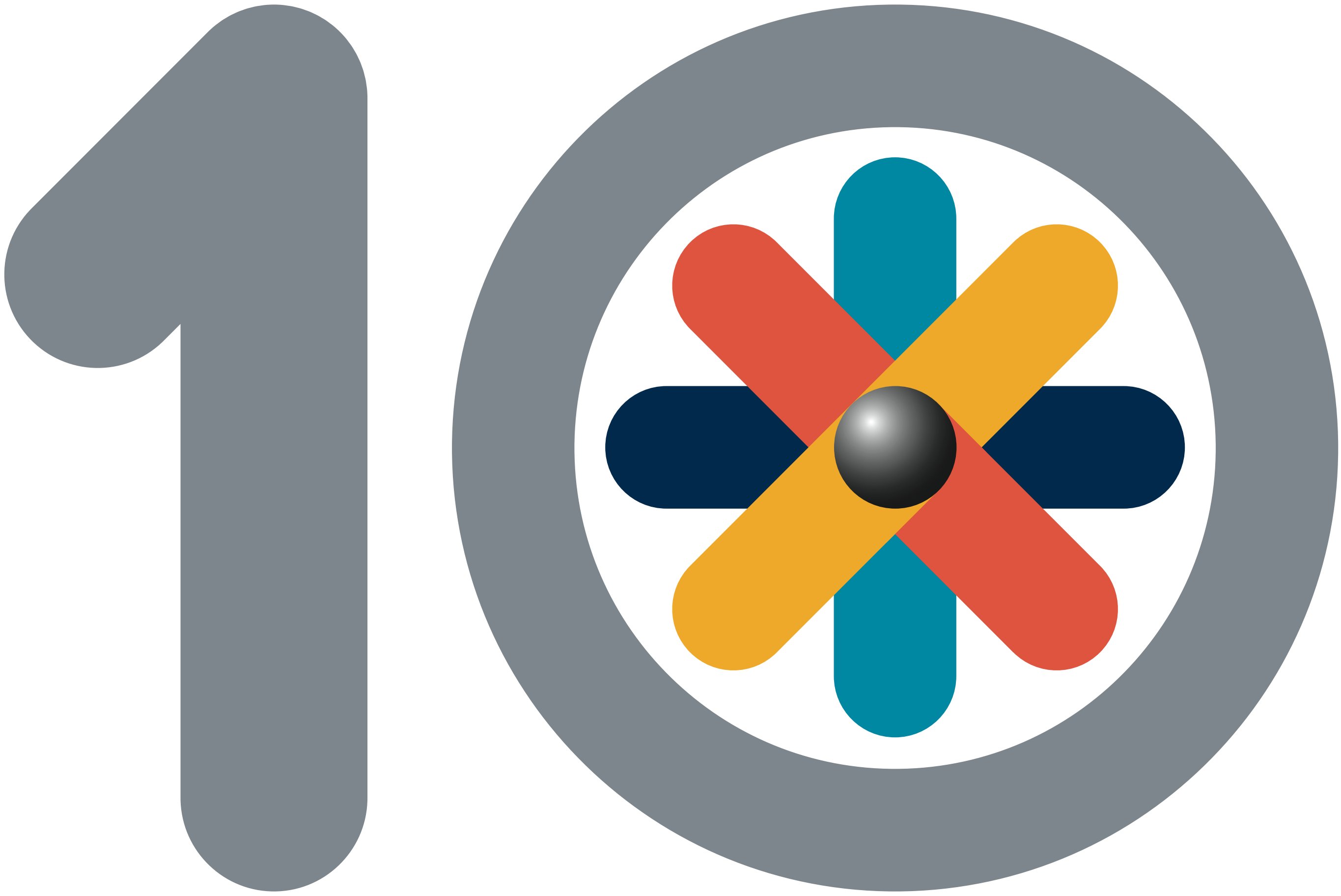
PTSG
PREMIER TECHNICAL SERVICES GROUP PLC
Niche Specialist Service Provider



10 years of exceptional service

Annual Report and Accounts 2016

Welcome to PTSG

PTSG is the UK's leading supplier of façade access and fall arrest equipment, electrical services, high-level cleaning and training solutions.

PTSG was founded by John Foley, Paul Teasdale and Bob Morton in 2007 to provide customers with the full range of niche specialist services under one roof – delivering unrivalled quality, value and customer service.

Contents

Highlights

REVENUE (£)

£39.2m **+52%**

2016 39.2m
2015 25.8m

GROSS PROFIT (£)

£20.3m **+45%**

2016 20.3m
2015 14.0m

ADJUSTED OPERATING PROFIT (£)*

£7.9m **+49%**

2016 7.9m
2015 5.3m

ADJUSTED EPS (£)*

7.63p **+57%**

2016 7.63p
2015 4.87p

DIVIDEND PER ORDINARY SHARE (£)

1.40p **+40%**

2016 1.40p
2015 1.00p

* before adjusting items of £4.7m (2015: £4.0m) resulting in a statutory operating profit of £3.1m (2015: £1.3m) and EPS of 2.61p (2015: 0.57p).

A truly connected business

Under the PTSG brand, we operate four business divisions: Access and Safety, Electrical Services, High Level Cleaning and Training Solutions. These four divisions provide separate services or equipment, as required, or combine to deliver a complete set of niche specialist services.

The Group provides a central information and strategic management function for the individual businesses and champions the dissemination of key information and best practice. Our model helps us to deliver strong economies of scale, delivering efficiencies and, consequently, increasing profitability.

The PTSG brand unites constituent businesses under one clear identity, which supports smarter working and delivers top class services to more than 15,000 customers across 150,000 assets UK-wide.

Access and Safety

Safety Testing
Safety Installation
Cradle Maintenance
Cradle Installation

We are the UK's leading supplier of fall arrest systems and safety testing services. We offer maintenance, inspection and testing solutions for safety at height as well as the design and installation of permanently installed façade access equipment and fall arrest equipment.

2016 Turnover £18.9m

Contribution to turnover:

Electrical Services

Lightning Protection
Electrical Testing
Fire Services
Dry Risers
Steeplejack Services

Our systems not only save time and money, they save lives. Whether it's testing a portable appliance, a complete lightning and surge protection system or a dry riser as a vital component of fire suppression systems, our team of highly trained technicians are market leaders in these fields.

2016 Turnover £17.6m

Contribution to turnover:

High Level Cleaning

High Level Window Cleaning
Gutter Cleaning
Building Cleaning
Pressure Cleaning

Our high-level cleaning team members are experts in working at height, and we can provide cleaning and refurbishment work encompassing a wide range of vital services – for the inside or outside of any building.

2016 Turnover £2.7m

Contribution to turnover:

Training Solutions

Access & Safety Training
Electrical Services Training
Insurance & Compliance

We have a proven track record of working in industry, developing training solutions that are of sustained value and benefit across many business sectors. Combining our top engineers, our extensive knowledge and first class customer service, we can help our clients ensure the safety of their staff with our bespoke training programmes.

Overview

PTSG is a market leader in a wide range of niche specialist services, supplying the facilities management industry with essential bespoke services that the sector does not, and in most cases cannot, deliver in-house. We are number one for the supply of our services across key sectors. We strive to become and then remain the best in class to ensure we stay ahead of our competitors in the market sectors in which we operate.

Our vision

Our vision is for PTSG to set the standard against which other similar companies are measured. We exist to serve our customers by consistently delivering unmatched products and services in niche specialist markets – a service that can be safely relied upon at all times.

Our values

We strive not only to be a great employer, but a reliable and honest company with which to do business. We thrive on meeting and, where possible, exceeding our customers' needs, ensuring they are offered the best service at the most competitive rate, and with the quickest response time. At every opportunity, we aim to deliver a **M**emorable, **O**utstanding, **U**nique, **S**ervice **E**xperience – MOUSE.

Reasons to invest

As a market leader in supplying niche specialist services, we present a very strong case for investment based on year-on-year growth and sustainability, outstanding customer service and a business model that yields continued success in each of our market sectors. We say we will continue to grow profitably and we do. At PTSG our actions continue to speak much more loudly than our words.

We know the size of our market and we are clear about our **growth** plans. We continue to grow from a position of **dominance**. We are successful because we consistently deliver **progressive** results and we do so **sustainably**.

- A BUSINESS THAT HAS **SECTOR DOMINANCE**
- A BUSINESS THAT IS **SUSTAINABLE**
- A BUSINESS THAT **PLANS TO GROW**
- A BUSINESS THAT YIELDS **PROGRESSIVE RESULTS**

Read more on page 16

How we create value

Organic growth linked to carefully selected and value-adding acquisitions is the cornerstone of our success. Our business model is designed to create value for shareholders and stakeholders, with a robust approach to acquiring and growing businesses and making them much more profitable.

OUR OPERATING MODEL

Customer diversification

As the PTSG group of companies expands, often based on what our customers tell us they want and need, we can continue to promote our business through a comprehensive range of niche specialist services to a diverse range of organisations.

Repeat business

Our contract renewal rate in excess of 80 per cent underscores the high level of customer satisfaction through our service delivery.

Staff utilisation

We now employ more than 450 people, with each team member a specialist in his or her own field, whilst able to work across disciplines to deliver one complete solution for our customers.

National coverage

We have 16 office locations nationwide, which means we're able to respond to customer demand quickly and efficiently both during and outside normal working hours.

Use of technology

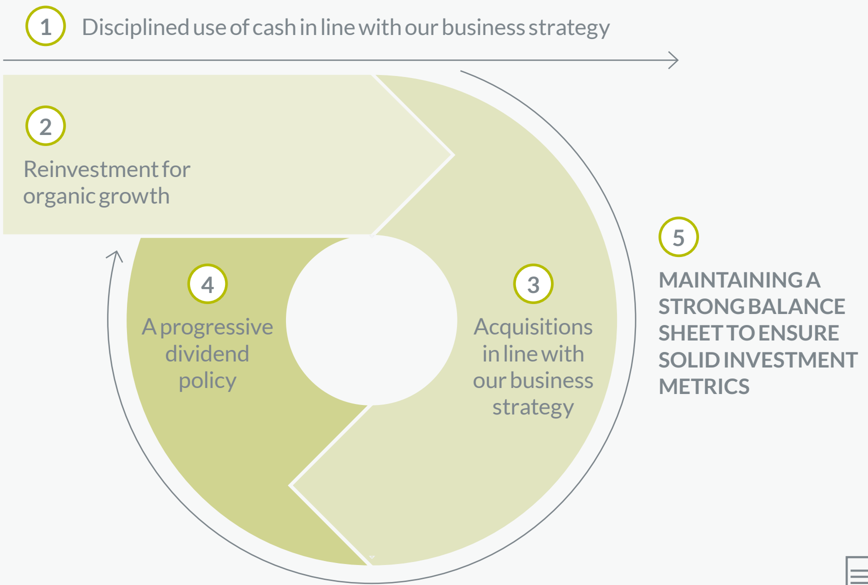
Through effective R&D we have invested in the latest innovative technology to deliver our services to the highest level. Clarity, our proprietary software system, enables us to maximise efficiency and go beyond our customers' expectations.

Accreditation and training

PTSG invests heavily in the training and development of its teams to make sure they are always inspired and equipped with the skills they need to provide the outstanding service PTSG is recognised for.

How we manage your investment

Sound financial management and dedication to a cohesive financial strategy ensures we continue to deliver value on any investment. We focus on:



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A message from our Chairman

"We have a clear and distinct operating model which is both scalable and efficient across a broad range of services on a national scale."

John Foley
Chairman

2016 – A summary

I am pleased to report that PTSG achieved record levels of turnover, gross profit, adjusted EBITDA, underlying profit before taxation and adjusted earnings per share in 2016. Underlying organic revenue growth (adjusting for the impact of acquisitions) was a healthy 20% and this was the tenth consecutive year of double digit organic growth. We also continued with our acquisition strategy in July 2016, when the Group purchased the entire issued share capital of Dry Risers UK Limited and Dry Risers Maintenance Ltd in order to expand our service offering into the niche fire protection and suppression market. After the year end, we purchased the entire issued share capital of Nimbus Lightning Protection Ltd in January 2017 to further strengthen our service offering in an area of key importance for the Group.

Financial overview of results

Turnover increased by 52% to £39.2 million (2015: £25.8 million). Gross profit increased by 45% to £20.3 million (2015: £14.0 million). Adjusted EBITDA increased by 45% to £9.0 million (2015: £6.2 million) and underlying profit before taxation (before adjusting items of £4.8 million) increased by 49% to £7.5 million (£5.0 million). Adjusting items were one off or non trading items including £1.9 million of share option costs, £0.5m of intangible amortisation costs £1.9 million for contingent payments in relation to acquisitions and £0.5m restructuring costs. Adjusted earnings per share increased by 57% to 7.63 pence (2015: 4.87 pence).

The Board has recommended a final dividend of 0.7 pence per share which together with the interim dividend paid of 0.7 pence is a 40% increase on the dividends paid in respect of 2015. This will be paid to shareholders on the register on 30 June 2017 and the expected payment date is 21 July 2017.

Net debt at 31 December 2016 increased to £13.6 million (2015: £7.6 million) following payments of £2.7 million in relation to acquisition of businesses including payment of deferred consideration and necessary increases in working capital resulting from the substantial working capital increase associated with the Group's increased size and scale. The major covenant contained in the Group's RCF facility relating to quantum of borrowings is that total net debt should not exceed 2.25x adjusted EBITDA and the Group trades very comfortably within all its covenants.
As previously stated, the Board is comfortable with core borrowings of up to 1.75x adjusted EBITDA at this stage in the Group's development.

Operational highlights

The Board was pleased with both the 20% underlying organic revenue growth achieved in 2016 and the performance of Dry Riser acquisitions since July 2016. The range of niche specialist services that we are now able to offer customers is an important reason behind our success in both signing new and extending the scope of existing framework agreements with a number of important customers.

Our gross margin performance was in line with the Board's expectations. As stated in my FY 2015 report the major factor which impacts the Group's gross margin performance is the relative mix of installation sales (which carry higher material costs) to testing and repair sales. In 2016, installation sales amounted to £17.4 million (2015: £9.0 million). The gross margin on testing and repair sales in 2016 was 67% (2015: 66%). This continued level of good operational performance is testament to the strength of the Group's operating model which operates successfully across a range of niche specialist services.

The increase in installation sales feeds through into increased testing and repair sales in future years but 2016 saw a higher level of installation activity in the second half of the year than we had anticipated, resulting in an increased working capital requirement at the year end which is expected to reduce in 2017.

The Group provides services to over 150,000 buildings and therefore produces a very high number of relatively low value invoices in relation to its testing and repair activities. The supporting infrastructure in the Health and Safety, contract renewal, IT and accounts areas of the business needs to be robust in order to support this level of activity and senior management is as diligent in its focus on these areas as it is on direct operational performance issues. The proprietary Clarity System that has been developed in house to efficiently manage the high volume of low value transactions that is a feature of the Group is now fully operational in our Access and Safety division and will be carefully implemented across the Group during 2017 and 2018.

The Group continues to secure necessary industry accreditations and it was pleasing to win two PFM partnership awards in November 2016. These awards show that our efficient and innovative operating model is appreciated and recognised by others within the facilities management sector and our track record shows that this model remains scalable across a broad range of niche specialist services.

Strategy
PTSG celebrated its tenth anniversary in February 2017. It was founded with a very clear objective to build a Group which could become the UK's leading provider of niche specialist services to customers in the facilities management, property and construction sectors. We have a clear and distinct operating model which is both scalable and efficient across a broad range of services on a national scale. Excellent customer service is at the heart of everything we do. We have undertaken and successfully integrated 21 acquisitions since formation and developed market leading positions in our chosen service areas. Our acquisition policy is now focused on a new objective which is to seek sector dominance in our chosen areas of operation, especially in the testing and repair sectors. Our organic growth strategy now recognises that we have a major opportunity to sell an enhanced range of specialist services to our customer base. We expect that this new focus will benefit our shareholders in years to come.

