the benefit of the Company or any of its subsidiaries;

5.15.4. the giving to a third party of any security, guarantee or indemnity in respect of a debt or obligation of the Company or any of its subsidiaries for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;

5.15.5. a contract, arrangement, transaction or proposal concerning an offer of shares or debentures or other securities of or by the Company or any of its Subsidiary Undertakings for subscription or purchase in which offer he is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which the director is to participate;

5.15.6. a contract, arrangement, transaction or proposal to which the Company is or is to be a party concerning any other company in which he is interested directly or indirectly and whether as an officer or shareholder or otherwise ("relevant company"), if he is not, directly or indirectly, the holder of, or beneficially interested, in one per cent., or more of a class of equity share capital of the relevant company or of the voting rights available to members of the relevant company or if he can cause one per cent. or more of those voting rights to be cast at his direction (and for the purposes of this Article, shares held by a director as bare or custodian trustee and in which he has no beneficial interest, shares comprised in a trust and in which the director's interest is in reversion or is in remainder, if and so long as another person is entitled to receive the income from the trust, and shares comprised in an authorised unit trust scheme in which the director is interested only as a unit holder are disregarded);

5.15.7. a contract, arrangement, transaction or proposal concerning the adoption, modification or operation of a pension, superannuation or similar scheme or retirement, death or disability benefits scheme or person and pension plan or employees' share scheme under which he may benefit and which has been approved by or is subject to and conditional on approval by HM Revenue & Customs for taxation purposes or which does not accord to any director as such any privilege or benefit not accorded to the employees to whom the scheme or fund relates;

5.15.8. a contract, arrangement, transaction or proposal for the benefit of employees of the Company or any of its subsidiary undertakings under which the director benefits in a similar manner to the employees and which does not accord to any director as such any privilege or benefit not accorded to the employees to whom it relates; or

5.15.9. a contract, arrangement, transaction or proposal concerning the maintenance or purchase of any insurance policy for the benefit of directors or for the benefit of persons including directors.

5.16. **Retirement**

At each annual general meeting of the Company one third of the directors shall retire from office by rotation or if their number is not three or a multiple of three then the number nearest to be not exceeding one third shall retire from office. If the number of directors subject to retirement by rotation is fewer than three, one of such directors shall retire. A retiring director shall be eligible for re-election.

5.17. **Executive office**

The Board may from time to time appoint one or more directors to be the holder of any executive office on such terms and for such period as the Board may determine.

5.18. **Borrowing powers**

The Articles provide that the aggregate amount for the time being remaining undischarged of all moneys borrowed by the Group and for the time being owing to persons outside the Group shall not at any time, without the previous sanction of an ordinary resolution of the Company, exceed an amount equal to three times the adjusted capital and reserves calculated in accordance with the Articles.

5.19. **Scrip dividends**

Subject to the Statutes and the terms of the Articles, the Directors may, with the prior authority of an ordinary resolution of the Company, allot to those holders of a particular class of shares who have elected to receive them, further shares of that class of shares or ordinary shares, in either case paid up, instead of cash in respect of all or part of a dividend or dividends specified by the resolution.

6. Interests of the Directors

6.1. The interests of the Directors and the Proposed Director and their immediate families and the persons connected with them (within the meaning of section 252 of the Act) in the issued share capital of the Company or the existence of which could, with reasonable diligence, be ascertained by any director as at the date of this Admission Document and as expected to be immediately following Admission are as follows:

	At the date of this Admission Document			*Immediately following Admission*		
Name	No. of Ordinary Shares	% of Issued Share Capital	No. of Ordinary Shares over which Options are granted	No. of Ordinary Shares	% of Issued Share Capita[l(4)]	No. of Ordinary Shares over which Options are granted
Roger McDowell	1,406,409[(1)]	7.3%	-	1,406,409[(1)]	4.6%	-
Stephen McQuillan	225,000[(2)]	1.2%	645,000	225,000[(2)]	0.7%	645,000
Stephen King	180,248[(3)]	0.9%	528,733	180,248[(3)]	0.6%	528,733
Graham Thornton	20,000	0.1%	-	20,000	0.1%	-
Leslie Thomas	-	-	-	-	-	-
Ewan Lloyd-Baker	-	-	-	775,992	2.5%	-

(1) These shares are held by Roger McDowell's pension scheme

(2) This includes 218,231 shares held by Stephen McQuillan's wife

(3) These shares are held by Stephen King's wife

(4) Assuming up to 11,535,000 New Ordinary Shares are issued in connection with the Acquisition

6.2. Save as disclosed above, none of the Directors or the Proposed Director (or persons connected with the Directors or the Proposed Director within the meaning of section 252 of the Act) has any interest, whether beneficial or non-beneficial, in any share or loan capital of the Company.

6.3. There are no outstanding loans granted or guarantees provided by any company in the Existing Group to or for the benefit of any of the Directors or the Proposed Director.

6.4. Save as disclosed above, and save as otherwise disclosed in this Admission Document, none of the Directors or the Proposed Director has any interest, whether direct or indirect, in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company taken as a whole and which was effected by the Company since its incorporation and which remains in any respect outstanding or under-performed.

6.5. None of the Directors or the Proposed Director or any person connected with them (within the meaning of section 252 of the Act) is interested in any related financial product referenced to the Ordinary Shares (being a financial product whose value is, in whole or in part, determined directly or indirectly by reference to the price of the Ordinary Shares including a contract for difference or a fixed odds bet).

7. Directors' service agreements and letters of appointment

7.1. **Executive Directors**

7.1.1. **Stephen McQuillan**

7.1.1.1. Pursuant to the terms of the updated service agreement dated 17 July 2017, Mr McQuillan is employed by the Company as the Chief Executive Officer. Mr McQuillan's remuneration is £278,500 per annum, payable monthly in arrears. Mr McQuillan's normal working hours are 9.00 a.m. to 5.00 p.m. Monday to Friday and such additional hours as are necessary for the proper performance of his duties. Mr McQuillan is entitled to 25 days annual leave per year and may also be awarded a bonus of such amount, at such intervals as the Board may in its absolute discretion decide. The contract may be terminated by either party giving 12 months' prior notice, and on termination Mr McQuillan is subject to certain restrictive provisions in relation to conduct and confidentiality.

7.1.2. **Stephen King**

7.1.2.1. Pursuant to the terms of the service agreement dated 2 September 2002, Mr King is employed by the Company as the Chief Financial Officer. Mr King's remuneration is £224,500 per annum, payable monthly in arrears. Mr King's normal working hours are 9.00 a.m. to 5.00 p.m. Monday to Friday and such additional hours as are necessary for the proper performance of his duties. Mr King is entitled to 25 days annual leave per year and may also be awarded a bonus of such amount, at such intervals as the Board may in its absolute discretion decide. The contract may be terminated by either party giving 12 months' prior notice, and on termination Mr King is subject to certain restrictive provisions in relation to conduct and confidentiality.

7.2. **Non-Executive Directors**

7.2.1. **Roger McDowell**

7.2.1.1. Pursuant to the terms of the letter of appointment dated 10 March 2008, Mr McDowell is appointed to the Company as Non-Executive Chairman. Mr McDowell's remuneration is £70,800 per annum (plus VAT if appropriate), payable monthly in arrears, and it is anticipated that Mr McDowell's duties will require no more than 50 days a year of work for the Company. In addition to attendance at board meetings, Mr McDowell will also serve on the audit, remuneration and nomination committees. Mr McDowell's appointment as non-executive chairman was for an initial period of one year, becoming terminable by either party on giving twelve months' prior notice thereafter (save in the event that Mr McDowell becomes disqualified or prohibited by law from acting as a director, when his appointment will terminate immediately without notice) and subject to the retirement by rotation provisions in the Company's Articles. If the Company is taken over, Mr McDowell's period of appointment will terminate when the bid becomes or is declared unconditional as to acceptances and he must resign at this time if asked to do so by the Board. Mr McDowell must comply with the London Stock Exchange's Model Code on director's dealings or such similar code as agreed from time to time by the Board. Mr McDowell is permitted to pursue his other existing business interests, but shall not accept any appointment which might cause a conflict with his duties to the Company. Mr McDowell must disclose the full extent of any actual or potential conflict of interest arising from these to the Board and must also inform the Board as soon as he becomes aware of any changes to these interests or any changes to any commitment outside his role in the Company. The Company has not granted any benefits on termination of employment, save for Mr McDowell's director's fee, to the extent unpaid, on a pro-rata basis up to the date of termination. The appointment is governed by the laws of England and Wales.

7.2.2. **Leslie Thomas**

7.2.2.1. Pursuant to a letter of appointment dated 4 August 2014, Mr Thomas was appointed by the Company as a Non-Executive Director from 1 September 2014. Mr Thomas' remuneration is £33,900 per annum (plus VAT if appropriate), payable monthly in arrears, and it is anticipated that Mr Thomas' duties will require no more than 20 days a year of work for the Company. In addition to attendance at board meetings, Mr Thomas also serves on the audit, remuneration and nomination committees. Mr Thomas' appointment as a non-executive director was for an initial period of one year, becoming terminable by either party on giving three months' prior notice thereafter (save in the case of a material breach of contract, as set out in the letter of appointment, when he can be dismissed without notice) and subject to the retirement by rotation provisions in the Company's Articles. If the Company is taken over, Mr Thomas' period of appointment will terminate when the bid becomes or is declared unconditional as to acceptances and he must resign at this time if asked to do so by the Board. Mr Thomas must comply with the London Stock Exchange's Model Code on director's dealings or such similar code as agreed from time to time by the Board. Mr Thomas is permitted to pursue his other existing business, but shall not accept any appointment which might cause a conflict with his duties to the Company. Mr Thomas must disclose the full extent of any actual or potential conflict of interest arising from these to the Chairman and must also inform the Board as soon as he becomes aware of any changes to these interests or any changes to any commitment outside his role in the Company. The Company has not granted any benefits on termination of employment, save for Mr Thomas' director's fee, to the extent unpaid, on a pro-rata basis up to the date of termination. The appointment is governed by the laws of England and Wales.

7.2.3. **Graham Thornton**

7.2.3.1. Pursuant to a letter of appointment dated 1 September 2009, Dr Thornton was appointed by the Company as a Non-Executive Director. Dr Thornton's remuneration is £33,900 per annum (plus VAT if appropriate), payable monthly in arrears, and it is anticipated that Dr Thornton's duties will require no more than 20 days of work for the Company. In addition to attendance at board meetings, Dr Thornton also serves on the audit, remuneration and nomination committees. Dr Thornton's appointment as a non-executive director was for an initial period of one year, becoming terminable by either party on giving three months' prior notice thereafter (save in the event that Dr Thornton becomes disqualified or prohibited by law from acting as a director, when his appointment will terminate immediately without notice) and subject to the retirement by rotation provisions in the Company's Articles. If the Company is taken over, Dr Thornton's period of appointment will terminate when the bid becomes or is declared unconditional as to acceptances and he must resign at this time if asked to do so by the Board. Dr Thornton must comply with the London Stock Exchange's Model Code on director's dealings or such similar code as agreed from time to time by the Board. Dr Thornton is permitted to pursue his other existing business interests, but shall not accept any appointment which might cause a conflict with his duties to the Company. Dr Thornton must disclose the full extent of any actual or potential conflict of interest arising from these to the Chairman and must also inform the Board as soon as he becomes aware of any changes to these interests or any changes to any commitment outside his role in the Company. The Company has not granted any benefits on termination of employment, save for Dr Thornton's director's fee, to the extent unpaid, on a pro-rata basis up to the date of termination. The appointment is governed by the laws of England and Wales.

7.2.4. **Ewan Lloyd-Baker**

7.2.4.1. On Admission, Mr Lloyd-Baker will enter into a letter of appointment, whereby he will be appointed by the Company as Non-Executive Director. Mr Lloyd-Baker's remuneration will be £30,800 per annum (plus VAT if appropriate), payable monthly in arrears, and it is anticipated that Mr Lloyd-Baker's duties will require no more than 20 days a year of work for the Company. Mr Lloyd-Baker's remuneration will be payable only from the date that he ceases to be an executive director of HTG. In addition to attendance at board meetings, Mr Lloyd-Baker will also serve on the audit, remuneration and nomination committees. Mr Lloyd-Baker's appointment as a non-executive director is for an initial period of one year, becoming terminable by either party on giving three months' prior notice thereafter (save in the case of a material breach of contract, as set out in the letter of appointment, when he can be dismissed without notice) and subject to the retirement by rotation provisions in the Company's Articles. If the Company is taken over, Mr Lloyd-Baker's period of appointment will terminate when the bid becomes or is declared unconditional as to acceptances and he must resign at this time if asked to do so by the Board. Mr Lloyd-Baker must comply with the London Stock Exchange's Model Code on directors' dealings or such similar code as agreed from time to time by the Board. Mr Lloyd-Baker is permitted to pursue his other existing business interests, but shall not accept any appointment which might cause a conflict with his duties to the Company. Mr Lloyd-Baker must disclose the full extent of any actual or potential conflict of interest arising from these to the Chairman and must also inform the Board as soon as he becomes aware of any changes to these interests or any changes to any commitment outside his role in the Company. The Company has not granted any benefits on termination of employment, save for Mr Lloyd-Baker's director's fee, to the extent unpaid, on a pro-rata basis up to the date of termination. The appointment is governed by the laws of England and Wales.

7.3. Save as disclosed above, there are no service contracts in existence or proposed between any Director and the Company or any company in the Existing Group.

7.4. **Change of control bonus**

7.4.1. HTG's remuneration committee met on 22 January 2014 and approved, inter alia, the introduction of a change of control bonus mechanism as part of the bonus arrangements being put in place for the HTG Directors (the "Change of Control Bonus"). Pursuant to this, the HTG Directors would each become entitled to a bonus of 100 per cent. of his salary or fee, as applicable, upon a takeover offer in respect of HTG becoming unconditional.

On 29 June 2017, in order to formalise the Change of Control Bonus arrangements approved on 22 January 2014, HTG entered into side letters with each of the HTG Directors and certain members of the senior management of the HTG Group, confirming their entitlement to such a change of control bonus. The aggregate amount payable pursuant to the Change of Control Bonus is expected to be £954,000.

8. Additional information on the Directors

8.1. The names of all companies (excluding group companies) and partnerships of which the Directors have been a director or partner at any time in the five years preceding the date of this Admission Document and indicating whether they are current or past are set out below:

Roger Steven McDowell (aged 62)

Current Directorships/Partnerships	Past Directorships/Partnerships
Avingtrans plc	Alkane Energy Limited
D4T4 Solutions plc	Augean plc
Disperse Limited	Corsair Techinvest Limited (dissolved)
Dovehoco 201 Limited	Fineguard Limited (dissolved)*
Premier Technical Services Group plc	Harrington Brooks Limited
Proteome Sciences plc	Ultimate Finance Group Limited
Servelec Group plc	Ultimate Finance Holdings Limited
Swallowfield plc	
Tribal Group plc	

Stephen McQuillan (aged 55)

Current Directorships/Partnerships	Past Directorships/Partnerships
Avingtrans plc	Sigma Components (Derby) Limited
Composite Products Limited	Sigma Precision Components Limited
EEF Limited	
Maloney Metalcraft Ltd	
Space Cryomagnetics Limited	

Stephen Michael King (aged 50)

Current Directorships/Partnerships	Past Directorships/Partnerships
Avingtrans plc	C & H Precision Finishers Limited
Composite Products Limited	Hartshill Ventures Limited
Crown UK Limited	Kuroda Jena Tec Holdings Ltd
Stainless Metalcraft (Chatteris) Limited	Kuroda Jena Tec UK Limited
Maloney Metalcraft Limited	Sigma Components (Derby) Limited
Metalcraft (Chengdu) Limited	Sigma Components (Farnborough) Limited
Metalcraft (Sichuan) Limited	Sigma Precision Components Limited
	Sigma Precision Components UK Limited
	Sigma Precision Components (Chengdu) Limited

Leslie James Thomas (aged 60)