STODDART REVIEW

PTSG is proud to support the Stoddart Review, a new report into the benefits the facilities management (FM) industry holds for UK businesses, and how workplace environments can drive and improve performance.

The Stoddart Review has been established as a periodical publication to raise awareness on key people issues within the FM industry. The goal of the review is to help to raise awareness amongst senior executives across the UK about the role of FM in workplace productivity. The group of industry professionals behind the review all gave up their time free of charge to deliver this insightful work. Their research reveals that too few organisations place enough strategic importance on the working environment as a key driver of organisational performance.

PTSG's sponsorship of this important review is yet another way the Group is able to contribute to the wider FM industry, by helping to raise awareness of its importance for the UK business community.

3.5%

The Stoddart Review reveals that an effective workplace can improve business productivity by as much as 3.5%

£70bn

Economist Duncan Weldon believes that the above could add up to £70bn to the UK economy

Read the full report at www.stoddartreview.com

People
On behalf of the Board I would like to thank all of our employees for their hard work and commitment to ensure that PTSG remains the service provider of choice for our customers.

Outlook
We undertook an IPO in February 2015 in order to assist us with our ambitious growth plans; those plans are now more detailed but no less ambitious after two years as a public company and we continue to explore an active pipeline of acquisition opportunities. 2016 was a successful year in terms of the delivery of strong, profitable organic growth and the Board is pleased to note that 2017 has started very well with continuing sales growth and new record levels of orders in hand held across the Group. We remain both confident of our prospects and enthusiastic about the future.

John Foley
Chairman

28 March 2017

How we run our business

Our strategy and business model drive our operations, supported by a strong commitment to good corporate governance. We champion best-in-class practices and well established services that deliver benefits to customers, contributing to a shareholder value proposition that continues to positively evolve.

Inputs

FINANCIAL STRENGTH

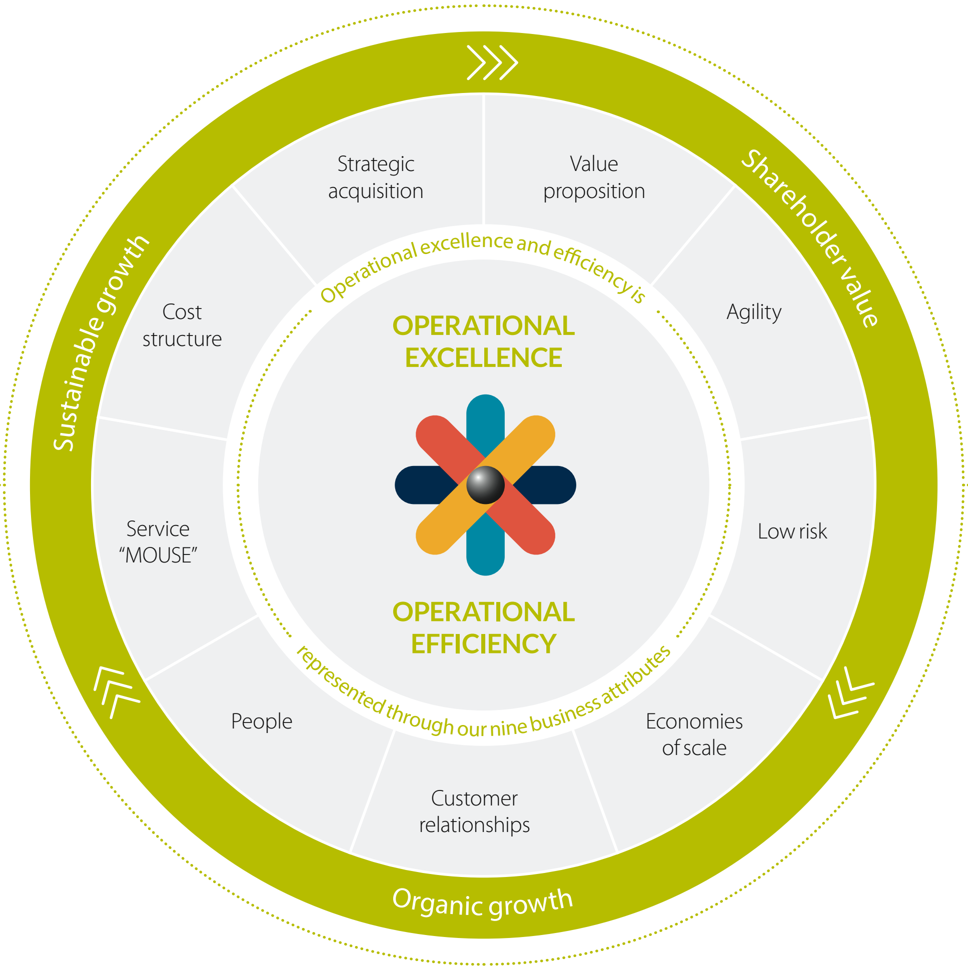
- We have seen sustained year-on-year growth, with a revenue increasing in 2016 by 52% to £39.2m and operating profit before adjusting items increasing by 49% to £7.9m.
- Our order book is full, our balance sheet is strong enabling us to execute our clear strategy.
- We have a very strong mix of private and institutional investors.

OUR PEOPLE

- Our leadership team has been carefully selected to direct the business and they are trained to envision, inspire, guide, motivate and encourage actions that make a positive financial difference.
- We create winning teams and better leaders by investing significantly in value-adding training and development programmes.
- Our 450 highly trained specialists are market leaders in their respective fields.

STRONG CORPORATE GOVERNANCE

- Our corporate governance system is designed to reduce operational risk by eradicating conflicts of interest across the business ensuring ongoing sustainability, growth and prosperity.
- We have a strong system of rules, practices and processes by which the Company is directed and controlled.
- Our systems ensure that PTSG's assets are used efficiently and productively and in the best interests of our investors and other stakeholders.



Value proposition

PTSG delivers clear customer value. With a strong mix of services strategically placed in the market to ensure coverage of a larger area, our innovation and work methods ensure market-leading results.

Agility

With the nature of the FM industry, PTSG is and has to remain adaptable and flexible to changes inside and outside the Company, moving and evolving rapidly without slowing down.

Low risk

Since 2007, we have managed to keep our overheads realistic and low. PTSG is forward-thinking; we plan our acquisitions carefully and consider what will impact our organic growth, ensuring the Company can remain sustainable with high margins.

Economies of scale

Working to a strong business model, we are dedicated to making sure PTSG can deliver our promises. Since 2007, we have grown relatively quickly, but there is longevity in that growth that will benefit the Company, and attract more customers and investors.

Customer relationships

The way our customers view us is vital to our performance and our future within the industry. Our customer services are award-winning and we are immensely proud of our people and the Company's reputation on every level.

Outputs

MARKET LEADER
- We have become the UK's leading niche specialist services provider.
- Most of our services outsell those of our competitors.
- We use our dominance to affect our competitive landscape and the direction the market takes across all four divisions of our business.

GROUP PERFORMANCE
- Through organic growth, we have continued to improve output and increase sales year-on-year.
- We have continued our successful value creation record through carefully selected and symbiotic business acquisitions – reinforcing our capabilities.
- 2016 saw solid performance across the Group, with high levels of employee engagement and retention and customer satisfaction.

WELL ESTABLISHED SERVICES
- We are a very well-known business with established services and the most high profile presence in the FM industry through relevant trade associations and the media.
- We began trading in 2007, offering specialist access and safety services alone; during the last ten years, our portfolio of services has grown significantly to include a wide range of electrical, high-level cleaning and training services.
- Our bundled service provision meets all our customers' requirements, saving them the time, effort and cost of delivering or sourcing the individual services themselves.

BEST-IN-CLASS PRACTICE
- We have an incredibly strong corporate culture in which the attitudes, beliefs, values and norms of PTSG are visible and evident and shared by our people right across the organisation.
- It is our aim and has always been to set the standard to which our competitors working within our market sectors aspire.
- In 2016, we received several national industry awards for our work in the FM sector, placing amongst the sector elite for service delivery and collaborative working.

Our growth drivers

ORGANIC GROWTH
- Geographical expansion and increase of service offering
- Renewal rates and repair sales
- Cross-selling of services

ACQUISITION
- Strong acquisition pipeline
- Track record of driving growth
- Increasing capabilities

MARKETPLACE
- £600m addressable market with 5-10% market share
- New sector expansion, such as Fire Services

DEMAND
- Construction
- Regulation

People
PTSG people are the face and the driving force of the Company. Creating a great place to work, supporting staff to realise their full potential and building leadership strength is vital to the success of our business. We strive to ensure staff are given adequate training, an excellent working environment, that they are safe at all times and they know they have the support of a strong team behind them.

Service "MOUSE"
As we tell our staff and customers, we at PTSG do everything by word of MOUSE. Memorable. Outstanding. Unique. Service. Experience. By striving to be a great employer, we can confidently say PTSG is a great organisation to do business with. We obsess over our customers, offering them the best services possible and building long-term relationships based on mutual benefits.

Cost structure
Company profits and the benefits to shareholders and potential investors are essential, and our business model ensures PTSG is able to provide customers with a competitive pricing structure based on keeping our overhead low and maximising our outputs.

Strategic acquisition
PTSG's track record of success proves the acquisitions made over the last ten years have benefited the Company by increasing the range of services offered.

Moving forward, PTSG's acquisition team has a strategic buying plan to allow further market penetration and ensure we continue to offer cost effective, efficient niche services – the services our customers say they want, need and expect.

Our strategy for growth

Ten transformational years of growth and development. That is set to continue.

We aim to deliver value and quality investment returns for our shareholders by increasing our market share in each of our niche service areas. Our strategy is to generate this through organic growth, by leveraging customer relationships and through selective acquisitions.

PTSG continues to evolve in a fast-changing trading and economic environment. That is why we have invested in new proprietary technology that will help us to grow our competitive advantage through innovation and continue to deliver shareholder value. Our new Clarity system, and our focus on ongoing innovation, is essential for a modern company like PTSG to continue to grow profitably.

Our growth strategy is facilitated through three interwoven strands.

STRATEGIC PRIORITIES	DESCRIPTION	PROGRESS SO FAR	OBJECTIVES FOR 2017
Efficiency In today's competitive markets we need to show we are ahead and able to deliver.	Efficiency is the key to the organic growth of PTSG. Our mission is to continue to be the UK's leading and best niche specialist service provider. We have positioned ourselves in the market so that we are in the right locations to deliver our award-winning services in the shortest amount of time and in the most cost effective way.	• Our developers have designed and delivered a fully functional working system that can help all our staff, from managers to engineers, to operate more efficiently. • PTSG Clarity has given us visibility up, down and across the business, seamlessly integrating service delivery with back office systems. • We have trialled the system within our Access & Safety division and offered training to ensure all staff are user-aware. We are now rolling this proprietary system out to the rest of the business.	• We are going to continue to concentrate on our organic growth, alongside our existing work-streams and complement and add to those through further acquisitions. Our people development programmes will ensure that we continue to train and invest in our staff into 2017 and beyond.
Scalability Our ability to grow further is rooted in our proven business model.	Our acquisition of companies that add value to the PTSG portfolio has enabled us to not only widen our geographical market presence, but to enhance our ability to cross-sell new services to customers and business prospects. Over the years, we have built on our already strong niche services, placing us in a prominent position for further growth opportunities.	• Taking advantage of acquisition opportunities, leveraging our leadership and managerial framework. • Our move into the Scottish market opened new doors and has given us a strong foothold in the area. • We have successfully added the steeplejack services and dry riser services to our product offering, following two very successful acquisitions.	• We will continue with our expansion in the UK, strengthening our position further in those areas that add the greatest value. The more areas we can cover, the more cost effective we will be and the greater our strategic regional operations map becomes, giving us more leverage in the market.
Innovation Reaching new heights. The dynamics of business are changing and we are embracing them.	We have designed and developed PTSG Clarity, a PDA-based software programme that will enable us to track every job in real time, from pre-planned to re-booked, and the completion and invoice stage. Our highly-trained developers have been working on the unique system for the past three years. It enables our engineers to be on the road 100 per cent of the time, ensuring maximum productivity across the business. Clarity improves scheduling, back office efficiency and client service.	• Our developers have designed and delivered a fully functional working system that can help all our staff, from managers to engineers, to work more efficiently. • PTSG Clarity has given us visibility up, down and across the business, seamlessly integrating service delivery with back office systems. • We have trialled the system within our Access & Safety division and offered training to ensure all staff are user-aware. • Customer satisfaction ratings continue to improve further following the implementation of the Clarity system.	• We will continue to develop the system, rolling it out across all four of our divisions. • The system will be completely functional and available to our people by the end of 2017. • To consolidate and improve our contract renewal rates.

CLARITY IN NUMBERS

15,000

The development of Clarity has involved over 15 thousand hours of development, resulting in over one million lines of code

2m

Clarity has processed over two million audited transactions, resulting in the generation of over 30 thousand documents

75 users

Alongside 75 users across eight different PTSG departments, Clarity also provides secure and efficient access to job information for an ever-growing list of clients through its Client Portal

STRATEGY IN ACTION

Growth through Clarity

As Clarity increases efficiency and frees up our employees to focus on more profitable work, this will increase our business growth.

Read more on pages 20 to 21

Case study – UK Dry Risers

The acquisition of UK Dry Risers has created an entirely new business stream for PTSG, making our Electrical Services division fully comprehensive and offering a much sought after fire safety solution.

Read more on pages 24 to 25

Our fundamentals for success

Focusing on three key fundamental initiatives reinforces our vision to create value for all our stakeholders through our business strategy.

VALUE FOR OUR CLIENTS
Exceptional customer service has always been the priority for our customers, and will remain so. This is delivered through superior workmanship and our ability to offer all niche specialist services under one roof, providing ultimate convenience and value for money.

VALUE FOR OUR EMPLOYEES
Our priority for our people is to ensure their safety and give them the opportunity for development, so that we can get the best results from their skills and talent. Our aim is to make PTSG a great place to work so that we are always a great place to do business with.

FOR OUR SHAREHOLDERS
We continue to grow sales and net profit year-on-year. Going forward, we will maintain our approach to delivering value-adding investments coupled with strong organic growth to generate a strong and healthy rate of return on invested capital. We will create this value in a sustainable manner enabling PTSG to follow a progressive dividend policy.

Our marketplace

PTSG has developed a strong reputation for delivering safe, innovative and quality services that creates value for its growing customer base. The Company exists to serve, and its products and services have been designed for organisations whose main priorities include preserving buildings and protecting people. PTSG's customers turn to the business day-in-day-out because its highly trained and specialist people keep them safe and compliant at all times.

150,000
PTSG services more than 150,000 buildings

£600m
Aggregate value of the markets in which PTSG operates per annum in the UK

15,000
PTSG has more than 15,000 customers

6%
PTSGs share of the potential addressable market

2-4%
PTSGs market growth rates per annum

Market drivers

Regulations and the competitive environment are the two principal drivers of demand for the services provided by PTSG.

REGULATIONS

Working at height is considered to be one of the most dangerous activities in daily working life. The Work at Height Regulations 2005 were created to reduce the risk of death and injury caused by a fall from height. The highly specialist nature of PTSG's work, most of which is undertaken at height, means that the Company is called upon to guide, advise and deliver work for those organisations that do not have the in-house skills and capabilities to deliver the complex projects and tasks that PTSG is asked to complete.

What does this mean for PTSG?

- That there are very few specialists of PTSG's nature in the market place and those that do occupy the space do not offer the full range of services offered by PTSG.
- That demand for the niche specialist services offered by PTSG are very high within the FM sector as a consequence.

COMPETITIVE ENVIRONMENT

PTSG is the UK market leader in access and safety, lightning protection and dry riser maintenance and installation across the FM sector. Most of the Company's main competitors specialise in one of the service areas offered and delivered by PTSG. This gives PTSG a competitive advantage because it means that the Company can offer a full niche service for FM organisations and the associated economies of scale.

What does this mean for PTSG?