Current Directorships/Partnerships

Avingtrans plc
Heriot Resources Limited
ITHACA Alpha (N.I.) Limited
ITHACA Causeway Limited
ITHACA Dorset Limited
ITHACA Energy (UK) Limited
ITHACA Energy Holdings (UK) Limited
ITHACA Epsilon Limited
ITHACA Exploration Limited
ITHACA Gamma Limited
ITHACA Minerals (North Sea) Limited
ITHACA Petroleum Limited
ITHACA Pipeline Limited
ITHACA SPL Limited
ITHACA SP UK Limited
The Scottish Oil Club

Past Directorships/Partnerships

ITHACA Delta Limited (dissolved)*
ITHACA North Sea Limited (dissolved)*

Dr Graham Kenneth Thornton (aged 69)

Current Directorships/Partnerships

Avingtrans plc
Czero Energy Solutions Limited

Past Directorships/Partnerships

Charingworth Management Company Limited
Czero Greengas Limited (dissolved)
Czero Limited

Ewan Wade Royston Lloyd-Baker (aged 45)

Current Directorships/Partnerships

Appleton & Howard Ltd
Capital Engineering Services Ltd
Credit Montague Limited
Crown Passage House Limited
Hayward Tyler Engineered Products Limited
Hayward Tyler Fluid Dynamics Ltd
Hayward Tyler Fluid Handling Ltd
Hayward Tyler Group plc (Isle of Man)
Hayward Tyler Group Limited
Hayward Tyler Holdings Limited
Hayward Tyler Limited
Hayward Tyler Services Ltd
Hayward Tyler Solutions Ltd
Hayward Tyler UK Ltd
HT 123 Limited
Lloyd-Baker & Associates LLP
Mullins Ltd
Peter Brotherhood Limited
Redglade Associates Limited
Redglade Investments Ltd
Sixty Knightsbridge Limited
Southbank UK Limited
Sumo Pumps Ltd
Varley Pumps Limited

Past Directorships/Partnerships

Lloyd-Baker Consultants Ltd (dissolved)*
Specialist Energy Group Ltd (dissolved)*

8.2. **None of the Directors has:**

8.2.1. any unspent convictions in relation to indictable offences;

8.2.2. had any bankruptcy order made against him or entered into any voluntary arrangements;

8.2.3. save for those companies with an asterisk next to their name in the table above, which are all companies that have been voluntarily struck off from the Register of Companies and save as disclosed in this paragraph 8.2.3, been a director of a company which has been placed in receivership, compulsory liquidation, administration, been subject to a voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors whilst he was a director of that company or within the 12 months after he ceased to be a director:

8.2.3.1. Roger McDowell was a director of Corsair Techinvest Limited which was placed into members' voluntary liquidation on 24 November 2015 prior to being dissolved on 16 March 2017. He was also a director of start-up company, Town-Index Limited, which was put into creditors' voluntary liquidation in January 2001. Preferential and secured creditors were repaid in full and unsecured creditors received 5p in the £1 before the company was wound up in January 2009. In January 2006, Rodger resigned from his office as a director of Advanced Fluid Solutions plc, which subsequently went into administrative receivership in March 2006, before being dissolved in May 2009. Roger was also a director of IDMoS Public Limited Company which went into administration in April 2008, before being dissolved in July 2009; and

8.2.3.2. Graham Thornton was a director of Czero Greengas Limited, a dormant company which was struck off the Register of Companies via compulsory strike off on 4 July 2017;

8.2.4. been a partner in any partnership which has been placed in compulsory liquidation, administration or been the subject of a partnership voluntary arrangement whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;

8.2.5. been the owner of any asset or been a partner in any partnership which owned, any asset which while he owned that asset, or while he was a partner or within the 12 months after he ceased to be a partner in the partnership which owned the asset entered into receivership;

8.2.6. been the subject of any public criticism by any statutory or regulatory authority (including recognised professional bodies); or

8.2.7. been disqualified by a court from acting as a director of any company or from acting in the management or conduct of the affairs of any company.

9. Significant Shareholders

9.1. Save as disclosed in sub-paragraph 6.1 above the Company is only aware of the following persons who, at the date of this Admission Document and immediately following Admission, represent an interest (within the meaning of Chapter 5 of the Disclosure Guidance and Transparency Rules) directly or indirectly, jointly or severally in three per cent. or more of the Company's issued share capital or could exercise control over the Company:

	At the date of this Admission Document		Following Admission	
Name	No. of Issued Ordinary Shares	% of issued share capital	No. of Enlarged Ordinary Shares	% of issued share capital(1)
Nigel Wray	3,019,553	15.8%	3,019,553	9.8%
Funds managed by Unicorn Asset Management Ltd	1,660,800	8.7%	1,946,141	6.3%
RBC Trustees	1,393,250	7.3%	1,393,250	4.5%
Philip McDowell's pension fund	1,213,205	6.3%	1,213,205	4.0%
LGT Bank	1,016,950	5.3%	1,016,950	3.3%
Close Brothers Asset Management	875,959	4.6%	875,959	2.9%
Harwood Capital	-	-	1,892,745	6.2%

(1) Assuming up to 11,535,000 New Ordinary Shares are issued in connection with the Acquisition

9.2. None of the Directors, members of the senior management team nor any persons named in sub-paragraph 9.1 above has voting rights which are different to any other holder of Ordinary Shares.

10. **Share Incentive Schemes**

10.1. As at 31 May 2017, the options outstanding in respect of Ordinary Shares, pursuant to the schemes described below at paragraphs 10.2 and 10.3, are as follows:

Date of Grant	Options Outstanding as at 31 May 2017	Vesting Period	Market Value At Date of Grant (p)	Exercise Price (p)	Exercise Period
23/09/2010	39,733	Vested	39.50	39.50	24/09/2013 to 23/09/2020
22/11/2013	192,000	Vested	176.00	176.00	23/12/2016 to 22/12/2023
09/12/2014	56,000	3 years	109.00	109.00	10/12/2017 to 09/12/2024
10/12/2014	230,000	3 years	111.00	111.00	11/12/2019 to 10/12/2024
21/12/2016	1,180,000	3 years	193.00	193.00	22/12/2019 to 21/12/2026
Total	**1,697,733**				
Shared Ownership Scheme	**1,393,250**	**Ordinary Shares already issued to RBC CEES Trustee Limited**			
Share Option Plan	**304,483**	**new Ordinary Shares would be issued if Performance Conditions (as defined below) are met**			

10.2. **The Avingtrans Executive Shared Ownership Plan 2011 ("Shared Ownership Scheme")**

10.2.1. Eligibility and Participation

10.2.1.1. The Shared Ownership Scheme is designed for any and all employee(s) of the Existing Group.

10.2.1.2. The Company's remuneration committee ("RemCo") decides which employee(s) are to be invited to participate under the Shared Ownership Scheme.

10.2.1.3. Upon the RemCo's recommendation the trustee of the Avingtrans' Employees' Share Trust (currently RBC CEES Trustee Limited) ("Co-Owner") invites a duly selected employee to join it in subscribing for Ordinary Shares.

10.2.1.4. Those Ordinary Shares are acquired under, and the Award is governed by a joint ownership agreement entered into between the employee and the Co-Owner (together the "Joint Owners") and Company ("Joint Ownership Agreement") (an "Award").

10.2.2. Payment and Ownership of Jointly Owned Shares

10.2.2.1. Under the Joint Ownership Agreement, the employee and Co-Owner agree to jointly subscribe for the relevant number of Ordinary Shares at the aggregate quoted price for such Ordinary Shares or, if different, market value ("Market Value") as at that date. The amount payable by the Joint Owners for each Share acquired is apportioned as follows ("Jointly Owned Shares"):

a) 0.1p is payable by the employee; and

b) an amount equal to the Market Value less 0.1p.

10.2.2.2. The Jointly Owned Shares are issued to and held by the Joint Owners in undivided shares as tenants in common and may not be sold without unanimous consent.

10.2.3. Vesting

10.2.3.1. Each Award is the subject of a performance target that is tested during the period of three years from the date when the Joint Ownership Agreement is entered into ("Performance Period"). It provides that if the Increase in Adjusted DEPS is at least equal to the Increase in RPI then the Vested Percentage of the Employee's Interest in the Jointly Owned Shares shall be 100 per cent. ("Performance Target"). If it is less, then the Vested Percentage shall be 0 per cent. The Performance Target may be adjusted and/or waived at the discretion of the remuneration committee before the end of the above period but only under limited and exceptional circumstances.

10.2.4. Apportionment of Sale Proceeds

Any proceeds realised from the sale of Jointly Owned Shares are distributed between the Co-Owner and the employee as follows (on a per share basis and provided they are sufficient):

a) the employee shall receive 0.01p plus those proceeds that are in excess of the combined value of the Threshold Amount (the quoted price of an Ordinary Share, or, if different, the Market Value of an Ordinary Share, on the date of the relevant Joint Ownership Agreement) and the Carrying Cost (3 per cent. of the Threshold Amount per year);

b) the Co-Owner shall receive the balance of the proceeds,

10.2.5. Exercise of Option – Performance Linked

10.2.5.1. If the Performance Target is satisfied then the employee may at any time after the Performance Period require the Co-Owner to sell in the market (as soon as reasonably practicable thereafter) all of the Jointly Owned Shares at the best price which can reasonably be obtained.

10.2.5.2. If the Performance Target is not satisfied then the Co-Owner may at any time after the Performance Period acquire all of an employee's interest in the Jointly Owned Shares at a price per share of 0.01p.

10.2.6. Exercise of Option – Employment Linked

10.2.6.1. If an employee leaves as a result of circumstances involving their death, injury, disability or redundancy ("Good Leaver") the RemCo may determine, at its discretion, the extent to which some or all of the employee's interest in the Jointly Owned Shares shall nevertheless vest. The RemCo will take into account the progress made towards attaining the Performance Target and the likelihood that the Performance Target would in future be met in whole or in part.

10.2.6.2. If the Remco elects that a percentage of the employee's interest shall vest then the Co-Owner is entitled (at a pre-determined time thereafter) to require the employee to sell that percentage of the Jointly Owned Shares on the market at the best price which can be reasonably obtained. The employee's remaining unvested interest in the Jointly Owned Shares is then acquired by the Co-Owner for a notional amount.

10.2.6.3. Where an employee leaves for any reason other than his being a Good Leaver or is declared bankrupt then unless the RemCo determines otherwise, the Co-Owner may at any time thereafter require the employee to transfer all of his interest in the Jointly Owned Shares at a price per share of 0.01p.

10.2.7. Exercise of Option – Change of Control

10.2.7.1. On a change of control of the Company the three year minimum period for the Performance Target to be assessed automatically expires. The RemCo determines the extent to which some or all of the employee's interest in the Jointly Owned Shares shall vest.

10.2.7.2. The Joint Owners are free to dispose of or otherwise exercise any rights attaching to the percentage of the Jointly Owned Shares that the RemCo determines may vest.

10.2.7.3. The Co-Owner may, immediately before a Relevant Event occurs, acquire the percentage of the employee's interest in the Jointly Owned Shares that the RemCo determines may not vest. This is at a price of 0.01p per share.

10.2.8. Exercise of Option – Conversion

10.2.8.1. The rules of the scheme provide a mechanism whereby the Co-Owner and employee may de-couple from each other, whereby the employee may acquire from the Co-Owner their percentage of Jointly Owned Shares that the RemCo notifies them have vested from time to time and the Co-Owner acquires the remainder.

10.2.9. Exercise of Option – Tenth Anniversary

The employee grants the right to the Co-Owner, exercisable at any time after the tenth anniversary of the date of the Joint Ownership Agreement, to call upon the employee to join the Co-Owner in selling to the market a percentage of the Jointly Owned Shares (corresponding to what the remuneration committee has determined to be vested percentage) at the best price which can reasonably be obtained.

10.2.10. Tax

The employee undertakes to the Co-Owner that should any employee tax liability arise, the employee will pay to the employer company within 14 days of being notified, sufficient funds, or agrees that the Co-Owner shall make appropriate deductions from any proceeds of sale (under any relevant call options or otherwise) to meet any withholding tax liability (including any income tax and primary class 1 (employee) NICs and any employer NICs that the employing company of the option holder is or may be liable to pay/account).

10.2.11. General

10.2.11.1. Interests held in the Jointly Owned Shares granted pursuant to the Joint Ownership Agreement are not transferrable by the employee or Co-Owner without prior written consent from the other Joint Owner.

10.2.11.2. If the employee dies, his or her personal representatives shall be entitled to the benefit, but also bound by the obligations and liabilities, of the Joint Ownership Agreement, as though they were a party to it.

10.2.11.3. The Shared Ownership Plan and any Joint Ownership Agreement entered into pursuant to the Shared Ownership Plan are governed by the laws of England.

10.3. **The Avingtrans 2009 Approved Share Option Plan**

10.3.1. Eligibility, grant and limits

10.3.1.1. The Share Option Plan is designed for those employees and executive directors of the Existing Group. The Board, however, retains absolute discretion as to whom should be granted a right to subscribe for Ordinary Shares under the Share Option Plan (an "Option").

10.3.1.2. The maximum number of Ordinary Shares that may be held under option shall not represent more than 15 per cent. of the Ordinary Shares in issue from time to time. Options granted to anyone who was an employee of the Company's aerospace division or industrial products division may, however, be ignored for these purposes.

10.3.1.3. The number of Ordinary Shares in respect of which an Option is granted to an individual (such individual being the "Option Holder") is limited such that their market value at the point of grant (including prior qualifying options held by them) may not then exceed £30,000.

10.3.1.4. To the extent that the aggregate market value of the Options at the point of grant exceeds £30,000, the Options will be granted as unapproved options. Such unapproved options will be granted on the same terms but will have more material tax implications than approved options.

10.3.2. Exercise, performance conditions and lapse

10.3.2.1. The exercise price in respect of any Ordinary Share that is to be the subject of an option ("Option Share") shall be determined by the Company's remuneration committee, but shall never be less than market value ("Exercise Price").

10.3.2.2. The Board is entitled to specify objective criteria as to when some or all of the shares that are the subject of an option vest ("Performance Conditions") and the period in which those criteria must be satisfied ("Performance Period").

10.3.2.3. The Performance Conditions may be altered or, in exceptional circumstances, waived at the discretion of the remuneration committee before the end of the relevant Performance Period.

10.3.2.4. An Option may only be exercised after the date on which the Option Holder is notified that their Option Shares have vested ("Vesting Shares"), or if later the third anniversary of the date of the grant of the Option (but only in relation to Vesting Shares). Exercise is by notice in writing served on the Company accompanied by payment of the Exercise Price, an option certificate (in the form prescribed by the Share Option Plan) and evidence that the Option Holder has made arrangements to satisfy any relevant tax liability. The Company is obliged to allot the appropriate number of Ordinary Shares within 30 days of receiving such notice.

10.3.2.5. An Option may not be exercised at any time unless the Option Holder is an employee or holds office with a member of the Existing Group, save where the Option Holder leaves as a result of certain circumstances including injury, disability, redundancy and retirement ("CSOP Good Leaver"). Where a CSOP Good Leaver leaves after the end of their Performance Period they may exercise any Option granted to them (in respect of Vested Shares) within six months of the date of leaving (or, if later, the third anniversary from the date of grant of the Option). If a CSOP Good Leaver leaves during the relevant Performance Period, the remuneration committee may, at their own discretion, within three months from the date of leaving, determine whether any Option shall be exercised and the number of Vesting Shares to which this relates, such Options to be exercised within six months of the date of leaving. Thereafter, the Options will lapse and cease to be exercisable.

10.3.2.6. If an Option Holder leaves for any reason other than as a CSOP Good Leaver their Option shall lapse unless the remuneration committee, within three months of their departure, determines otherwise.

10.3.2.7. Subject to rules regarding death during the relevant performance period, if an Option Holder dies, an Option granted to him or her may be exercised (in respect of Vesting Shares) by their personal representative within twelve months from the date of death and shall otherwise lapse and cease to be exercisable.

10.3.2.8. The options may be exercised (to the extent they have then vested) upon a change of control of the Company within one month of the date when the person making the offer has acquired such control. The options lapse to the extent not so then exercised.

10.3.3. Tax

10.3.3.1. If a tax liability arises in respect of an Option (including any income tax and primary class 1 (employee) NICs and any employer NICs that the employing company of the option holder is or may be liable to pay/ account) and unless the relevant Option Holder provides the Company with sufficient funds, or appropriate deductions are made by the Company to meet any such liability, the Company shall have the right to sell such number of Ordinary Shares as have been acquired on the exercise of an Option, in order to satisfy such liability.