- That the company is seen as a very attractive proposition for organisations seeking niche services that are all in one place.
- That demand for the niche specialist services offered by PTSG are consistently high within the FM sector.

Market position

PTSG believes it can maintain and expand its position in its chosen markets due to its competitive advantage, ability to achieve and sustain high margins, strong organic growth potential due to its wide customer base and cross selling opportunities coupled with its proven ability to successfully integrate acquisitions in complementary areas of activity.

Competitive advantage

- Established business model (delivers high margins)
- Nationwide UK engineering coverage (economies of scale)
- Bespoke operational and CRM software (leads to margin sustainability)
- Broadening multi-service coverage
- Broad customer base

Margin sustainability

- Industry leading contract renewal rates
- Largest UK repair and maintenance contract base in Access and Safety
- Nine year track record of £1 repair to £1 maintenance
- Efficiency of model works in all sectors
- Award winning services create further FM supply agreements

Major customers and organic growth

In most cases, we start by delivering single services before being asked to deliver more. Cofely, Mitie and M&S are three examples of clients with whom we began by delivering access and safety services. Now, they are taking advantage of our wider service offerings including electrical testing and high level services.

We have an extensive customer base with no significant exposure to any one customer and just 5 per cent of our customers currently receive more than one service.

Although we are a market leader in a number of areas we still have less than 10 per cent market share in our principal markets, which provides significant scope for further growth.

UK coverage

Headquartered in Castleford West Yorkshire with 16 offices and more than 250 engineers countrywide, PTSG is positioned to deliver. We have strategically placed staff which allows us to reduce travel costs and the necessity for overnight stays and continue to deliver a highly cost-effective service.

MAP KEY

Head office
Glasshoughton
Castleford
West Yorkshire

UK distribution centre
Pioneer Way
Castleford
West Yorkshire

Regional offices
Edinburgh
Sheffield
Nottingham
Bury
Oldham
Stoke
Dereham (Norfolk)
Coventry
Ipswich
Witham (Essex)
Gatwick

London offices
South HQ
South
City office

16
UK office locations

450
Full-time employees

Chief Executive's review

"We occupy a leading position in the UK marketplace delivering sustainable value for both customers and shareholders."

Paul Teasdale
Chief Executive

Highlights

52%
Revenue growth

45%
Gross profit growth in 2016

49%
Adjusted operating profit growth in 2016*

* before adjusting items of £4.7m (see note 6 of the financial statements).

Overview
2016 saw Premier Technical Services Group PLC (PTSG) perform exceptionally well across our divisions, once again delivering well above and beyond expectations. We achieved a number of the strategic priorities we identified at the start of the year, resulting in an even more comprehensive service offering, supported by the technology to deliver a measurably improved service for our customers. This has seen our underlying profits before tax move ahead apace, whilst delivering a strong return for our investors. We have also identified areas within our business for improvement, and we look forward to setting out new objectives to enable us to continue growing at a sustainable rate.

2016 saw the beginning of our tenth anniversary year and we celebrate a decade in business in February 2017. From a standing start in 2007, we have achieved sustained growth in every year of operation. We have combined an ambitious strategy of organic growth with business acquisition, forging a business model which has yielded impressive and continued growth and profitability.

Once again in 2016, the Group achieved double-digit growth, with a revenue increase of 52% to £39.2m, delivering a pre-tax operating profit (before adjusting items) of £7.9m. This builds on the previous year, which saw our turnover increase to £25.8m. These figures underline the effectiveness and sustainability of our business model, with significant further organic and acquisitive growth expected in the year ahead.

PTSG is the only PLC to operate within many of its niche markets. We know from considerable experience that the industry's larger contractors prefer to trade with a PLC, and this has helped to strengthen our position in the marketplace and will also be a key growth factor going forward. Our aim is threefold: to continue to deliver outstanding service to our growing customer base; to make PTSG the best place to work so that we are always the best place to do business with, and to deliver continued shareholder value. This is what my leadership team and I obsess on day in, day out.

Evolving and improving
The facilities management industry is highly competitive, and it is through striving to deliver the best possible service for our customers that we have grown to occupy a leading position in the UK market place. In order to continue delivering sustainable value for both our customers and shareholders, we regularly review the performance of our four divisions to identify areas for improvement.

Our contract renewal rate remains in excess of 80 per cent, and while pleasing and significantly better than other organisations in our sector, this remains an area for us to improve upon. We are working hard to try and understand, outside project completions and close outs, why some of our customers decide not to renew their working relationship with us upon completion of ongoing contracts. It is a relatively small number, but nevertheless it is important to us.

2016 saw our continued investment in, and development and implementation of, Clarity, our proprietary software, and the first administrative system of its kind to be completely non-manual. It is already enabling us to serve our customers far better, with work tracked in real time and documents created or retrieved instantly and remotely. We will continue to look for other ways in which technology can be used to our customers' – and our own teams' – advantage.

Value for money is also crucially important to customer satisfaction. Our business model ensures PTSG can provide customers with a competitive pricing structure, as we aim to be the niche specialist services provider offering the best value in the UK. This in turn results in repeat purchase and higher profits due to the quantum of work we are commissioned to undertake and the economies of scale in our unique delivery system.

Of course, it is the nature of any business that some contracts are short-term. However, something that differentiates PTSG from our competitors is our bundled service provision. We entered the marketplace having identified the need for one organisation to provide multiple niche specialist services under one roof. Since then, we have fully committed to our aim of offering the full range of high-quality engineered products and services required by customers and contractors.

We have gained a strong reputation throughout the industry for being able to meet all our customers' needs. As working at height specialists, we manage the full range of cradle and fall arrest services – from design to installation and maintenance; our electrical services encompass everything from lightning protection systems to dry risers; our high-level cleaning service extends to all areas of a building, using techniques such as pressure cleaning and even specialist painting and window replacement, as required.

Finally – and importantly – we also provide training for organisations. By offering our customers everything 'under one roof', we save them the time, effort and cost of procuring these services separately.

Priorities to address

In 2017 our priorities are to continue to deliver safely and deliver well so that we continue to grow and deliver a strong return on investment for our shareholders. This will be made possible through our strategy and business model as seen on pages 06 to 09.

GROWTH

We are pleased to be judged on our ability to achieve sustained growth – something we have done every year over our ten-year history.

- Revenue: £39.2m
- Adjusted operating profit: £7.9m
- Dividend per ordinary share: 1.4p

SAFETY, SERVICE AND COST-EFFECTIVENESS

The very cornerstones of our business, by getting these three areas right we can be sure to achieve high levels of customer satisfaction – and increase our contract renewal rate further still.

- PTSG remains the only company of its kind to employ a dedicated, full-time Safety, Health, Quality and Environment team who obsess on keeping our people, our supply chain partners and our customers safe.
- Our high contract renewal rate speaks of the satisfaction among our customers with the service we deliver.
- Our bundled service provision saves clients the time, effort and cost of looking for multiple companies to provide the services PTSG delivers 'under one roof'.

MARKET LEADER

We have reached a position in the market place where we are widely known and respected in the niche sectors in which we operate as *the* safe pair of hands.

- We have won numerous awards which recognise our success across our market sectors, as well as our commitment to safety – with five consecutive RoSPA Gold Awards – a unique achievement in our sector.
- We have ongoing collaborative relationships with a number of first-tier contractors, many of which prefer to work with PTSG as a PLC.
- We are the only PLC in many of the markets in which we operate, making us a preferred choice for several of the larger contractors.

Chief Executive's review continued

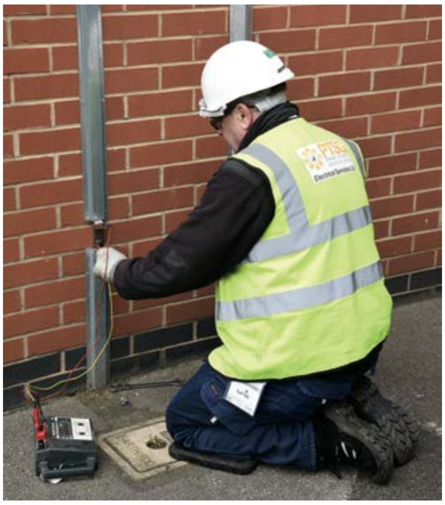
REMARKABLE ACCREDITATIONS

The health and safety culture and training of our staff and our high-quality customer service is tantamount to our business being the success it is today.

We have worked hard to gain and maintain a reputation and have received more than 100 accreditations across the Group including the ROSPA Gold Award, RISQS, ATLAS, SAEMA and Investors in People.

+122

Accreditations received across the Group



Acquisitions

Although organic growth continues to be the cornerstone of our success, our business acquisition strategy has been fundamental in securing our position as the complete niche specialist service provider.

Our first acquisition was of an access and safety company, National Cradle Maintenance Limited, in 2007, which was funded by £0.9m of equity from the founders. Since then, and up to the end of 2016, we have made 20 carefully targeted and self-funded acquisitions, which have resulted in our comprehensive service offering across our market sectors. We will continue to identify further opportunities to fill potential gaps in our service provision.

The businesses we have acquired have enabled us to increase our leadership capacity in several areas of the business as well as strengthening our management and skilled workforce, our production capacity and complementary or proprietary products or services. They have also been a way to expand the company geographically as well as managing business risk through market and customer diversification.

Whilst we have expanded through acquisition, subsequent organic growth has accounted for more than half of the increase in total revenues since 2007. Bundled service provision represents the other key factor in our growth going forward.

The acquisition of the Dry Risers business in July 2016 provided a new service offering for our clients and is showing good growth following its integration into the Group.

Industry sponsorship

Late in 2016, we were pleased to announce our support of the Stoddart Review, a new report into the benefits the facilities management (FM) industry holds for UK businesses. The report revealed that smarter use of Britain's office space could improve productivity by between 1 per cent and 3.5 per cent, and deliver a boost of up to £70bn to the economy. Such findings help to raise awareness amongst senior executives across the UK about the role of FM in workplace productivity – and we are delighted to be part of that.

Support elsewhere in the industry, such as our sponsorship of the ATLAS, PFM and BIFM awards, make a valuable contribution to the sustainability of the industry; and PTSG becomes an integral part of the facilities management supply chain network in the process.

Divisional results

Each of our divisions has contributed to the exceptional performance of PTSG in 2016, thanks to our teams of highly trained experts.

Access and Safety

Safety Testing and Installation, Cradle Maintenance and Installation. As the UK's leading supplier of fall arrest systems and safety testing services, we achieved a turnover of £18.9m in 2016 (2015: £12.0m) – a 48% contribution to the turnover of the Group. Adjusted operating profits increased to £3.1m from £2.0m in 2016 with growth across all segments.

Electrical Services

Lightning Protection, Fixed Wire and PAT Testing, Dry Risers, Fire Alarms and Extinguishers and Steeplejack Services. We achieved a turnover of £17.6m in 2016 (2015: £10.4m) – a 45% contribution to the turnover of the Group. Adjusted operating profits increased from £2.5m in 2015 to £4.0m. We saw good growth across all services and the acquisitions made in 2015 showed good progress.

High Level Cleaning

High Level Window Cleaning, Gutter Cleaning, Building Cleaning and Pressure Cleaning. Our team members are experts at working at height and performing a high-quality service even in the most inaccessible locations. In 2016 we achieved a turnover of £2.7m (2015: £3.4m) – a 7% contribution to the turnover of the Group. The decline was a result of one off technical work undertaken in 2015 but not repeated in 2016. Adjusted operating profits rose from £0.7m in 2015 to £0.8m in 2016.

Training Solutions

Training, Consultancy and Insurance Inspections. As well as training our own people – the best in the business – we work closely with our clients to ensure the safety of their staff through our bespoke training programmes.

Looking ahead

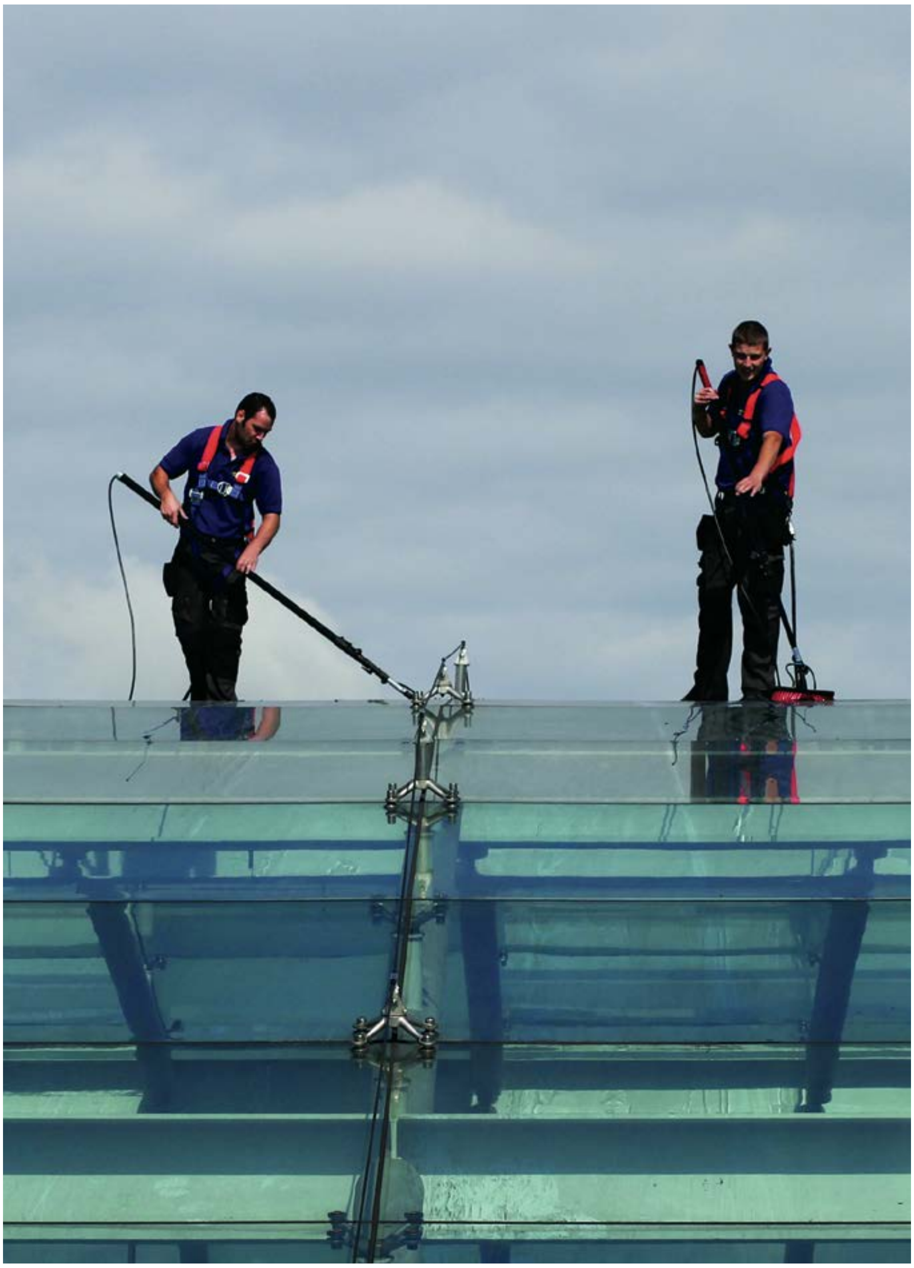
PTSG is a more capable and better equipped niche services provider than at any time in the Company's ten year history. In the coming year, we will continue to focus on delivering a high-quality service to our customers, while looking for further ways to augment our offering.

On 1 September 2016, PTSG appointed Numis Securities Limited (Numis) as our nominated adviser and broker. Numis is one of the UK's most respected institutional stockbrokers and corporate advisors, recognised as being one of the leading providers of capital for UK listed companies.

Finally, I would like to thank all our people for their hard work and commitment. I am continually impressed by the quality of service our teams deliver, always with safety in mind. This gives me great pride as we aim to set the standard other service providers strive for.

Paul Teasdale
Chief Executive

28 March 2017



AWARD WINNING

PTSG received several shortlistings at the industry's most esteemed awards ceremonies in 2016, and in November walked away with two PFM Partnership awards for its work with Marks & Spencer and SES Engineering Services.

PTSG CEO Paul Teasdale also had another solid year, after being named the IOD's Director of the Year and the Yorkshire Business Awards Entrepreneur of the Year.

Why we win

Through a proven track record of growth, we present a strong case for investment for organisations looking to achieve robust returns. Our business is sustainable, dominant, progressive and excels in delivering outstanding customer service, with safety at the core of everything we do – a unique selling point that wins us business.

A business that is sustainable

A business that has sector dominance

A business that plans to grow

A business that yields progressive results

A position of dominance
From a standing start in 2007, PTSG has achieved its objective of becoming the UK's leading provider of niche specialist services to the facilities management industry. Our consistently high profit margin and gradual dominance in each of the market sectors in which we operate illustrates the success of our strategy to combine organic growth with targeted business acquisition.

By continuing to meet our twin objectives of delivering outstanding customer service and value for our shareholders, we are confident that we will maintain our leading position in the marketplace.

What sustainable growth looks like
We entered the UK market upon recognising a need in the industry for the provision of multiple niche specialist services under one roof. That has been the driving force behind our growth, which has resulted in the provision of a comprehensive set of services in each of our four divisions: Access & Safety, Electrical Services, High Level Cleaning and Training Solutions.

We now employ more than 450 highly trained and professional people across 16 UK office locations. We service 150,000 assets for over 15,000 clients. And we have a contract renewal in excess of 80 per cent.

The reasons behind our success
Our aims of delivering outstanding customer service and shareholder value lie behind our sustained success. We have carefully targeted a range of customers over the last ten years in order to create a comprehensive niche specialist service offerings that meets or exceeds their needs.

It is this need that has driven our acquisition strategy with each company purchased following a period of integration into the PTSG administrative and compliance system and ensuring our high level of customer service continues.

We invest heavily in the latest technology so that our service is cutting-edge; Clarity, our unique, proprietary software system, is vastly improving efficiency within our business, the benefits of which are being enjoyed by our customers.

Value for money is another reason our customers choose us again and again (contributing to an industry leading contract renewal rate). Our ability to cross-sell services to our customers to meet all their requirements ensures their costs are reduced further still, as they don't need to spend the time, effort and money procuring each service individually.

Safety is at the core of all our activity. We will never compromise on safety and we live by the maxim, 'If it can't be done safely, we don't do it'. PTSG is the only organisation of its kind to employ a full-time Health, Safety, Quality and Environment team.

Progressive results and sustainability
In the year of our tenth anniversary, we have seen the number of customers, portfolio of assets, delivery team, profits and revenue all grow year on year. 2016 was no exception – in fact, it was another record year.

Highlights

80+%
Contract renewal rate

150,000
Assets serviced

15,000+
Clients

Q&A

We talk to Roger Teasdale, Managing Director of PTSG, about why we win.

What is the secret to PTSG's success?
Our formula is quite simple: our highly trained and professional people provide our customers with an exceptionally high quality of service at affordable prices. Add to that our ability to offer each of our customers complementary services, which meet all their requirements on any given project, coupled with high health and safety standards, and we believe they will be satisfied. Our strong contract renewal rates are testament to this.

What are your priorities for 2017?
Again, they are quite straightforward. First and foremost we must deliver safely and deliver well so that we continue to organically grow the business and deliver a strong return on investment for our shareholders.

It is essential that we maintain a high level of service for our customers across all product and service areas and the sectors we serve. We will do this through the continual development of our people and the further implementation of Clarity which will enhance efficiency, accuracy and the speed of service for our teams and our customers.

We will also remain vigilant to customer opportunities to further expand our offering, strategically targeting companies with the services they want and expand our geographic offering to add value to them and to PTSG. The leadership, business development and operational teams are incredibly important as part of this process.

How do you measure your success?
Value for our shareholders is measured by the return they see on their investment, but it also comes from backing a company which makes a positive contribution to the industry in which it operates. PTSG has always looked for ways to support the facilities management industry, examples of which are our sponsorship of ATLAS, PFM and BIFM and the recent support we have given to the Stoddart Review – a peer review that outlines how to recruit, train and retain the FM industry's leaders of today and tomorrow. This indirect way of speaking to our customers and business prospects complements our already well-established and very effective channels of direct communication.

For our customers, our contract renewal rate remains a key indicator of our performance. It currently stands at an all-time high, but we would like to see it improve further and will look for ways to build on our customer satisfaction levels to capitalise further on future opportunities. Internally we have a variety of measures that ensure we maintain our standards, levels of efficiency and effectiveness.

Case study
Growth through Clarity — Improving efficiency and delivery

PTSG's software development team has built the Clarity system – a unique, non-manual administrative system which uses hand-held technology service to improve the business's day-to-day operations. Clarity makes the Group's processes much quicker by allowing for more effective scheduling, real-time engineer tracking across the UK, and more direct customer communication.

What is Clarity?

The system is made up of four key components. Each is designed with the specific requirements of individual departments in mind, ensuring that everyone at PTSG, including the administrative team, business development managers and on-site engineers are able to do their jobs more efficiently.

ClarityWORK

Used by
PTSG's engineers.

What does it do?
ClarityWORK is an advanced mobile workforce system that provides PTSG engineers with everything they need to do their job safely and efficiently, including sat-nav, real-time engineer location tracking and a job recording and submission facility.

ClarityPORTAL

Used by
PTSG's clients.

What does it do?
ClarityPORTAL is a secure and easily accessible platform for clients to log requests and view real-time information on their jobs and accounts. This aspect of Clarity is designed to keep everyone involved in the job, whether at PTSG's offices or the client's, fully informed and enables PTSG to respond efficiently to any requests.

ClaritySALES

ClarityOFFICE

Used by
All PTSG employees.

What does it do?
ClarityOFFICE and ClaritySALES are the back-end administrative systems that provide comprehensive group-wide resource planning and customer relationship management functionality.

What are its benefits?

PTSG Clarity was designed to unlock growth through powerful innovation, and it does exactly that. The bespoke, proprietary system is allowing us to operate effectively and efficiently, ultimately reducing costs and bringing an all-round better service to our customers.

INTUITIVE
From the time a purchase order is generated to when the job is completed and invoiced, all processes and 'paperwork' (which is actually electronic) are automatic. The system responds immediately to project developments.

SCALABLE
An integral part of Clarity is the processing of data. In the scheme of PTSG's operations, huge amounts of data are generated every day and it is essential to manage this. Clarity enables users to track, view and assess all developments in any given project.

SAFETY
Clarity looks after the safety of workers via a formal framework of checking and verifying the status of lone workers, to ensure the safety of any staff entering a location alone. It also ensures online safety, via a secure portal.

REAL-TIME
The ClarityWORK app uses sat-nav to track the engineer in real time during their designated working hours. This also relays the current road conditions, calculating an accurate estimated time of arrival for both office and client. This enables work to be scheduled more effectively and contingency arrangements to be made if any problems arise with a journey.

MOBILE
The nature of PTSG's multi-disciplinary work means that all engineers work remotely, in all kinds of locations – thousands of feet in the air or underground. To accommodate this, the ClarityWORK app is designed to run on a mobile device and operate fully, even when the engineer has no data signal – it simply synchronises automatically when the signal is available again.

EFFICIENT
Engineers can use ClarityWORK to record their current status in relation to their schedule, detailing which job they are currently travelling to, time of arrival on site and when the job is completed.

Whilst on site, Clarity's task system allows the engineer to undertake and document the required service delivery. Clarity's automated workflow generates and issues any required worksheets and certificates.

PAPERLESS
Paperwork is time consuming, inefficient and gives rise to human error. Clarity is a solution to manage the documenting of information automatically, giving users instant results.

Q&A

We talk to Jason Sheehan, an engineer at PTSG about how the Clarity platform has improved his work.

What are the main benefits for you?
For me as a user of the Clarity system, the benefits are the saving of a lot of time, greater efficiency and the reduction in human error.

What about the connection between you and office-based colleagues?
Office staff can see if I or another engineer have arrived on site or how far away I am. This eliminates the need to call me and the customer back. The office can also view which engineers are away from any internet connection, which makes weekend working issues easier to sort out.

How does it enable you to serve your clients better?
Firstly, we are spending more time doing the work as opposed to administering it – we are so much more productive. The time saved on not having to match worksheets to jobs, marking up, scanning and attaching to the jobs is time spent on pulling a more efficient and higher-value programme together, sending out quotes and basically carrying out tasks to keep our clients better serviced, which also applies to the automatic generation of certificates.

What is the outcome for PTSG?

Since Clarity began to be implemented, PTSG has been:

- Working in a way which is more efficient and cost effective.
- Putting more engineers out on location, or moving between sites.
- Keeping customers closer to the work the Company does on its behalf, including quickly identifying other necessary remedial, repair and renewal work.
- And when the system is fully implemented throughout the Group, efficiency will be maximised and customers can look forward to an even higher level of service.

Case study
Our people — Sarah Lythall Clarity Project Manager

Sarah is a great example of a PTSG employee whose skills and talent have been nurtured and developed during her time at the Company, resulting in her progression to her current position of Clarity Project Manager.

Sarah joined PTSG in 2008 and remembers the Company as being "modestly sized and feeling like a family-run business." "Back when I started, PTSG only supplied Access and Safety services to the facilities management industry – cradles and fall arrest equipment. As the Company quickly grew, separate divisions were formed to cater for each customer's unique requirements."

PTSG remains the UK's leading supplier of fall arrest systems and safety testing services, encompassing maintenance, inspection and testing solutions for safety at height as well as the design and installation of permanently installed façade access equipment and fall arrest equipment. Access and Safety now represents one quarter of the Group's provision of niche specialist services to the industry.

Career progression
Sarah cites the opportunity to progress her career as one of the best and most important aspects of working for PTSG. Based at the Group's headquarters in Castleford, Sarah began as a Sales Assistant. Taking advantage of PTSG's training and development programmes, and the advice of the specialist personnel around her, and with a little hard work and dedication she quickly progressed to Maintenance Manager for the Cradles Maintenance division, combining this with trialling new data base systems.

Today, Sarah holds the position of Project Manager for implementing the new bespoke Clarity system around the Company. Having been using Clarity and seeing it come to completion over the past year, she says her duties as Maintenance Manager have been transformed by the revolutionary administration system.

Administration transformed
When Sarah joined PTSG, all processes were handled manually, with engineers' worksheets being posted at the end of the week and having to be scanned to provide a copy to the client, with a seven-day lead time before quotations could even be started – with Excel being the main document of use. In 2011, the Cradles division trialled an off-the-shelf system, which was a major step toward the decision to create a bespoke system; by identifying the limitation of this system, the bold step was taken to design a system to suit PTSG's company needs, with the ability to be adapted as it continues to grow and change.

Sarah had the opportunity take part in the trial, which in turn gave her the opportunity to be involved with the development of Clarity.

In 2016, the new system was trialled and is now implemented within PTSG's Access and Safety division. Clarity is now taking the Company into the leading edge of the mobile and digital age.

The system provides PTSG's engineers with everything they need to do their job safely and efficiently, including sat-nav, real-time engineer location tracking, and a job recording and submission facility with a lot less paperwork; this makes for happy engineers!

Back in the office, Sarah and her colleagues enjoy the advantage of the automated and instant generation of documents. This is crucial in reducing the workload, speeding up processes and freeing everyone up to do other, more profitable work. Clients are responding well to clear worksheets, same-day certification and quotation, giving PTSG the edge over other companies. It is not just the client and administrative processes that will benefit; sales staff will no longer have to keep a manual track of their figures, because all members of staff can access these at the click of a button. Credit control staff have instant access to any documentation a client is requesting to pay, and the system is fully text searchable; therefore, if a client rings with a site but no reference number, that is no problem. Similarly, if staff have a purchase order but no reference to what it is for, Clarity will tell them.

Clarity also reduces a lot of the 'human error factor'; although this cannot be taken away completely, it helps significantly, and with the extra time allowed through automatic process, staff have extra time to check. There is full traceability of who has done what and the status of the job.

As Maintenance Manager for Cradle Maintenance, Sarah was part of the team already enjoying the more efficient way of working that Clarity allows. That efficiency will be experienced by all employees of PTSG as it is rolled out across each division in the Group over the next eighteen months which Sarah is now proud to be part of.

Opportunities to develop
Over the last nine years, Sarah's progression at PTSG has been largely representative of the Group's evolution. She refers to the opportunities she has been given to learn new skills, to work with a wide range of highly skilled people and pursue her career ambitions with no limitations.

"It's definitely a progressive place to work. PTSG values its employees and if you have the ambition to learn and develop, you can quickly make advances in the Company."

Case study
MOUSE in action — Committed to our values

Our people are the key to the success of PTSG. Studies have shown that happy workers increase business productivity by 12%.

Memorable
We talk to Pauline Starkey, Group receptionist.

Could you please tell us a bit about your role at PTSG?
My role is a varied one with lots of queries and questions – I'm essentially the first point of contact in the business. I enjoy dealing with the different clients and helping people whatever the nature of their query.

How does it feel to be named 'The Voice of PTSG'?
Due to the amount of time I spend on the phone I think everyone recognises my voice now. I like to think I come across as friendly and helpful but I'm not sure about being named 'The Voice of PTSG'!

Outstanding
We talk to Mark Brackenbury, Group Safety, Health and Environment (SHE) Advisor.

Could you please tell us a bit about your role at PTSG?
As the Group SHE Advisor a key role I play is ensuring the safety of PTSG's engineers, carrying out site audits, assessing our internal policies and procedures and making sure we're always doing what we can to maintain ISO standards.

How does a dedicated H&S department benefit PTSG?
It's great to see the reputation PTSG has in the industry for an outstanding commitment to health and safety, and the hard work everyone puts in to make sure our teams are always as safe as possible has been reflected in dozens of awards and accreditations.

Unique
We talk to Wayne Adams, Sales Director for Fall Arrest Installations.

How long have you worked at PTSG?
I have been the director for Fall Arrest Installations for more than eight years now. PTSG has a unique philosophy based on being a great place to work so that we are always a great place to do business with.

As one of the longest serving directors in the business, what do you like most about PTSG?
I love working with a team that is completely committed to driving the business forward by delivering a great service experience. It doesn't matter if you are on the front line or working behind the scenes here, we all want the same thing – to see PTSG succeed. This is reflected in what we do, how we do it and the results we achieve.

"Providing our customers with a good service results in us receiving numerous requests for new sites and additional buildings."

"PTSG has an outstanding commitment to Health and Safety."

Service Experience

We talk to Sarah Wood, Group Renewals Manager.

Could you please tell us a bit about your role at PTSG?
My key objective is to renew all PTSG's existing contracts year after year.

Renewals are the bread and butter of the Company and it is our responsibility to make sure our clients feel valued and reassured, knowing they have a dedicated team working to ensure their buildings stay compliant.

In April 2014 a decision was made to centralise this process to our head office. As a result, renewals have increased from around 70 per cent to anything between 80 per cent and 85 per cent.

How does MOUSE benefit PTSG?
Providing our customers with a good service results in us receiving numerous requests for new sites and additional buildings, which can then be passed onto the relevant business development teams. This is a great, organic way of expanding our maintenance base.

Case study
Acquisition overview — UK Dry Risers

UK Dry Risers Ltd and UK Dry Risers Maintenance Ltd have seen exceptional growth following their acquisition by PTSG in July 2016, ending the financial year on a real high. UK Dry Risers Ltd carried out a record number of installations during its first six months as a PTSG business, with the total length of systems installed enough to cover over 440 football pitches.

Cross -selling opportunity

Majority of competitors only operate in single lines whereas PTSG operates across several.

The turnover of UK Dry Risers Ltd increased by 10 per cent in the six-month period following its acquisition. UK Dry Risers Maintenance Ltd also saw a significant increase of 37 per cent in its turnover. This is particularly pleasing as the installation business is more mature than its maintenance counterpart, so the great growth of UK Dry Risers Maintenance Ltd signals the division as a whole is moving rapidly in the right direction.