10.3.4. General

10.3.4.1. Options granted pursuant to the Share Option Plan are non-transferrable during the Option Holder's lifetime.

10.3.4.2. The Share Option Plan and any Options granted pursuant to it are governed by the laws of England.

10.4. **Hayward Tyler Company Share Option Plan ("HTG CSOP")**

10.4.1. On 7 July 2016 the following options were granted to the individuals listed in the table under the HTG CSOP ("Participants") ("CSOP Options"):

Participant	Number of shares subject to CSOP Option	Exercise Price
Nicholas Flanagan	37,735	79.5p
Ewan Lloyd-Baker	37,735	79.5p
Paul Noble	18,867	79.5p
John Inglis	12,578	79.5p

10.4.2. All outstanding HTG CSOP Options have exercise prices greater than the offer price (based on the closing price per HTG Share of 48.50 pence on 28 July 2017, being the latest practicable Business Day prior to publication of this Admission Document) and so are currently out of the money. Consequently, the Company will not make proposals to the Participants in connection with their HTG CSOP Options. In accordance with the rules of the HTG CSOP, the HTG CSOP Options will remain outstanding for six months following completion of the Scheme. If any of these HTG CSOP Options are exercised during this time, in accordance the HTG Articles (as proposed to be amended by way of a shareholder resolution to be proposed on or about 21 August 2017), the relevant Participant will receive New Ordinary Shares for the HTG Shares issued in respect of such exercise that he would have received pursuant to the Scheme had those HTG Shares been Scheme Shares.

11. Material contracts

11.1. The following are summaries of the principal contents of each material contract not being a contract entered into in the ordinary course of business, that has been entered into by the Existing Group and HTG within the period from 29 July 2015 to (and including) 28 July 2017 (being the period of two years immediately preceding the latest practicable Business Day prior to the publication of this Admission Document):

11.1.1. Existing Group

11.1.1.1. Acquisition from Rolls-Royce

11.1.1.2. On 28 January 2016, Sigma Precision Components UK Limited ("SPCUK") (a subsidiary of the Company at the relevant time) entered into an agreement with (1) Rolls-Royce plc ("RR") and (2) Rolls-Royce Overseas Holdings Limited ("RROHL") for the acquisition of a business relating to the manufacture, assembly and sale of metallic rigid pipes and pipe end fittings used in aerospace engines and other gas turbines ("the Pipe Business") from RR and the acquisition of the entire issued share capital of Hartshill

Ventures Limited ("Hartshilll") from RROHL ("the RR Agreement"). The Pipe Business was acquired for the sum of £2,700,000 (subject to an adjustment in respect of stock) and the assumption by SPCUK of certain liabilities. The consideration for the shares in Hartshill comprised £800,000 together with a sum equal to the balance of cash held in the bank accounts of Hartshill and its Chinese subsidiary. The RR Agreement was completed on 4 March 2016 ("Completion Date"). SPCUK was required to give certain indemnities to RR in relation to, inter alia, transferring employees.

11.1.1.3. The RR Agreement contained a tax covenant (in respect of the sale of Hartshill) and different warranties both in respect of the sale of the Pipe Business and Hartshill, which were given by RR and RROHL respectively and the aggregate maximum liability of RR and RROHL was capped at the purchase price. RR and RROHL are liable for a period of 18 months after the Completion Date in respect of the general warranties and 7 years in respect of the tax warranties and the tax covenant. SPCUK was required to give certain capacity and solvency warranties under the RR Agreement.

11.1.2. Disposal of Sigma Division

11.1.2.1. Pursuant to a share purchase agreement dated 4 May 2016 and entered into between (1) the Company and (2) Anthony Bidco Limited (now called Sigma Components Limited) ("Sigma Buyer"), the Company disposed of its Sigma division (which included companies in both the UK and China) ("Sigma Division") (as varied by a deed of variation between the parties dated 27 May 2016) ("Sigma SPA"). The Company completed the disposal of its Sigma Division on 27 May 2016 in accordance with the terms of the Sigma SPA ("Sigma Transaction").

11.1.2.2. The Sigma Division was sold by the Company for an enterprise value of £65 million which, after adjustment for debt, working capital and associated transaction costs, resulted in the Company receiving proceeds of approximately £52 million (before escrow arrangements). The Company agreed to £1,450,000 of the purchase price being held in escrow to cover any potential claims under the warranties, tax covenant or indemnities in the Sigma SPA. Provided there are no claims, the retention is due to be released at the end of September 2017. The Company also contributed towards the costs of a buyer side warranty and indemnity insurance policy being put in place by the Sigma Buyer. Under the terms of the Sigma SPA, the Company's overall cap on liability for any claims under the warranties (excluding the fundamental warranties) and the tax covenant is not to exceed 25 per cent. of the aggregate of (1) the purchase price for the sale shares and (2) certain intercompany debt which was repaid at completion of the Sigma Transaction. Any claims under fundamental warranties (such as title warranties in respect of ownership of the shares) are capped at 100 per cent. of the above amount. Avingtrans is liable for a period of two years from completion of the Sigma Transaction in respect of any claims under the general warranties and seven years from completion of the Sigma Transaction in relation to claims under the tax warranties, tax covenant and fundamental warranties contained in the Sigma SPA.

11.1.3. Tender Offer

11.1.3.1. On 3 October 2016, a circular ("Tender Offer Circular") was issued by the Company to Shareholders providing details of a proposed tender offer ("Tender Offer") whereby Numis Securities Limited ("Numis") (the Company's corporate broker at the time) invited Shareholders (excluding Overseas Shareholders) to tender up to 14,000,000 of the Ordinary Shares held by them, at a price of 200p per Ordinary Share. On 3 October 2016, the Company also entered into a repurchase agreement ("Repurchase Agreement") with Numis in relation to acquisition of up to 14,000,000 Ordinary Shares by the Company to ensure that all shares bought by Numis under the Tender Offer would subsequently be purchased by the Company from Numis. Under the terms of the Repurchase Agreement, the Company was required to warrant certain facts including, inter alia, that the Company would have sufficient distributable reserves to satisfy the purchase price for the Ordinary Shares tendered by Shareholders and certain compliance and factual matters in respect of the Tender Offer Circular.

11.1.3.2. A general meeting of the Company was held on 8 November 2016 at which the Shareholders passed a special resolution ("Buyback Resolution") authorising the Company to make market purchases of up to 14,000,000 Ordinary Shares at a price of 200p per Ordinary Share. Under the Tender Offer, 9,691,361 Ordinary Shares were tendered ("Tendered Shares") and were purchased for an aggregate purchase price of approximately £19.4 million. On 18 November 2016, all the Tendered Shares acquired by Numis from Shareholders were bought back by the Company under the authority granted by the Buyback Resolution and Repurchase Agreement and cancelled.

11.1.4. Acquisition of Space Cryomagnetics Limited

11.1.4.1. On 27 February 2017, the Company entered into a share purchase agreement ("SCL SPA") in respect of the acquisition by it of 94 per cent. of the entire issued share capital of Space Cryomagnetics Limited ("SCL") from Peter Penfold, Stephen Harrison, Stephen Milward and SVIC No. 26 New Technology Business Investment LLP (together the "SCL Sellers"). The purchase price for the acquisition of the relevant shares in SCL ("SCL Transaction") was £346,600 which was satisfied by the payment of cash to certain of the SCL Sellers and by the issue of Ordinary Shares in the Company to each of Peter Penfold and Stephen Harrison.

11.1.4.2. Following completion of the SCL Transaction, the Company transferred 12 per cent. of the shares it held in SCL to Clint Gouveia at the same price it had acquired such shares under the terms of the SCL SPA. On 24 March 2017, the Company entered into two put and call option deeds, one with Peter Penfold and one with Clint Gouveia in relation to the acquisition of all the shares in SCL held by each of Peter Penfold (6 per cent. shareholding) and Clint Gouveia (12 per cent. shareholding), respectively. The put option granted by the Company to each of Peter Penfold and Clint Gouveia is exercisable within one month after completion of SCL's 2019 audit in the case of Peter Penfold and after SCL's 2022 audit in the case of Clint Gouveia, or after the relevant individual becomes a leaver, in each case in accordance with the terms set out in the relevant option deed. If either Peter Penfold or Clint Gouveia does not exercise their put option within the relevant time period, the Company may exercise its relevant call option in accordance with the terms of the applicable option deed.

11.1.5 N+1 Singer Engagement Letter

11.1.5.1 By a letter dated 31 July 2017, the Company appointed N+1 Singer as Financial Adviser, Nominated Adviser and Broker in respect of the Acquisition. N +1 Singer are appointed as Nominated Adviser and Broker for a 12 month period after which the Agreement can be terminated on 10 Business Days notice. The Company has given customary warranties, indemnities and undertakings to N + 1 Singer in relation to the appointment and Admission. The Company has agreed to pay a corporate finance fee to N+1 Singer in respect of the Offer, payable on completion of the Acquisition. The Company has also agreed to pay an annual fee for the provision of the services as Nominated Adviser and Broker.

11.2. **HTG**

11.2.1. Peter Brotherhood Limited

11.2.1.1. Pursuant to a business purchase agreement dated 10 October 2015 (the "BPA") between (1) Dresser-Rand Company Ltd (as seller), (2) HT 123 Limited (as buyer), and (3) HTG (as buyer guarantor), which completed on 30 October 2015, HT 123 Limited (a wholly owned subsidiary of HTG) acquired the 'Peter Brotherhood' business and certain assets of Dresser-Rand Company Ltd (the "PBL Business and Assets") for an initial consideration of US$15,000,000, which was subsequently increased by US$445,225 to US$15,445,225 following a post-completion working capital adjustment.

Under the BPA:

11.2.1.1.1. PBL assumed responsibility for certain liabilities of the 'Peter Brotherhood' business in respect of the period prior to completion (including certain creditors, tax and periodical charges and outgoings but only to the extent that such liabilities were provided for in the working capital adjustment) and those customer contracts included in the sale (but only (i) where consent to the assignment or novation of a particular customer contract is not unconditionally refused by the customer, or (ii) where the customer refuses the assignment or novation of the relevant customer contract but the contract is performed by Dresser-Rand Company Ltd). PBL also assumed responsibility for all liabilities in connection with the PBL Business and Assets in respect of the post-completion period;

11.2.1.1.2. PBL gave certain specific indemnities in relation to (i) the assumed liabilities, (ii) changes to the terms and conditions of employment/working conditions of any of the transferring employees, and (iii) its obligations under the Transfer of Undertakings (Protection of Employment Regulations) 2006 (TUPE) in connection with the transferring employees. There is no time limit specified in relation to these indemnities;

11.2.1.1.3. a specific indemnity (capped at £176,058) was given by Dresser-Rand Company Ltd to PBL for any liquidated damages paid to Keppel Shipyard Limited ("Keppel") under the customer contract with Keppel dated 1 August 2014 (as amended) (the "Keppel Agreement") in respect of the late delivery of certain documents. The Keppel Agreement was a material customer contract of the business at the time of the transaction. However, PBL agreed to waive this specific indemnity by a deed of waiver dated 31 March 2016 in connection with the novation of the Keppel Agreement;

11.2.1.1.4. each of Dresser-Rand Company Ltd and PBL entered into (i) non-solicitation of employee restrictions for two years from completion, and (ii) non-compete restrictions in respect of aftermarket business for three years from completion (subject of certain carve-outs);

11.2.1.1.5. the performance and payment obligations of PBL are guaranteed by HTG;

11.2.1.1.6. the time limit for bringing non-tax warranty claims has expired, however PBL is entitled to bring tax warranty claims for three years from completion; and

11.2.1.1.7. the aggregate liability of Dresser-Rand Company Ltd in respect of all claims under the BPA (except for certain capacity and authority warranties) and any of the transaction documents is limited to $1 million (excluding costs), except that in relation to the title covenants in respect of the freehold property the aggregate liability (excluding costs) is limited to $8.6 million. The aggregate liability of Dresser-Rand Company Ltd for all warranty claims is limited to $1 (including costs) as PBL took out warranty and indemnity insurance through HCC International with an aggregate limit of liability of $5.5 million. This is now only relevant to the tax warranties and the policy will expire three years from completion of the BPA (subject to any notice of claims being given before then)

11.2.1.2. Pursuant to a framework and licence agreement dated 30 October 2015 between (1) Dresser-Rand Company Ltd, and (2) HT 123 Limited (now PBL), HT 123 Limited agreed to provide ongoing warranty services in respect of certain customercontracts to Dresser-Rand Company Ltd for a fee, and HT 123 Limited granted to Dresser-Rand Company Ltd (i) a non-exclusive, worldwide, royalty free licence to use certain intellectual property rights transferred to it under the BPA in relation to certain contracts with outstanding warranty periods, and (ii) a non-exclusive, worldwide, royalty free licence to use certain other intellectual property rights transferred to it under the BPA in relation to any regional contracts.

11.2.1.3. Pursuant to a licence agreement dated 30 October 2015 between (1) Dresser-Rand Company Ltd, and (2) HT 123 Limited (now PBL), Dresser-Rand Company Ltd granted to HT 123 Limited a non-exclusive, worldwide, royalty free licence to use certain intellectual property required in connection with the Keppel Agreement and a non-exclusive, worldwide licence to use such software for certain future Keppel projects but subject to HT 123 Limited paying a licence fee.

11.2.1.4. Pursuant to a software licence agreement dated 30 October 2015 between (1) Dresser-Rand Company Ltd, and (2) HT 123 Limited (now PBL), Dresser-Rand Company Ltd granted to HT 123 Limited a non-exclusive, worldwide, royalty free licence to use certain software required in connection with an operation and maintenance agreement dated 2 March 2012 with the University of Wolverhampton.

11.2.1.5. Pursuant to a software licence agreement dated 30 October 2015 between (1) Dresser-Rand Company Ltd, and (2) HT 123 Limited (now PBL), HT 123 Limited granted to Dresser-Rand Company Ltd a non-exclusive, worldwide, perpetual licence to use "PB2000" software and source code materials to enable Dresser-Rand Company Ltd to access and maintain historical information relating to those parts of Dresser-Rand Company Ltd's business which were not transferred to HT 123 Limited under the BPA.

11.2.2. Sale and leaseback

11.2.2.1. Pursuant to a sale and leaseback agreement dated 24 March 2016 between (1) PBL (as seller) (2) Helical (Peterborough) Limited (as buyer) and (3) HTG (as guarantor) the freehold title known as 85 Papyrus Road, Peterborough, PE4 5HG (title number: CB148235) (the "Property") was transferred to Helical (Peterborough) Limited from PBL for a purchase price of £7,462,500 plus VAT. Under the terms of the agreement, PBL was granted a lease of the Property by Helical (Peterborough) Limited for a term of 15 years (subject to rent review provisions every five years).

12. Related Party Transactions

12.1. Save for the Existing Directors' remuneration on the basis set out in paragraph 7 above and the dividends from which the Existing Directors benefitted on their respective shareholdings set out in paragraph 6 above, there were no related party transactions or fees paid during the years ended 31 May 2014, 2015 and 2016 (and disclosed in the financial statements for the relevant financial years) or to date in the current financial year in respect of the Company save for the fees of LJ Thomas and GK Thornton which were paid to Heriot Resources Ltd and RG Associates respectively.

12.2. Save for the remuneration of the key management personnel of HTG and contributions to HTG's defined benefit plan set out in HTG's financial statements for the relevant financial years, and the transactions described at paragraphs 12.3, 12.4 and 12.5 below, there were no related party transactions or fees paid during the years ended 31 March 2015, 2016 and 2017 (and disclosed in the financial statements for the relevant financial years) or to date in the current financial year in respect of HTG.