This is a text book example of the way PTSG's targeted business acquisition strategy brings mutual success for both the Group and the new company. The initial integration period, involving the change-over of accounting procedures and the rolling out of the Company's reporting suite, takes only two to four weeks, with the due diligence period typically taking between three and six months beforehand.

One of the main drivers for the acquisition was the potential for cross-selling the specialist services of the companies to PTSG's 15,000+ customer base, where before the companies serviced their existing customer base of 500.

Dry and wet riser systems are specially designed fire-suppression systems required in high-rise commercial and residential buildings. The risers are used to distribute water throughout all levels of the buildings in the event of a fire, allowing fire rescue teams to fight fires from outside multi-storey buildings.

With the acquisition of UK Dry Risers, PTSG's electrical services division now provides a more comprehensive fire services solution, helping to ensure the safety of electrical equipment, installing and maintaining emergency lighting and installing systems like these to protect buildings of all sizes from fire. However, there is considerable scope to develop this offering further, with services such as the installation and maintenance of fire extinguishers.

For now, PTSG and our new dry risers installation and maintenance team are relishing the potential for further growth, with the opportunity to work across the Group's vast customer base.

UK dryrisersltd
www.ukdryrisers.co.uk

UK dryrisers (maintenance) ltd

Acquisition

In 2016 PTSG acquired UK Dry Risers Ltd (UKDR) and UK Dry Risers Maintenance Ltd (UKDRM).

Growth

17%

Combined Dry Riser 2016 increase in turnover.

Market

Market leading

PTSG has the largest market share in the access and safety market, lightning protection and dry riser maintenance and installations across the UK. The Company uses this dominant position to affect the competitive landscape and direction the market takes – setting the tone for messaging and becoming engrained in the FM industry as the brand that consumers associate with the services it offers.

New market

PTSG has a strong track record of entering new markets, underscored by the 20 symbiotic business acquisitions it has undertaken in the last ten years. The business has diversified from access and safety into electrical services, high level cleaning and, in 2016, dry riser installation and maintenance.

Delivering success

Manchester Airport cross-selling opportunities.

A clear illustration of this strategy in action was a recent project at Manchester Airport. PTSG was initially contracted to carry out testing of the airport's fall arrest system. This was extended to its lightning protection systems as well as its dry risers. The resulting work gave Manchester Airport's management team the peace of mind that its staff and customers are as safe as possible at all times. They also enjoyed the convenience and cost-saving of not having to procure each service individually.

Opportunity

Cross-selling

PTSG's business model is such that it can enter a market with one product and/or service before eventually becoming the service provider of choice across more areas. This was part of the founding business philosophy and is a key factor in PTSG enjoying such a high market share. Organisations in the FM sector tend to like this one-stop-shop approach.

Financial review

"In 2016, we generated revenue of £39.2m (2015: £25.8m), an increase of 52% with 20% organic growth."

Mark Watford
Finance Director

Summary

2016 was another significant year for PTSG Group with continued substantial earnings and revenue growth. The six businesses acquired towards the end of 2015 were fully integrated and helped to deliver strong organic growth in both our Electrical Services and Access and Safety Divisions. To provide additional financial flexibility we increased the Revolving Credit Facility to £10m.

Another year of strong earnings and revenue growth

In 2016, we generated revenue of £39.2m (2015: £25.8m), an increase of 52% on a reported basis or 20% pure organic growth. It was pleasing to see Access and Safety return another strong performance, especially in the Cradle Installation businesses, with 39% underlying revenue growth. Electrical Services continued to grow well with an underlying increase of 11% whereas the High Level Cleaning business's revenue declined by 7% as we moved away from some of the lower margin cleaning contracts.

Gross profit was £20.3m (2015: £14.0), an increase of 45%. The gross margin was 51.8% (2015: 54.3%, which reflected a strong underlying performance offset by a change in mix, following the high growth in the lower gross profit orientated installation businesses.

Operating profit before adjusting items, was £7.9m (2015 £5.3m), up 49%. The adjusted operating profit margin was 20.1% (2015: 20.5%) which represents a reduction of 0.4% despite a 2.5% reduction in gross margin that resulted from the changed sales mix. The statutory operating profit was £3.1m (2015: £1.3m).

Profit before tax was £2.6m (2015: £0.8m) and incorporated £4.8m (2015: £4.2m) of adjusting items. These adjusting items were either one off or non-trading in nature and were mainly associated with share option costs granted to Directors and employees, contingent payments in relation to acquisitions and other rationalisation costs. The interest charge and other financing costs were £0.5m (2015: £0.4m). This increase was driven by an increase in our bank loan, to pay for the 2015 and 2016 acquisitions, and an increase in finance lease charges in line with the continued expansion in our employee and engineer base.

Adjusted earnings per share was 7.63p (2015: 4.87p) an increase of 57%. £1.1m of dividends were paid in 2016 and the Board is proposing a final dividend of 0.7p per share, which represents a 40% increase on the 2015 dividends paid. Statutory earnings per share was 2.61p (2015: 0.57p).

Net debt at 31 December 2016 was £13.6m (2015: £7.6m) which represents an increase from 29.5% of sales in 2015 to 34.6% in 2016. The increase in the reported number followed £1.8m of payments for acquisitions made in 2016, £0.9m of deferred consideration payments and an increase in working capital due to the substantial increase in the size of the Group. The £7m Revolving Credit Facility, taken out in 2015, was increased to £10m in the year to give us additional flexibility for the future. The terms and interest rates remained unchanged. In 2016 we saw some peaks and troughs in working capital as our installation business succeeded in a buoyant construction market. Our banking facilities provide the flexibility to manage these movements.

Acquisitions
The businesses acquired towards the end of 2015 have now been fully integrated into the Group. Although the challenges of integrating five businesses at once should not be under-estimated it is pleasing to report that this has gone well with all businesses integrated and generating good results.

We acquired two further businesses in July for a total consideration of £5.6m, £2.6m of which was deferred and is contingent on the continued employment of the vendor. These acquisitions enabled the Group to enter the Dry Risers market and enhance the offering we can give to our clients.

The financial rationale for these acquisitions was well founded with both of them paying back within the Group's investment hurdle. Our focus for these businesses is revenue growth, from offering their services to our existing customer base, whilst also driving gross margin improvement following implementation of the PTSG operating model.

Outlook
The cash generation and debt management of a fast growing business is a constant demand on our financial function; however, we face the future with confidence in our ability to manage these challenges.

We believe that the Group remains well placed to deliver our strategic priorities.

Mark Watford
Finance Director

28 March 2017

Key performance indicators

There are many financial and operating performance indicators regularly monitored by the Group; the primary financial performance indicators are:

REVENUE (£)

£39.2m +52%

2016 39.2m
2015 25.8m

GROSS PROFIT (£)

£20.3m +45%

2016 20.3m
2015 14.0m

OPERATING PROFIT BEFORE ADJUSTING ITEMS *

£7.9m +49%

2016 7.9m
2015 5.3m

PROFIT BEFORE TAX BEFORE ADJUSTING ITEMS*

£7.5m +49%

2016 7.5m
2015 £5.0m

ADJUSTED EARNINGS PER SHARE*

7.63p +57%

2016 7.63p
2015 4.87p

* before adjusting items of £4.7m (2015: £4.0m) resulting in a statutory operating profit of £3.1m (2015: £1.3m) and earnings per share of 2.61p (2015: 0.57p).

Principal risks and uncertainties

Pre-empting, assessing and managing risk is an important part of the work that we do at PTSG

Our leadership team has intricately assessed and established an effective command and control structure that drives processes and procedures that are designed to reduce risks that could conceivably occur within the organisation and across our supply chain partnerships.

Delivery plans are aligned to our business strategy and they are designed to reduce any potential risks whether they are safety-related, financial or operational.

For each risk identified, an effective system of internal control has been implemented to reduce any potential threat to the business.

We assess risks by pre-empting them and managing them out and we employ a full time Health & Safety team whose role is to prevent issues from arising; prevention is better than cure.

Risk	Description	Mitigation
Failure of product or system could result in litigation, damage to the Group's reputation and potentially the loss of customers.	The Group is obliged to comply with Health & Safety and Environmental regulations. Although the Group performs internal health & safety audits, as well as being externally audited at regular intervals by quality accreditation bodies and large blue chip customers, there is no guarantee that it will be able to comply with these regulations. The Group carries out inspections of equipment and there is the possibility that human error will result in equipment that is unsafe to use being utilised by employees or third parties to whom the Group has a duty of care. This could result in personal injury and litigation proceedings against the Group in respect of health & safety matters, criminal prosecution and/or a civil claim. There can be no assurance that claimants in any litigation proceedings will not be able to devote substantially greater financial resources to any litigation proceedings or that the Group will prevail in any such litigation. Any litigation, whether or not determined in the Group's favour or settled by the Group, may be costly and may divert the efforts and attention of the Group's management and other personnel from normal business operations. If the Group is unsuccessful in its defence it could result in a loss of reputation and decreased sales, along with either a large settlement or an increase in the Group's insurance premiums should the litigation claim be covered by the Group's insurance policy. The Group's insurance cover may also not be sufficient to cover fully any liability. Even if the Group was successful in defending a claim, the Group's reputation could be damaged, by such an incident, potentially resulting in the loss of customers. Although the Group will benefit from the PTSG branding for marketing purposes, should an incident occur, this loss of reputation could impact other areas of business to a greater extent than if they had their own individual branding. An incident involving personal injury could also result in an official investigation or enquiry in respect of health & safety issues concerning the Group's operations. These investigations may result in a loss of the Group's health & safety certifications and a loss of contracts where these certifications are a requirement.	The Group has strong risk management policies, procedures and management systems throughout the organisation. They have been assessed as compliant to regulatory requirements by our stakeholders and internal Health and Safety team. The Group has been assessed, approved and registered as certified holders of the ISO 9001:2008, BS OHSAS 18001:2007 and ISO 14001:2004 standards.
Ability to attract, retain and develop a sufficiently skilled and experienced workforce to meet the targets set by the Group and its customers.	Our employees are critical in delivering our objectives, not having employees with appropriate skills and experience could lead to poor delivery of service which could impact on the performance of the business. The Group is managed by certain key personnel including Executive Directors and senior management, who have significant experience within the Group and the wider sector who may be difficult to replace.	The Group has invested in staff training programmes, competitive rewards compensation packages, management incentive schemes and succession planning. In addition the Group has invested in apprenticeship programmes to provide a supply of qualified staff from within the Group. The Group has entered into contractual arrangements including long term incentive structures with key personnel to secure their services. Additionally a strong management structure has been developed, which would enable the Group to continue to operate effectively in the event of the departure of a member of the senior management team.

Risk	Description	Mitigation
The Group's IT systems could fail due to a severe IT fault or cyber crime resulting in a loss of business and/or sensitive data.	The Group is reliant on a number of systems to manage the entire process from creating orders in the system through to payment. The systems used are dependent on each other to be able to complete their processes. Therefore, a failure of any of the core IT systems may result in failures of other IT systems as well, which in turn could result in interruption to the efficient operation of the Group's services. The Group relies to a significant degree on the efficient and uninterrupted operation of its computer and communications systems and those of third parties, including the internet. Customer access to the customer portal and the speed with which customers and suppliers navigate and interact with the procurement process in their portal affects the sales of the Group and the attractiveness of its services. Any failure of the internet generally or any failure of current or new computer and communication systems could impair the value of projects, the processing and storage of data and the day-to-day management of the Group's business.	The Group maintains tight access controls over its data and IT systems and continually monitors performance. The Group's internal IT team ensures all performance issues are resolved promptly. The Group has disaster recovery and business continuity contingency plans. If a serious disaster affecting the business systems or operations occurred the recovery plan aims to enable the Group to recommence trading without loss of business.
Commercial construction market and general economic conditions.	A general downturn in the construction industry in the UK could affect the Group given the reliance, to an extent, of the installation activities of Access and Safety and Electrical Services on construction projects. A general economic downturn could lead to a decline on the volume of the Group's sales.	The Board believes that a general downturn should not adversely affect the business of the Group as its business is not concentrated in one single area of construction, with involvement in public sector projects, as well as commercial and retail sectors. Also, the Group benefits from a significant proportion of its revenues being generated from ongoing contracts for maintenance, driven by regulatory requirements, rather than solely installations which are largely driven by the rate of new build completions.
Acquisitions.	The Directors will seek to target acquisitions in line with the Group's strategic objectives. However, there is a risk that some of the expected benefits of such acquisitions will fail to materialise or that significant expense may be incurred with the integration. In addition, there can be no guarantee that there will be any suitable acquisition opportunities available.	The Group has already identified several businesses which the Board will consider acquiring in 2017. In addition the Board continually identifies new potential acquisitions and maintains ongoing dialogue with these, which would enable these acquisitions to be brought forward if any of the current acquisition targets do not complete. The Group has a successful track record of acquiring and integrating businesses and conducts extensive due diligence before any purchase which will help mitigate any issues surrounding integration.
There can be no assurance that the Group will achieve increased market penetration and competition could increase.	The Board believes that the Group can achieve greater market share across the three divisions. However, there can be no guarantee that this will be achieved. Also, competitive pressures could increase, including through new entrants to the market, which could detrimentally impact the Group's performance.	The Group has a strong track record of organic growth and has invested in its staff, systems and procedures to ensure that it delivers exceptional services to its customers. Such service will help retain existing customers and attract new customers. Complementary acquisitions will aid market penetration.
Third parties and retained sub-contractors.	Third parties or sub-contractors retained by the Group may be involved in improper activities which result in penalties or loss of reputation.	The majority of work undertaken by the Group is undertaken by its own employees. In those cases when third parties or sub-contractors are used a rigorous vetting procedure is undertaken to ensure their capability and suitability, and once appointed, receive site rules.
Force majeure.	A fire, explosion, flood, earthquake or hurricane at a major site could result in the inability to meet customer orders.	The Group has disaster recovery and business continuity contingency plans. If a serious disaster affecting the business, systems or operations occurred the recovery plan aims to enable the Group to recommence trading without loss of business.

Strategic report.
The Strategic Report was approved by the Board of Directors on 28 March 2017 and signed on its behalf by:

Paul Teasdale
Chief Executive Officer

28 March 2017

Board of Directors

The Board and its committees have the appropriate balance of skills, experience, independence and knowledge of the Company to enable them to discharge their responsibilities effectively.

They contain a diverse range of skills, backgrounds and experiences to enable a broad evaluation of all matters considered and to contribute to a positive culture of mutual respect and constructive challenge.

Collectively the Board is recognised as being extremely experienced, highly energetic, incredibly forward thinking and they have a proven track record of innovating to stay ahead. In building the leadership team, careful consideration has been given to matching jobs to people's strengths, ensuring that each person adds value and drives profitable growth.

John Foley
Chairman

Appointment
Co-founder

Experience
John is a co-founder of the Group and was chief executive of MacLellan Group plc (MacLellan), a facilities services company, from 1994 until it was acquired by Interserve plc for an enterprise value of £130m in June 2006. At the time of John's appointment, MacLellan was loss making, with a turnover of circa £5m and 50 employees. When it was sold to Interserve, MacLellan had a turnover of circa £250m and a profit before tax of circa £9m, with 13,500 employees. MacLellan grew through a series of acquisitions and organic growth. John is a Chartered Accountant and barrister.

Committees

A Chair of the Audit Committee

R Chair of the Remuneration Committee

Paul Teasdale
Chief Executive Officer

Appointment
Co-founder

Experience
Paul is a co-founder of the Group and has significant experience and expertise in the access and safety sector, having founded TASS Europe Limited (TASS), whose activities included the installation, repair and maintenance of safety eyebolt systems, cradle and safety ladder tie systems, in 1999. TASS was sold to MacLellan in 2004 for £6m and Paul joined MacLellan as managing director of TASS.

Roger Teasdale
Managing Director

Appointment
November 2014

Experience
Roger was previously president of the advanced wound management division (divisional revenue of $1.4bn, with 4,000 employees) of Smith & Nephew Plc. Roger was employed by Smith & Nephew Plc for 25 years and held a number of key roles including president of their North American business, president of their extruded films division and senior vice president of advanced wound care.

Roger is a qualified Chartered Accountant and holds a BA in Accounting and Management Control.

Mark Watford
Finance Director

Appointment
September 2014

Experience
Mark was a vice president of finance at Smith & Nephew Plc and a member of the global executive management team of its advanced wound management division. Prior to Smith & Nephew Plc, Mark was finance director and managing director of a regional firm of building contractors. Mark is a Chartered Accountant.

Alan Howarth
Non-executive Director

Appointment
February 2015

Experience
Alan joined the Board on Admission. He is Chairman of Cerillion plc, Tern plc and Essential Ltd plus a number of other companies, nationally and internationally. He was previously a senior partner with Ernst Young.

Committees

A Member of the Audit Committee

R Member of the Remuneration Committee

Roger McDowell
Non-executive Director

Appointment
February 2015

Experience
Roger joined the Board on Admission. He was managing director of Oliver Ashworth for 18 years and led the main market listing and subsequent sale to Saint-Gobain S.A. He is currently the chairman or a non-executive director of seven other listed companies, namely Avingtrans plc, Servelec Group plc, Swallowfield plc, D4t4 plc (formely ISS Solutions plc), Proteome Sciences plc, Thinksmartplc and Tribal plc.

Committees

A Member of the Audit Committee

R Member of the Remuneration Committee

Corporate governance

Governance framework

Good governance of PTSG continues to be a high priority.

BOARD

The Board is responsible for the overall management of the Group including the formulation and approval of the Group's long term objectives and strategy, the approval of budgets, the oversight of Group operations, the maintenance of sound internal control and risk management systems and the implementation of the Group's strategy, policies and plans.

AUDIT COMMITTEE

The Audit Committee is responsible for monitoring the integrity of the Company's financial statements, reviewing significant financial reporting issues, reviewing the effectiveness of the Company's internal control and risk management systems, and overseeing the relationship with the external auditors (including advising on their appointment, agreeing the scope of the audit and reviewing the audit findings).

REMUNERATION COMMITTEE

The Remuneration Committee is responsible for determining and agreeing with the Board the framework for the remuneration of Board members and other designated senior executives and, within the terms of the agreed framework, determining the total individual remuneration packages of such persons including, where appropriate, bonuses, incentive payments and share options or other share awards. The remuneration of Non-executive Directors is a matter for the chairman and the executive members of the Board. No Director will be involved in any decision as to his or her own remuneration.

The Board recognises the value and importance of high standards of corporate governance. Accordingly, whilst the UK Corporate Governance Code does not apply to AIM companies, the Board intends to observe the requirements of the Corporate Governance Code for Small and Mid-Size Companies ("the Code") published by the Quoted Companies Alliance to the extent they consider appropriate in the light of the Group's size, stage of development and resources.

Premier Technical Services Group PLC listed its Ordinary Shares on AIM on 11 February 2015 and therefore the requirements of the Code have only applied to the Company since that date. Accordingly, this report includes a description of how it to applied those principles since admission.

Board

The Board is responsible for the overall management of the Group including the formulation and approval of the Group's long term objectives and strategy, the approval of budgets, the oversight of Group operations, the maintenance of sound internal control and risk management systems and the implementation of the Group's strategy, policies and plans.

Whilst the Board may delegate specific responsibilities, there is a formal schedule of matters specifically reserved for decision by the Board; such reserved matters includes, amongst other things, approval of significant capital expenditure, material business contracts and major corporate transactions. The Board formally meets 10 times annually to review performance.

The Board has an Audit Committee and a Remuneration Committee with formally delegated duties and responsibilities.

Each of the Directors is subject to either an executive service agreement or letter of appointment. The Company's Articles of Association require one third of Directors to retire at every Annual General meeting.

Audit Committee
The Audit Committee is responsible for monitoring the integrity of the Company's financial statements, reviewing significant financial reporting issues, reviewing the effectiveness of the Company's internal control and risk management systems, and overseeing the relationship with the external auditors (including advising on their appointment, agreeing the scope of the audit and reviewing the audit findings).

The Audit Committee comprises John Foley, Roger McDowell and Alan Howarth and is chaired by John Foley. The Audit Committee meets at least three times a year at appropriate times in the reporting and audit cycle and otherwise as required. The Audit Committee also meets regularly with the Company's external auditors.

Remuneration committee
The Remuneration Committee is responsible for determining and agreeing with the Board the framework for the remuneration of Board members and other designated senior executives and, within the terms of the agreed framework, determining the total individual remuneration packages of such persons including, where appropriate, bonuses, incentive payments and share options or other share awards. The remuneration of Non-executive Directors is a matter for the Chairman and the executive members of the Board. No Director is involved in any decision as to his or her own remuneration.

The Remuneration Committee comprises John Foley, Roger McDowell and Alan Howarth and is chaired by John Foley. The Remuneration Committee meets at least twice a year and otherwise as required.

Board balance and independence
The Code recommends a balance between Executive and Non-executive Directors. The Company has two Non-executive Directors in addition to the Chairman and three Executive Directors, thus providing balance within the Board.

The Directors consider all Non-executive Directors to be independent.

Share dealing code
The Company has adopted a share dealing code for the Directors and applicable employees of the Group for the purpose of ensuring compliance by such persons with the provisions of the AIM Rules relating to dealings in the Company's securities (including, in particular, Rule 21 of the AIM Rules). The Directors consider that this share dealing code is appropriate for a company whose shares are admitted to trading on AIM.

The Company has taken proper steps to ensure compliance by the Directors and applicable employees with the terms of the share dealing code and the relevant provisions of the AIM Rules (including Rule 21).

Information, meetings and attendance
The Board met regularly in 2016 and has a full programme of Board meetings planned for 2017. The Board receives a comprehensive pack and has a clearly defined agenda which covers all areas of the business. The pack provides a full trading analysis against budget and includes detailed financial data and analysis.

The Company has external advisors on which it can call for expert advice on particular areas.

Board evaluation
Given that the majority of Directors were only appointed in the months preceding the listing in February 2015, the Board believes that a meaningful evaluation of the Board can only take place after it has been working together for a reasonable time. It is anticipated that the Board will in the future review its performance and that of its committees, a Non-executive Director will carry out formal individual performance reviews.

Control procedures
The Board approves the annual budget each year. This process allows the Board to identify key performance targets and risks expected during the upcoming year. The Board also considers the agreed budget when reviewing trading updates and considering expenditures throughout the year. Progress against budget is monitored via monthly reporting of actual financial performance against budget and prior year actual results.

The Group has clear authority limits deriving from the list of matters reserved for decision by the Board including capital expenditure approval procedures.

There is no internal audit function due to the size of the Group and the close involvement of senior management over the Group's accounting systems; however, this will be reviewed annually by the Audit Committee.

Relations with shareholders
The Board recognises and understands that it has a fiduciary responsibility to the shareholders. The Chairman's Statement and Chief Executive's Statement include detailed analysis of the Group's performance and future expectations. The Group's website (www.ptsg.co.uk) allows shareholders access to information, including contact details and the current share price, as well as a link to "About us" which provided information on the business and the services offered by the divisions of the Group.

The Chief Executive is responsible for on-going dialogue and relationships with shareholders, alongside the Finance Director and Chairman.

Additionally, the Annual General Meeting provides a platform for the Board to communicate with shareholders and the Board welcomes the attendance and participation of all shareholders.

By order of the Board

Adam Coates
Company Secretary

28 March 2017

Directors' report

The Directors present their report and the audited financial statements for the year ended 31 December 2016.

Premier Technical Services Group plc ('the Company') is a public limited company incorporated and domiciled in the United Kingdom and under the Companies Act 2006.

The address of the Company's registered office is 13 Flemming Court, Whistler Drive, Castleford WF10 5HW.

Business review and development

Further information on the activities of the business, the Group strategy and an indication of the outlook for the business are presented in the Chairman's Statement and Chief Executive Officer's Review.

Financial results

Details of the Group's financial results are set out in the Consolidated Statement of Comprehensive Income, other primary statements and in the Notes to the Consolidated Financial Statements on pages 38 to 61.

Dividends

Following admission the Board has adopted a progressive dividend policy that will take accounts of the long term earnings trend of the Group, the availability of cash and distributable reserves and allow the Group to maintain a dividend cover of four times. Details of dividends paid in the year are given in note 22 of the Consolidated Financial Statements.

Going concern

After completing a full review, the Directors have a reasonable expectation that the Group has adequate resources to fund its operations for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

Directors

The Directors who served on the Board and on Board Committees during the year are set out on pages 30 and 31.

Under the Articles of Association of the Company, one third of the Directors are subject to retirement by rotation at the forthcoming Annual General Meeting, notice of which accompanies this Report and Accounts. Roger Teasdale and Roger McDowell will seek re-election. In relation to the re-elections of each of the Directors the Board is satisfied that each of these directors continues to be effective and to demonstrate commitment to the Company.

Directors' shareholdings

	31 December 2016		31 December 2015	
	Number of shares	**% of issued share capital**	Number of shares	% of issued share capital
John Foley	**19,253,791**	**21.6%**	23,603,791	26.8%
Paul Teasdale	**20,253,791**	**22.7%**	23,603,791	26.8%
Roger Teasdale	**2,294,827**	**2.6%**	269,827	0.3%
Mark Watford	**57,692**	**0.1%**	57,692	0.1%
Roger McDowell	**269,828**	**0.3%**	269,828	0.3%
Alan Howarth	**–**	**–**	–	–

Directors' shareholdings

Directors' beneficial interests in the shares of the Company, including family interests, at 31 December were as above.

None of the Directors had any interests in the share capital of subsidiaries apart from Paul Teasdale who holds one share in PTSG Access and Safety Ltd.

Substantial shareholdings and share capital

The Company has one class of share in issue, being ordinary shares with a nominal value of 1 pence each. During the year 758,190 ordinary shares were issued with a nominal value of £7,581.90. As at 31 December 2016 there were 88,402,534 shares in issue. Subsequent to the year end 876,758 shares were issued with a nominal value of £8,767.58. Further details of the shares issued are given in note 20 of the financial statements.

As at 24 March 2017, being the latest practicable date prior to the publication of this document, the Company has been advised of the following shareholdings of 3% or more in the issued share capital of Premier Technical services Group plc:

	Number of shares	% of issued shares
John Foley	19,253,791	21.6%
Paul Teasdale	20,253,791	22.7%
First Pacific Advisors LLC	15,191,128	17.0%
Hawk Investment Holdings Ltd	13,589,450	15.2%

Payment of suppliers

It is the Group's policy to pay suppliers in accordance with the terms and conditions agreed in advance, providing all trading terms and conditions have been met. All payments are made in the ordinary course of business and the Group expects to pay all supplier debts as they become due.

Research and development

During the year the Group incurred £0.2m (2015: £0.2m) of expenditure on research activity.

Financial risk management

Due to the nature of the financial instruments used by the Group comprising bank balances, trade creditors, trade debtors and finance lease agreements, there is no exposure to price risk. The liquidity risk on the above areas is regularly monitored by the Directors.

The Group monitors credit risk closely and considers that its current policies meet its objectives of managing exposure to the risk. The Group has no significant concentration of credit risk.

Employment policy

It is the policy of the Group to operate a fair employment policy. No employee or job applicant is less favourably treated than another on the grounds of their sex, sexual orientation, age, marital status, religion, race, nationality, ethnic or national origin, colour or disability and all appointments and promotions are determined solely on merit. The Directors encourage employees to be aware of all issues affecting the Group and issues a quarterly newsletter to all employees informing them of all current developments within the business.

Environment
The Group adheres to all environmental regulations and has, where possible, utilised environmental-sustaining policies such as recycling and waste reduction.

Post balance sheet events
On 13 January 2017 the Company acquired Nimbus Lightning Protection Ltd. a designer, installer and maintainer of lightning protection and earthing systems based in Nottingham, for a total consideration of £1.0m, payable in cash on completion.

On 3 February 2017, 400,000 ordinary shares were issued to N+1 Singer, at 52p as part of their share warrant.

On 3 February 2017, 476,758 ordinary shares were issued, at 83.9p, as part payment of deferred consideration on the Acescott acquisition.

Annual General Meeting
The Company's Annual General Meeting will be held at 13 Flemming Court, Whistler Drive, Castleford WF10 5HW on 19 June 2017. Details of the resolutions to be proposed are set out in a separate Notice of Meeting which accompanies this report.

Independent Auditor
A resolution to appoint PricewaterhouseCoopers LLP will be proposed at the Annual General Meeting.

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, and the parent company financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101). Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether IFRSs as adopted by the European Union and applicable UK Accounting Standards including FRS 101 have been followed, subject to any material departures disclosed and explained in the Group and parent company financial statements respectively;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and the Group will continue in business.

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

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

Provision of information to auditor
Each of the persons who is a Director at the date of approval of this report confirm that there is no relevant audit information of which the Company's auditors are unaware. Each Director has taken the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Directors' indemnities
As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

By order of the Board

Adam Coates
Company Secretary

28 March 2017

Independent auditors' report
to the members of Premier Technical Services Group PLC

REPORT ON THE GROUP FINANCIAL STATEMENTS

Our opinion

In our opinion, Premier Technical Services Group PLC's group financial statements (the "financial statements"):

- give a true and fair view of the state of the Group's affairs as at 31 December 2016 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Annual Report and Accounts (the "Annual Report"), comprise:

- the consolidated balance sheet as at 31 December 2016;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated cash flow statement for the year then ended;
- the consolidated statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is IFRSs as adopted by the European Union, and applicable law.

In applying the financial reporting framework, the Directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

OTHER MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Adequacy of information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion, we have not received all the information and explanations we require for our audit. We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of Directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

Our responsibilities and those of the Directors

As explained more fully in the Statement of Directors' responsibilities set out on page 35, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves
We conducted our audit in accordance with ISAs (UK & Ireland). 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.

We primarily focus our work in these areas by assessing the Directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.

OTHER MATTER
We have reported separately on the Company financial statements of Premier Technical Services Group PLC for the year ended 31 December 2016.