12.3. During the year to 31 March 2015, HTG Group entered into the following related party transactions:

12.3.1. the HTG Group rented office space from City & Westminster Corporate Finance LLP ("City & Westminster"). City & Westminster was paid £5,500 during the period for the provision of office and administration services to the Company and £nil for the provision of legal services to Hayward Tyler Limited in respect of commercial contracts. These fees were charged on normal commercial terms;

12.3.2. both Nicholas Flanagan and Ewan Lloyd-Baker subscribed to the HTG £3 million secured loan note programme ("HTG Loan Note Programme"). Loan notes issued in the programme bear a 7 per cent. coupon. In the period Nicholas Flanagan subscribed £75,000 and received interest of £863. Ewan Lloyd-Baker subscribed £15,000 through his holding in Platform Securities Nominees Limited and received interest of £172. Both loan note subscriptions were made on an arm's length basis; and

12.3.3. the following intercompany funding (which from 1 April 2014 has been converted to loans at market rates of interest with varying terms of between one to three years):

12.3.3.1. funding provided to Southbank UK Limited ("Southbank") to finance working capital and to finance debt repayments;

12.3.3.2. funding provided to Redglade Investments Limited to finance debt repayments; and

12.3.3.3. funding provided to Nviro Cleantech Limited and Nviro Cleantech Inc. ("Nviro Companies") to meet tax and regulatory costs.

12.4. During the year to 31 March 2016, HTG Group entered into the following related party transactions:

12.4.1. both Nicholas Flanagan and Ewan Lloyd-Baker subscribed to the HTG Loan Note Programme. Nicholas Flanagan received interest of £5,264 on his subscription of £75,000 and Ewan Lloyd-Baker received interest of £1,053 on his subscription of £15,000, which is held through his holding in Platform Securities Nominees Limited. Both loan note subscriptions were made on an arm's length basis;

12.4.2. the HTG Group received acquisition related consultancy services from Lloyd-Baker & Associates LLP, a firm of which Ewan Lloyd-Baker is a partner. The cost incurred in the year was £118,000. These services were provided on an arm's length basis;

12.4.3. the HTG Group ordered machinery from Severn Drives & Energy Limited, a company of which Maurice Critchley is a director, for its test facilities. The value of the order was £1,385,180 and the amount billed in the year was £377,730. This machinery was provided on an arm's length basis;

12.4.4. the following intercompany funding (which from 1 April 2014 has been converted to loans at market rates of interest with varying terms of between one to three years):

12.4.4.1. funding provided to Southbank to finance working capital and to finance debt repayments;

12.4.4.2. funding provided to Hayward Tyler Limited to finance the Centre of Excellence and working capital; and

12.4.4.3. funding provided to Peter Brotherhood Limited to fund the acquisition of the business and assets in the company and support working capital.

12.5. During the year ended 31 March 2017, HTG Group entered into the following related party transactions:

12.5.1. both Nicholas Flanagan and Ewan Lloyd-Baker subscribed to the Hayward Tyler Group PLC £10 million secured loan note programme. Loan notes issued in the programme have a term range of between 1 and 4 years, and a coupon of between 6.75% and 7.0%. Nicholas Flanagan received interest of £5,250 on his subscription of £75,000. Ewan Lloyd-Baker received interest of £1,412 on his subscription of £50,000. Loan note subscriptions were made on an arm's length basis;

12.5.2. the HTG Group ordered machinery from Severn Drives & Energy Limited and Severn Subsea Technologies Limited, both of which companies Maurice Critchley is a director. The total value of orders placed was £41,511 (FY2016: £1,385,180) and the amount billed in the year was £786,505. This machinery was provided on an arm's length basis;

12.5.3. the following intercompany funding (which from 1 April 2014 has been converted to loans at market rates of interest with varying terms of between one to three years):

12.5.3.1. funding provided to Southbank to finance working capital and to finance debt repayments;

12.5.3.2. funding provided to Hayward Tyler Limited to finance the Centre of Excellence and working capital;

12.5.3.3. funding provided to Peter Brotherhood Limited to fund the acquisition and support working capital.

13. Litigation

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened) of which the Company is aware, which may have or have had during the 12 months immediately preceding the date of this Admission Document a significant effect on the financial position or profitability of the Company or the Enlarged Group.

14. Working Capital

In the opinion of the Directors and Proposed Director, having made due and careful enquiry, the working capital available to the Company and the Enlarged Group is sufficient for its present requirements, that is, for at least the next 12 months from the date of Admission.

15. Taxation

The following paragraphs are intended as a general guide only for Avingtrans Shareholders who are resident in the UK for tax purposes, holding Ordinary Shares as investments and not as securities to be realised in the course of a trade, and are based on current legislation and HMRC practice. Any person who is in any doubt about his tax position, or who is subject to taxation in a jurisdiction other than the UK, should consult his own professional adviser immediately.

15.1. Taxation of dividends

15.1.1. General

Under current UK legislation, no tax is withheld from dividend payments by the Company. The Company assumes no obligation to withhold UK tax at source from dividend payments.

15.1.2. Individual Shareholders

15.1.2.1. With effect from 6 April 2017, a UK resident individual Shareholder will not be subject to income tax on a dividend such individual Shareholder receives from the Company if the total amount of dividend income received by the individual in the tax year (including the dividend from the Company) does not exceed a dividend allowance of £5,000 (expected to be reduced to £2,000 with effect from 6 April 2018), which will be taxed at a nil rate (the "Dividend Allowance").

15.1.2.2. In determining the income tax rate or rates applicable to a UK resident individual Shareholder's taxable income, dividend income is treated as the highest part of such individual Shareholder's income (not including capital gains). Dividend income that falls within the Dividend Allowance will count towards the basic or higher rate limits (as applicable) which may affect the rate of tax due on any dividend income in excess of the Dividend Allowance.

15.1.2.3. To the extent that a UK resident individual Shareholder's dividend income for the tax year exceeds the Dividend Allowance and, when treated as the highest part of such individual Shareholder's income, falls above such individual Shareholder's personal allowance but below the basic rate limit, such an individual Shareholder will be subject to tax on that dividend income at the dividend basic rate of 7.5 per cent.

15.1.2.4. To the extent that such dividend income falls above the basic rate limit but below the higher rate limit, such an individual Shareholder will be subject to tax on that dividend income at the dividend higher rate of 32.5 per cent.

15.1.2.5. To the extent that such dividend income falls above the higher rate limit, such an individual Shareholder will be subject to tax on that dividend income at the dividend additional rate of 38.1 per cent.

15.1.3. Corporate Shareholders

UK resident corporate Shareholders (including authorised unit trusts and open-ended investment companies) and pension funds will not normally be liable to UK taxation on any dividend received on the Ordinary Shares.

15.1.4. Non-resident Shareholders

A Shareholder resident or otherwise subject to tax outside the UK (whether an individual or a body corporate) may be subject to foreign taxation on dividend income under local law. Shareholders to whom this may apply should obtain their own tax advice concerning tax liabilities on dividends received from the Company.

15.2. **Taxation of chargeable gains**

15.2.1. **General**

Shareholders who are resident for tax purposes in the UK may be liable to UK taxation on chargeable gains on a disposal of Ordinary Shares, depending upon their individual circumstances and subject to any available exemption or relief.

15.2.2. **Individual Shareholders**

United Kingdom resident individual Shareholders, depending upon their individual circumstances and any available reliefs, may be subject to capital gains tax at the prevailing rate on any disposals of Ordinary Shares. For individuals who are taxed at the basic rate, UK capital gains tax will be payable at the flat rate of 10 per cent. For such individuals who are higher or additional rate taxpayers, UK capital gains tax will be payable at the flat rate of 20 per cent. No indexation allowance is available to such Shareholders, but they may be entitled to an annual exemption from capital gains tax (£11,300 for the tax year 2017/2018).

15.2.3. **Corporate Shareholders**

Where a Shareholder is within the charge to corporation tax, a disposal of Ordinary Shares may give rise to a chargeable gain (or allowable loss) for the purposes of UK corporation tax, depending on the circumstances and subject to any available exemption or relief. Corporation tax is charged on chargeable gains at the rate applicable to that company. Indexation allowance may reduce the amount of chargeable gain that is subject to corporation tax, but may not create or increase a loss. The current rate of UK corporation tax is 19 per cent. from 1 April 2017, reducing to 17 per cent. from 1 April 2020.