Randal Casson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds

28 March 2017

Consolidated statement of comprehensive income
for the year ended 31 December 2016

		Year ended 31 December 2016			Year ended 31 December 2015		
	Note	Before adjusting items £	Adjusting items (note 6) £	Total £	Before adjusting items £	Adjusting items (note 6) £	Total £
Revenue	4	39,194,766	–	39,194,766	25,770,503	–	25,770,503
Cost of sales		(18,863,527)	–	(18,863,527)	(11,785,079)	–	(11,785,079)
Gross profit		20,331,239	–	20,331,239	13,985,424	–	13,985,424
Net operating costs	6	(12,474,374)	(4,739,988)	(17,214,362)	(8,709,361)	(4,016,196)	(12,725,557)
Total operating profit		7,856,865	(4,739,988)	3,116,877	5,276,063	(4,016,196)	1,259,867
Finance costs	7	(405,076)	(97,402)	(502,478)	(273,437)	(155,446)	(428,883)
Profit before taxation		7,451,789	(4,837,390)	2,614,399	5,002,626	(4,171,642)	830,984
Taxation	9	(730,370)	415,544	(314,826)	(814,927)	473,046	(341,881)
Profit attributable to owners of the parent		6,721,419	(4,421,846)	2,299,573	4,187,699	(3,698,596)	489,103
Total comprehensive income/(expense) for the year attributable to owners of the parent		6,721,419	(4,421,846)	2,299,573	4,187,699	(3,698,596)	489,103
Earnings per share (pence):							
Basic and diluted earnings per share	10			2.61			0.57

The notes on pages 42 to 61 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity
for the year ended 31 December 2016

		Attributable to owners of the parent						
	Note	Share capital £	Capital redemption reserve £	Share Premium Account £	Retained earnings £	Total £	Non-controlling interest £	Total equity £
Balance at 31 December 2014		**771,437**	**128,573**	**–**	**221,087**	**1,121,097**	**179**	**1,121,276**
Profit for the year		–	–	–	489,103	489,103	–	489,103
Total comprehensive income		**–**	**–**	**–**	**489,103**	**489,103**	**–**	**489,103**
Transactions with owners								
Issue of share capital	20	105,010	–	4,942,818	–	5,047,828	–	5,047,828
Share based payments charge		–	–	–	2,333,915	2,333,915	–	2,333,915
Tax credit relating to share based payments		–	–	–	462,592	462,592	–	462,592
Ordinary dividends paid	22	–	–	–	(533,825)	(533,825)	–	(533,825)
Reduction of capital		–	–	(4,942,818)	4,942,818	–	–	–
Transactions with owners		**105,010**	**–**	**–**	**7,205,500**	**7,310,510**	**–**	**7,310,510**
Balance at 31 December 2015		**876,447**	**128,573**	**–**	**7,915,690**	**8,920,710**	**179**	**8,920,889**
Profit for the year		–	–	–	2,299,573	2,299,573	–	2,299,573
Total comprehensive income		**–**	**–**	**–**	**2,299,573**	**2,299,573**	**–**	**2,299,573**
Transactions with owners								
Issue of share capital	20	7,578	–	548,418	–	555,996	–	555,996
Share based payments charge	13	–	–	–	1,243,841	1,243,841	–	1,243,841
Share based deferred consideration charge		–	–	–	400,000	400,000	–	400,000
Tax charge relating to share based payments		–	–	–	(283,935)	(283,935)	–	(283,935)
Ordinary dividends paid	22	–	–	–	(1,092,472)	(1,092,472)	–	(1,092,472)
Transactions with owners		**7,578**	**–**	**548,418**	**267,434**	**823,430**	**–**	**823,430**
Balance at 31 December 2016		**884,025**	**128,573**	**548,418**	**10,482,697**	**12,043,713**	**179**	**12,043,892**

The notes on pages 42 to 61 are an integral part of these consolidated financial statements.

Consolidated balance sheet
as at 31 December 2016

	Note	2016 £	Restated 2015 (note 2j) £
Assets			
Non-current assets			
Intangible assets	11	**12,365,481**	10,735,826
Property, plant and equipment	12	**3,195,880**	2,373,544
Deferred tax asset	19	**417,336**	784,061
Total non-current assets		**15,978,697**	13,893,431
Current assets			
Inventories	14	**503,307**	381,760
Trade and other receivables	15	**20,303,115**	13,108,313
Cash at bank and in hand		**6,543,749**	4,842,899
Total current assets		**27,350,171**	18,332,972
Liabilities			
Current liabilities			
Trade and other payables	16	**7,231,346**	6,429,608
Bank overdraft		**8,560,270**	5,160,365
Finance leases	17	**767,303**	641,001
Borrowings	17	**25,033**	25,033
Deferred consideration	18	**1,053,070**	1,125,897
Current tax liabilities		**296,003**	749,642
Total current liabilities		**17,933,025**	14,131,546
Net current assets/(liabilities)		**9,417,146**	4,201,426
Non-current liabilities			
Borrowings	17	**10,010,155**	5,993,808
Loan notes	18	**2,596,206**	2,527,000
Finance leases	17	**745,590**	653,160
Total non-current liabilities		**13,351,951**	9,173,968
Net assets		**12,043,892**	8,920,889
Equity attributable to the owners of the parent			
Share capital	20	**884,025**	876,447
Capital redemption reserve	21	**128,573**	128,573
Share premium account	21	**548,418**	–
Retained earnings	21	**10,482,697**	7,915,690
		12,043,713	8,920,710
Non-controlling interests		**179**	179
Total equity		**12,043,892**	8,920,889

The consolidated financial statements on page 42 to 61 were approved by the Board of Directors on 28 March 2017 and were signed on its behalf by:

P W Teasdale
Chief Executive Officer

Consolidated cash flow statement
for the year ended 31 December 2016

	Note	2016 £	2015 £
Cash flows from operating activities			
Profit after taxation		**2,299,573**	489,103
Adjustments for:			
Income tax charge	9	**314,826**	341,881
Depreciation	12	**1,164,362**	898,889
Amortisation of intangible assets	11	**499,233**	108,600
Profit on disposal of property, plant and equipment	8	**(316,134)**	(384,778)
Finance costs	7	**502,478**	273,437
Share based payments	13	**1,243,841**	2,333,915
		5,708,179	4,061,047
Changes in working capital:			
Increase in inventories		**(86,399)**	(40,995)
Increase in trade and other receivables		**(6,092,755)**	(3,673,880)
Increase/(decrease) in trade and other payables		**1,038,646**	(876,303)
Cash generated/(used in) from operations		**567,671**	(530,131)
Interest paid	7	**(433,272)**	(273,437)
Tax paid		**(796,812)**	(489,732)
Net cash outflow from operating activities		**(662,413)**	(1,293,300)
Cash flows from investing activities			
Acquisition of businesses	25	**(1,757,702)**	(2,274,530)
Purchase of property, plant and equipment		**(766,304)**	(521,691)
Payment of deferred consideration		**(905,159)**	(1,057,940)
Net proceeds from sale of property, plant and equipment		**354,849**	404,817
Net cash outflow from investing activities		**(3,074,316)**	(3,449,344)
Cash flows from financing activities			
Proceeds from borrowings		**4,016,347**	5,945,727
Repayment of bank borrowings		**–**	(3,750,000)
Capital element of finance lease payments		**(1,042,197)**	(648,707)
Issue of shares		**155,996**	4,672,828
Dividends paid	22	**(1,092,472)**	(533,825)
Net cash inflow from financing activities		**2,037,674**	5,686,023
Net (decrease) /increase in cash and cash equivalents		**(1,699,055)**	943,379
Cash and cash equivalents at 1 January		**(317,466)**	(1,260,845)
Cash and cash equivalents at 31 December*		**(2,016,521)**	(317,466)

The notes on pages 42 to 61 are an integral part of these consolidated financial statements.

* cash and cash equivalents comprises cash at bank in hand of £6,543,749 (2015: £4,842,899) less bank overdraft of £8,560,270 (2015: £5,160,365).

Notes to the consolidated financial statements

1. GENERAL INFORMATION

Premier Technical Services Group PLC (the "Company") is a company incorporated and domiciled in the UK. The address of the registered office is: 13 Flemming Court, Whistler Drive, Castleford, WF10 5HW (registered company number is 06005074). The Company and its subsidiaries' (together referred to as "the Group") is a Niche Specialist Service Provider whose principal activities are the maintenance, inspection, testing, repair and installation of permanent façade access equipment, fall arrest systems and lightning protection systems together with fixed wire and portable appliance testing and high level cleaning.

2. ACCOUNTING POLICIES

(a) Basis of preparation

These financial statements have been prepared in accordance with the requirements of the AIM Rules, in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS"), the International Financial Reporting Interpretations Committee's ("IFRSIC") interpretations and with those parts of the Companies Act 2006 as applicable to companies reporting under IFRS.

These consolidated financial statements have been prepared under the historical cost convention and on a going concern basis.

The principal accounting policies adopted in the preparation of the consolidated financial information are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

(b) Going concern

This consolidated financial information relating to the Group has been prepared on the going concern basis.

After making appropriate enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and for at least one year from the date of signing these financial statements. For these reasons they continue to adopt the going concern basis in preparing the Group's financial statements.

The cash flow projections are the sole responsibility of the Directors based upon their present plans, expectations and intentions. In this context, the Directors have prepared and considered cash flow projections for the Group for a period extending one year from the date of approval of these financial statements. Based on these cash flows, and having regard to the provision of the debt facility as described in note 17 to these financial statements the Directors are satisfied that the Group is able to meet its liabilities as and when they fall due for the foreseeable future and for a minimum period of 12 months from the date of signing these financial statements.

(c) Changes in accounting policy and disclosures

(i) New standards, amendments and interpretations

No new standards, amendments or interpretations, effective for the first time for the financial year beginning on or after 1 January 2016 have had a material impact on the group or parent company.

(ii) New standards, amendments and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2016, and have not been applied in preparing these financial statements.

- IFRS 9, "Financial instruments", addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually uses for risk management purposes. Contemporaneous documentation is still required but is different from that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted.
- IFRS 15, "Revenue from contracts with customers" deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18, "Revenue" and IAS 11, "Construction contracts" and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted.
- IFRS 16, "Leases" addresses the definition of a lease, recognition and measurement of leases and establishes principles for reporting useful information to user of financial statements about the leasing activities of both lessees and lessors. A key change arising from IFRS 16 is that most operating leases will be accounted for on balance sheet for lessees. The standard replaces IAS 17, "Leases", and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2019 and earlier application is permitted, subject to EU endorsement and the entity adopting IFRS 15, "Revenue from contracts with customers" at the same time.

The Group is assessing the impact of the standards.

2. ACCOUNTING POLICIES continued

(d) Basis of consolidation

Subsidiaries

Subsidiaries are all entities over which the Group has control. Control exists when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial information of subsidiaries is included in the consolidated financial statements from the date on which control transferred to the Group until the date that control ceases.

Transactions eliminated on consolidation

Intragroup balances, and any gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements.

(e) Property, plant and equipment

Owned assets

Items of property, plant and equipment are stated at cost or deemed cost less accumulated depreciation and impairment losses. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. When parts of an item of property, plant and equipment have different useful lives, those components are accounted for as separate items of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

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

Leased assets

Leases under which the Group assumes substantially all the risks and rewards of ownership of an asset are classified as finance leases. Property, plant and equipment acquired under finance leases is recorded at fair value or, if lower, the present value of minimum lease payments at inception of the lease, less depreciation and any impairment.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in the other long-term payables. The interest element of the finance cost is charged to the income statement on a straight-line basis. The property, plant and equipment under finance leases is depreciated over the shorter of the useful life of the asset and lease term.

Depreciation

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term. Freehold land is not depreciated. The estimated useful lives are as follows:

- Freehold buildings – depreciated over 50 years
- Leasehold improvements – depreciated over term of lease
- Fixtures, fittings and equipment – 25% on cost
- Motor vehicles – 33% on cost
- Plant and machinery – 15-50% on cost

The residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

(f) Inventories

Inventories are stated at the lower of cost and net realisable value. Where necessary provision is made for obsolete, slow moving and defective stocks. Cost comprises the purchase price of goods and other directly attributable costs incurred in bringing the product to its present location and condition. Net realisable value is the estimated selling price reduced by all costs of completion, marketing, selling and distribution.

(g) Intangible assets

Goodwill

Goodwill arising on acquisitions comprises the excess of the fair value of the consideration for investments in subsidiary undertakings over the fair value of the net identifiable assets acquired at the date of acquisition. Goodwill arising on acquisitions of subsidiaries is included in intangible assets.

Goodwill is not amortised but is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposals of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. Each of those cash-generating units represents the lowest level within the Group at which the associated level of goodwill is monitored for management purposes and are not larger than the operating segments determined in accordance with IFRS 8, "Operating Segments".

Notes to the consolidated financial statements continued

2. ACCOUNTING POLICIES continued
(g) Intangible assets continued
Business Combinations
From 1 January 2011, the Group has applied IFRS 3, "Business combinations" (2008) in accounting for business combinations. Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

For acquisitions on or after 1 January 2011, the Group measures goodwill at the acquisition date as the fair value of the consideration transferred less the fair value of identifiable assets acquired and liabilities assumed.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Contingent consideration related to future employment is recognised through profit or loss. Otherwise subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

For acquisitions prior to 1 January 2011, goodwill represents the excess of the cost of the acquisition over the Group's interest in the recognised amounts (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree.

Tender list and order book
The Group's intangible assets with finite useful lives are the order book and tender list recognised following the acquisition of Integral Cradles Limited in 2015. Intangible assets with finite lives are stated at cost, less accumulated amortisation and accumulated impairment losses if any. Amortisation of the order book is recognised in the profit and loss account on a straight line basis over the estimated useful lives of the orders in place at acquisition. Amortisation of the tender list is recognised in the profit and loss account over its estimated useful life and principally reflects management's view of the average economic life.

The estimated useful lives are as follows:

- Order book – 15 months; and
- Tender list – 3 years.

(h) Impairment of non-financial assets
Assets not subject to amortisation are tested annually for impairment. Assets that are subject to amortisation are reviewed 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 carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets, other than goodwill that suffered an impairment, are reviewed for possible reversal of the impairment at each reporting date.

(i) Financial assets and liabilities
Classification
The Group classifies its financial assets as loans and receivables. Management determines the classification of its financial assets at initial recognition.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that arise principally through the provision of services to customers. They are initially recognised at fair value, and are subsequently stated at amortised cost using the effective interest method. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. Loans and receivables comprise mainly cash and cash equivalents and trade and other receivables.

Impairment of financial assets
Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within other operating costs in the income statement. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

(j) Cash and cash equivalents
Cash and cash equivalents comprise cash balances. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows. Following a decision of the IFRS Interpretations Committee in April 2016 in relation to IAS 32, the Group can no longer report cash balances on a net basis and so the Balance Sheet as at 31 December 2015 has been restated to show the cash and overdraft separately.

(k) Trade and other payables
Trade and other payables are initially stated at fair value and subsequently measured at amortised cost.

(l) Borrowings
Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings.

2. ACCOUNTING POLICIES continued

(m) Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material and provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability. The increase in the provision due to passage of time is recognised in finance costs.

(n) Share capital

Ordinary Shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in share premium as a deduction from the proceeds.

(o) Revenue

Revenue is measured at the fair value of the consideration received as receivable (excluding value added tax and discount given) derived from the provision of goods and services to customers during the period.

i) Installation

The Group enters into contracts to design and install façade access equipment, fall arrest systems and lightning protection systems. Revenue is recognised (to the extent to which performance has taken place at the balance sheet date in accordance with the percentage completion method) in the accounting period in which the services are rendered, by reference to the stage of completion of the contract at the balance sheet date and assessed on the basis of the actual service provided as a proportion of the total service to be provided.

ii) Test, inspection and repair

The Group maintains, tests, inspects and repairs façade access equipment, fall arrest systems and lightning protection systems. Revenue is recognised on completion of the relevant work and the Group has objective evidence that all criteria for acceptance have been satisfied.

(p) Leases

The costs associated with operating leases are taken to the income statement on an accruals basis over the period of the lease. Where the Company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a "finance lease", the accounting policy for which is disclosed in (e).

(q) Net finance costs

Finance costs

Finance costs comprise interest payable on borrowings and financial leases.

Finance income

Finance income comprises interest receivable on funds invested.

(r) Income tax

Income tax for the years presented comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of other assets or liabilities that affect neither accounting nor taxable profit; nor differences relating to investments in subsidiaries to the extent that they are unlikely to reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

Notes to the consolidated financial statements continued

2. ACCOUNTING POLICIES continued

(s) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting to the Board of Directors which has been identified as the chief operating decision maker. The Board of Directors consists of the Executive Directors and the Non-executive Directors.

(t) Employee benefits: Pension obligations

The Group operates a defined contribution plan. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(u) Adjusting items

Adjusting items are disclosed separately in the financial statements where it is necessary to do so to provide clearer understanding of the underlying financial performance of the Group. They are material items of income or expense that have been shown separately due to the significance of their nature or amount.

(v) Share based payments

The Group operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability,sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save).

Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity in the parent entity accounts.

(w) Dividends

Dividends payable are recorded in the period in which they are approved or paid, whichever is earliest.

3. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements under IFRS requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities. Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The Directors consider that the following estimates and judgements are likely to have the most significant effect on the amounts recognised in the consolidated financial statements:

Business combinations

On acquisition, the Company calculates the fair value of the net assets acquired. The assessment of assets is necessarily judgemental and therefore will directly impact on the value of goodwill carried on the balance sheet. Goodwill is tested annually for impairment based on the cash flows of the income generating unit to which it relates. Judgement is applied to assessing the future revenues to be achieved from an acquisition and the appropriate discount rate. These estimates affect whether an impairment of goodwill should be recognised. Further disclosures in respect of the impairment of goodwill are provided in note 11.