15.2.4. **Non-resident Shareholders**

A Shareholder who is permanently not resident for tax purposes in the UK will not be liable to UK taxation on chargeable gains unless the Shareholder carries on a trade, profession or vocation in the UK through a branch or agency and the Ordinary Shares disposed of are, or have been, used, held or acquired for the purposes of such trade, profession or vocation or for the purposes of such branch or agency. Such Shareholders may also be subject to tax under any law to which they are subject outside the UK.

15.3. **Stamp Duty and Stamp Duty Reserve Tax**

15.3.1. The statements below are intended as a guide to the general UK stamp duty and stamp duty reserve tax ("SDRT") position and do not apply to persons such as market makers, brokers, dealers or intermediaries.

15.3.2. In relation to stamp duty and SDRT:

15.3.2.1. The allocation and issue of the New Ordinary Shares will not give rise to a liability to stamp duty or SDRT.

15.3.2.2. Following Admission, the Ordinary Shares will be eligible securities traded on a recognised growth market (and not on any other recognised stock exchange) and accordingly no stamp duty or SDRT will be charged on the conveyance, transfer or sale of Ordinary Shares (nor will any stamp duty or SDRT be chargeable on any transfer of Ordinary Shares effected on a paperless basis through CREST) in accordance with the Finance Act 2014.

16. General

16.1. N+1 Singer of 1 Bartholomew Lane, London EC2N 2AX has given and not withdrawn its written consent to the inclusion in this Admission Document of references to its name in the form and context in which it appears.

16.2. The percentage dilution as a result of the Acquisition is 37.6 per cent.

16.3. The accounting reference date of the Company is 31 May.

16.4. Assuming that the Acquisition becomes Effective, it is expected that definitive share certificates in respect of the New Ordinary Shares will be despatched to Scheme Shareholders by hand or first class post by 14 September 2017. In respect of uncertificated New Ordinary Shares, it is expected that Scheme Shareholders' CREST stock accounts will be credited on 1 September 2017.

16.5 The expected costs and expenses associated with the Acquisition (excluding applicable VAT) are set out in the table below (although some of the VAT may not be reclaimable).

Incurred by:		Avingtrans	Hayward Tyler
Financial and corporate broking advice		£800,000	£440,000
Accounting advice		£187,500	£30,000
Legal advice		£250,000	£330,000
Other costs and expenses		£75,000	£60,000
	Total:	£1,312,500	£860,000

Other fees and expenses	
Banking arrangements (including previously non settled diligence reports and support)	£982,000
Change of control bonuses *(see paragraph 7.4 of this Part 8)*	£954,000
Notice period payments due to HTG Directors and members of senior management	£872,000
TOTAL FEES AND EXPENSES INCURRED IN CONNECTION WITH THE ACQUISITION:	**£4,980,500**

16.6. The Directors are unaware of any exceptional factors which have influenced the Company's activities.

16.7. As at the date of this Admission Document, the Existing Group had 267 employees.

16.8. There are no patents or other intellectual property rights, licences or particular contracts which are or may be of fundamental importance to the Company's business.

16.9. Save as disclosed in this Admission Document, the Existing Group has not made any investments since 1 June 2013 up to the date of this Admission Document, nor are there any investments by the Existing Group in progress or anticipated which are significant.

16.10. There have been no significant changes in the trading or financial position of the Existing Group since 30 November 2016, being the date to which the unaudited interim financial information referred to in of Part 6 has been prepared.

16.11. There have been no significant changes in the trading or financial position of HTG since 31 March 2017, being the date to which the audited financial information included in Part 5 has been prepared.

16.12. CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by written instrument. The Articles permit the holding and transfer of shares under CREST. The Company has applied for the New Ordinary Shares to be admitted to CREST and it is expected that the New Ordinary Shares will be so admitted, and accordingly enabled for settlement in CREST.

16.13. No person directly or indirectly (other than the Company's professional advisers and trade suppliers in the last 12 months received or is contractually entitled to receive, directly or indirectly, from the Company on or after Admission (excluding in either case persons who are professional advisers otherwise than as disclosed in this Admission Document and persons who are trade suppliers) any payment or benefit from the Company to the value of £10,000 or more or securities in the Company to such value at the offer price or entered into any contractual arrangements to receive the same from the Company at the date of Admission.

17. Availability of this Admission Document

Copies of this Admission Document will be available to download from the Company's website www.avingtrans.plc.uk.

1 August 2017

AVINGTRANS PLC
(the "Company")

(Incorporated in England and Wales with registered number 01968354)

NOTICE OF GENERAL MEETING

Notice is hereby given that a General Meeting of Avingtrans plc will be held at 11.00 a.m. on 17 August 2017 at Shakespeare Martineau, No 1 Colmore Square, Birmingham B4 6AA to consider and, if thought fit, pass the following resolutions, which will be proposed as ordinary resolutions.

Unless otherwise expressly stated, all defined terms referred to below shall have the same meanings as given in the Admission Document dated 1 August 2017 to which the Notice convening this General Meeting was attached ("Admission Document").

Ordinary Resolutions

THAT:

(a) the proposed Acquisition be and hereby is approved and that the Existing Directors of the Company be and hereby are authorised to take all such steps as any of them may consider necessary or desirable to implement and give full effect to and complete the Acquisition with such modifications, amendments, variations or waivers as they (or any duly authorise committee of the Existing Directors) consider to be necessary, expedient or appropriate; and

(b) the Directors be generally and unconditionally authorised to exercise all the powers of the Company to allot relevant securities as defined in Section 551 of the Companies Act 2006 (the "Act") up to an aggregate nominal value of £600,000 provided that this authority shall expire in whichever is the earlier of the conclusion of the next Annual General Meeting of the Company or the date falling 15 months from the date of the passing of this Resolution, except that the Company may before such expiry make an offer or agreement which would or might require relevant securities in pursuance of any such offer or agreement as if the authority conferred by this Resolution had not expired, and that this authority is in addition to all previous authorities conferred upon the Directors pursuant to section 551 of the Act.

By order of the Board

S M King **Registered Office**
Chatteris Business Park
Honeysome Road
Chatteris
Cambridgeshire
PE16 6SA

Date 1 August 2017

Notes:

Entitlement to attend and vote

1. Only those members registered on the Company's register of members at close of business on 15 August 2017 or if this General Meeting is adjourned, at close of business on the day two days prior to the adjourned meeting shall be entitled to attend and vote at the General Meeting.

Attending in person

2. If you wish to attend the General Meeting in person, please bring photographic identification with you to the meeting.

Appointment of Proxies

3. If you are a member of the Company at the time set out in note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the General Meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.

4. If you are not a member of the Company but you have been nominated by a member of the Company to enjoy information rights, you do not have a right to appoint any proxies under the procedures set out in this "Appointment of Proxies" section. Please read the section "Nominated Persons" below.

5. A proxy does not need to be a member of the Company but must attend the General Meeting to represent you. Details of how to appoint the Chairman of the General Meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form.

6. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share.

7. A vote withheld is not a vote in law, which means that the vote will not be counted in a calculation of votes for or against the resolution. If no voting indication is given, our proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the General Meeting.

Appointment of proxy using hard copy proxy form

8. The notes to the proxy form explain how to direct your proxy, how to vote on each resolution or withhold their vote. To appoint a proxy using the proxy form, the form must be completed and signed and sent or delivered to Capita Asset Services of PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU; and received by Capita Asset Services of PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU no later than 11.00 a.m. on 15 August 2017.

   In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the Company.

   Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

Appointment of proxy by joint members

9. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

Changing proxy instructions

10. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

    When you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact Capita Asset Services of PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU.

    If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

Termination of proxy appointments

11. In order to revoke a proxy instruction you will need to inform the Company using one of the following methods:

    a. By sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Capita Asset Services of PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU.

    b. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power of authority) must be included with revocation notice.

    In either case, the revocation notice must be received by Capita Asset Services of PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU no later than 11.00 a.m. on 15 August 2017.

    Appointment of a proxy does not preclude you from attending the Meeting and voting in person. If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated.

Issued shares and total voting rights

12. As at 28 July 2017 (being the latest practicable Business Day prior to the publication of this notice), the Company's issued share capital comprised 19,171,123 ordinary shares of 5p each. Each ordinary share carries the right to one vote at the General Meeting of the Company and, therefore, the total number of voting rights in the Company as at 28 July 2017 is 19,171,123.