Revenue recognition

Certain of the Group's installation contracts have a term of several months. The Directors assess the timing of the revenue according to the extent to which performance has taken place. As such, an element of judgement is required when assessing the stage of completion at a period end.

Trade receivables

Trade receivables and accrued income are continually reviewed for impairment and provided for where necessary. The Directors assess the requirement for any provision based on the age of the debt compared to agreed terms, recent history of default and current economic climate. As such there is an element of judgement required in estimating the probable losses inherent in the trade receivables.

Deferred consideration

Amounts payable in respect of acquisitions can depend in part upon the achievement of a number of financial and non-financial performance measures specified in the purchase agreements. The Directors estimate the amounts payable by assessing, amongst other things, the performance of the acquired businesses since acquisition against the measures specified in the purchase agreements. As such, an element of judgement is required in determining whether the performance measures will be achieved.

Share based payments

The fair value of share based payments is based on management estimates of the number of shares that will vest and the associated timings. Further disclosure in respect of share based payments is provided in note 13.

4. SEGMENTAL REPORTING

Management has determined the operating segments based on the operating reports reviewed by the Board of Directors that are used to assess both performance and strategic decisions. Management has identified that the Board of Directors is the chief operating decision maker in accordance with the requirements of IFRS 8, "Operating segments".

The Board of Directors organise the Group around products and services and considers the business to be split into three main types of business generating revenue; Access and Safety, Electrical Services and High Level Cleaning. There was no trade in the Training Solutions division.

All revenue originates in the UK.

Notes to the consolidated financial statements continued

4. SEGMENTAL REPORTING continued

	Access and Safety £	Electrical Services £	High Level Cleaning £	Group £	Total £
					2016
Revenue					
Total revenue	18,869,742	17,606,059	2,718,965	–	39,194,766
Total revenue from external customers	**18,869,742**	**17,606,059**	**2,718,965**	**–**	**39,194,766**
Operating profit before adjusting items	**3,110,949**	**3,999,716**	**747,107**	**(907)**	**7,856,865**
Restructuring costs	(235,288)	(188,141)	(68,883)	–	(492,312)
Share options granted to Directors and employees	(1,887,400)	–	–	–	(1,887,400)
Amortisation of intangible asset acquired	(486,733)	(12,500)	–	–	(499,233)
Contingent payments in relation to acquisitions	(100,000)	(1,361,043)	(400,000)	–	(1,861,043)
Segment operating profit	**401,528**	**2,438,032**	**278,224**	**(907)**	**3,116,877**
Net finance cost	(92,244)	(60,597)	(3,344)	(346,293)	(502,478)
Profit before taxation	**309,284**	**2,377,435**	**274,880**	**(347,200)**	**2,614,399**
Other segmental items					
Segment assets	13,156,447	9,066,829	389,410	20,716,182	43,328,868
Segment liabilities	(5,565,181)	(8,220,348)	(496,222)	(17,003,225)	(31,284,976)
Capital expenditure	752,623	1,033,252	56,591	–	1,842,466
Depreciation	453,821	663,282	47,259	–	1,164,362

Segmental operating profit

The reconciliation of Adjusted EBITDA to statutory operating profit is shown below.

	Access and Safety £	Electrical Services £	High Level Cleaning £	Group £	Total £
Adjusted EBITDA	3,564,770	4,662,998	794,366	(907)	9,021,227
Depreciation	(453,821)	(663,282)	(47,259)	–	(1,164,362)
Operating profit before adjusting items	3,110,949	3,999,716	747,107	(907)	7,856,865
Restructuring costs	(235,288)	(188,141)	(68,883)	–	(492,312)
Share options granted to Directors and employees	(1,887,400)	–	–	–	(1,887,400)
Amortisation of intangible asset acquired	(486,733)	(12,500)	–	–	(499,233)
Contingent payments in relation to acquisitions	(100,000)	(1,361,043)	(400,000)	–	(1,861,043)
Statutory operating profit	**401,528**	**2,438,032**	**278,224**	**(907)**	**3,116,877**

4. SEGMENTAL REPORTING continued

2015	Access and Safety £	Electrical Services £	High Level Cleaning £	Group £	Total £
Revenue					
Total revenue	12,035,772	10,402,313	3,332,418	–	25,770,503
Total revenue from external customers	**12,035,772**	**10,402,313**	**3,332,418**	**–**	**25,770,503**
Operating profit before adjusting items	2,030,685	2,518,872	669,957	56,549	5,276,063
Restructuring costs	(114,030)	(115,127)	(13,792)	–	(242,949)
IPO costs	(520,777)	–	–	–	(520,777)
Head Office rebuild costs	63,891	–	–	–	63,891
Share options granted to Directors and employees	(2,259,364)	–	–	–	(2,259,364)
Amortisation of intangible asset acquired	(108,600)	–	–	–	(108,600)
Contingent payments in relation to acquisitions	(123,333)	(335,064)	(490,000)	–	(948,397)
Segment operating profit	**(1,031,528)**	**2,068,681**	**166,165**	**56,459**	**1,259,867**
Net finance cost	–	–	–	(428,883)	(428,883)
Profit before taxation	**(1,031,528)**	**2,068,681**	**166,165**	**(372,334)**	**830,984**
Other segmental items					
Segment assets	7,437,448	2,169,577	1,317,932	16,458,547	27,383,504
Segment liabilities	(4,431,872)	(2,391,487)	(1,655,540)	(9,983,716)	(18,462,615)
Capital expenditure	685,467	761,688	56,499	–	1,503,604
Depreciation	427,771	422,671	48,447	–	898,889

Segmental operating profit

The reconciliation of Adjusted EBITDA to statutory operating profit is shown below.

	Access and Safety £	Electrical Services £	High Level Cleaning £	Group £	Total £
Adjusted EBITDA	2,458,456	2,941,543	718,404	56,549	6,174,951
Depreciation	(427,771)	(422,671)	(48,447)	–	(898,889)
Operating profit before adjusting items	2,030,685	2,518,872	669,957	56,549	5,276,063
Restructuring costs	(114,030)	(115,127)	(13,792)	–	(242,949)
IPO Costs	(520,777)	–	–	–	(520,777)
Head Office rebuild costs	63,891	–	–	–	63,891
Share options granted to Directors and employees	(2,259,364)	–	–	–	(2,259,364)
Amortisation of intangible asset acquired	(108,600)	–	–	–	(108,600)
Contingent payments in relation to acquisitions	(123,333)	(335,064)	(490,000)	–	(948,397)
Statutory operating profit	**(1,031,528)**	**2,068,681**	**166,165**	**56,549**	**1,259,867**

Notes to the consolidated financial statements continued

5. EMPLOYEES AND DIRECTORS

(a) Staff costs for the Group during the year:

	2016 £	2015 £
Wages and salaries	**12,245,818**	8,969,476
Defined contribution pension cost (note 5d)	**112,623**	93,654
Share options granted to Directors and employees (note 13)	**1,887,400**	2,259,364
Social security costs	**1,352,781**	927,495
	15,598,622	12,249,989

Average monthly number of people (including Executive Directors) employed:

	2016 Number	2015 Number
By reportable segment		
Access and Safety	**146**	106
Electrical Services	**237**	138
High Level Cleaning	**18**	21
	401	265

(b) Key Management

Key management includes Directors. The compensation paid or payable to key management for employee services is shown below.

	2016 £	2015 £
Aggregate emoluments	**1,700,758**	2,121,218
	1,700,758	2,121,218

(c) Directors' emoluments

The following costs are paid by PTSG Access and Safety Limited.

	2016 £	2015 £
Aggregate emoluments	**823,889**	1,156,817
Pension contributions	**1,200**	1,200
	825,089	1,158,017

In addition to the above, R Teasdale has participated in various share based payment arrangements as per note 13.

Directors Aggregate emoluments

	2016 £	2015 £
P W Teasdale	**124,231**	124,150
J R Foley	**101,816**	101,579
M I Watford	**134,601**	164,798
Roger Teasdale	**404,441**	714,720
Roger McDowell	**30,000**	26,385
Alan Howarth	**30,000**	26,385
	825,089	1,158,017

Highest Paid Director

	2016 £	2015 £
Aggregate emoluments	**404,441**	714,720
Pension contributions	**–**	–
	404,441	714,720

In addition to the above, R Teasdale has participated in various share based payment arrangements as per note 13.

M I Watford's emoluments include pension contributions of £1,200.

5. EMPLOYEES AND DIRECTORS continued

(d) Retirement benefits

The Group offers membership of the PTSG Group Pension Scheme to eligible employees, the only pension arrangements operated by the Group. The scheme is a defined contribution scheme and the pensions cost in the year was £122,623 (2015: £93,654).

6. NET OPERATING COSTS

	2016 £	2015 £
Distribution costs	**620,720**	496,157
Administration costs	**16,909,776**	12,614,178
Other operating income	**(316,134)**	(384,778)
	17,214,362	12,725,557

The following adjusting items have been included in administration costs.

	2016 £	2015 £
Restructuring costs	**492,312**	242,949
IPO costs	**–**	520,777
Head Office rebuild costs	**–**	(63,891)
Share options granted to Directors and employees (note 13)	**1,887,400**	2,259,364
Amortisation of intangible asset acquired (note 11)	**499,233**	108,600
Contingent payments in relation to acquisitions	**1,861,043**	948,397
	4,739,988	4,016,196

In both years, the Group undertook a restructuring exercise. Costs relating to these one off items have been included as an adjusting item. These costs have been charged to administrative expenses.

The contingent payments in relation to acquisitions relate to cash payments or shares granted to the vendors of the businesses acquired in accordance with the terms of each Sale and Purchase Agreement and is based on the achievement of certain milestones. Contingent amounts payable in respect of acquisitions can depend in part upon the achievement of a number of financial and non-financial performance measures specified in the purchase agreements and in part subject to the continued employment of the vendor. Where payment is linked to the continued employment of the vendor, the arrangement to pay these additional amounts is accounted for separately to the business combination as remuneration. This benefit payable is charged to the consolidated statement of comprehensive income over the period in which the services are provided as an employment expense.

Cash payments in relation to adjusting items are £1,812,654 (2015: £1,757,775).

7. FINANCE COSTS

	2016 £	2015 £
Interest costs:		
Interest payable on borrowings	**248,891**	173,870
Interest arising from finance leases	**156,185**	99,567
	405,076	273,437
Adjusting items:		
Costs associated with acquisition financing	**97,402**	155,446
	502,478	428,883

Notes to the consolidated financial statements continued

8. PROFIT BEFORE TAXATION – ANALYSIS BY FUNCTION

Profit before taxation is stated after charging/(crediting):

	2016 £	2015 £
Net operating costs		
– Distribution costs	**620,720**	496,157
– Administrative costs	**16,909,776**	12,614,178
– Other operating income	**(316,134)**	(384,778)
Employment benefit expense	**15,598,622**	12,249,989
Depreciation of property, plant and equipment – leased (note 12)	**1,037,678**	802,080
Depreciation of property, plant and equipment – owned (note 12)	**126,684**	96,809
Amortisation of intangible assets	**499,233**	108,600
Profit on the sale of property, plant and equipment	**(316,134)**	(384,778)
Operating lease rentals		
– Land and building	**303,231**	270,486

During the year the Group obtained the following services from the Company's auditors:

	2016 £	2015 £
Fees payable to Company's auditor and its associates for the audit of Consolidated financial statements	**11,000**	11,000
Fees payable to Company's auditor and its associates for other services:		
– The audit of Company's subsidiaries	**119,000**	104,000
– Other services	**15,000**	97,500
– Tax compliance	**29,300**	30,000
	174,300	242,500

9. TAXATION

Analysis of charge in year	2016 £	2015 £
Current tax on profits for the year	**680,722**	703,835
Adjustments in respect of prior years	**(402,579)**	(884)
Total current tax	**278,143**	702,951
Origination and reversal of temporary differences	**36,683**	(361,070)
Total deferred tax (note 19)	**36,683**	(361,070)
Income tax charge	**314,826**	341,881

The tax charge for the year differs from the standard rate of corporation tax in the UK of 20.0% (2015: 20.25%).

The differences are explained below:

	2016 £	2015 £
Profit on ordinary activities before tax	**2,614,399**	830,984
Profit on ordinary activities multiplied by the rate of corporation tax in the UK	**522,880**	168,274
Effects of:		
Other expenses not deductible	**333,317**	330,959
Other adjustments	**(138,792)**	(156,468)
Prior year adjustment	**(402,579)**	(884)
Total taxation charge	**314,826**	341,881

The prior year adjustment relates to R&D tax credits and tax credits due following the conversion of the Acescott asset purchase acquisition to FRS 101.

Factors affecting current and future tax charges

Changes to the UK corporation tax rates were substantively enacted as part of the Finance Bill 2016 on 7 September 2016. These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 17% from 1 April 2020. Deferred tax at the balance sheet date has been measured using these enacted rates and reflected in these financial statements.

10. EARNINGS PER SHARE

The calculation of basic earnings per share for the year ended 31 December 2016 was based on the profit attributable to ordinary shareholders of £2,299,573 (year ended 31 December 2015: £489,103).

	2016 **£**	2015 £
Profit for the year attributable to owners of the parent	**2,299,573**	489,103
Weighted average number of ordinary shares in issue for the basic earnings per share	**88,101,562**	85,920,559
Basic and diluted earnings per share (in pence per share)	**2.61**	0.57

The calculation of adjusted earnings per share for the year ended 31 December 2016 was based on the profit before adjusting items of £6,721,419 (Year ended 31 December 2015: £4,187,699).

	2016 **£**	2015 £
Adjusted earnings	**6,721,419**	4,187,699
Weighted average number of shares	**88,101,562**	85,920,559
Adjusted earnings per share (pence)	**7.63**	4.87

11. INTANGIBLE ASSETS

	Goodwill £	Tender list and order book £	Total £
Cost			
At 31 December 2014	**3,879,805**	**–**	**3,879,805**
Additions	6,528,678	700,000	7,228,678
At 31 December 2015	**10,408,483**	**700,000**	**11,108,483**
Additions	2,053,888	75,000	2,128,888
At 31 December 2016	**12,462,371**	**775,000**	**13,237,371**
Accumulated amortisation			
At 31 December 2014	**264,057**	**–**	**264,057**
Charge for the year	–	108,600	108,600
At 31 December 2015	**264,057**	**108,600**	**372,657**
Charge for the year	–	499,233	499,233
At 31 December 2016	**264,057**	**607,833**	**871,890**
Net book amount			
At 31 December 2016	**12,198,314**	**167,167**	**12,365,481**
At 31 December 2015	10,144,426	591,400	10,735,826

All amortisation charges have been treated as an administrative expense in the income statement.

Goodwill acquired in a business combination is allocated to cash generating units (CGUs) and is tested for impairment on an annual basis by comparing the carrying amount against the discounted cash flow projections of the CGU. CGUs are not larger than the operating segments of the Group.

Notes to the consolidated financial statements continued

11. INTANGIBLE ASSETS continued

Management reviews the business performance based on the type of business. Goodwill is monitored by management at the operating segment level. The following is a summary of the goodwill allocation for each operating segment:

	2016 £	2015 £
Access and Safety	**5,946,855**	5,946,855
Electrical Services	**6,174,968**	4,121,080
High Level Cleaning	**76,491**	76,491
Total goodwill	**12,198,314**	10,144,426

The recoverable amount has been determined based on the value in use calculations, covering approved budgets and forecasts for the next financial year, followed by an extrapolation of expected cash flows. The key assumptions in the value in use calculations were as follows:

- Pre tax discount rate 12%;
- Sales growth was based on internal forecasts and a terminal growth rate of 2%; and
- Gross margins were projected based on recent trends.

The Directors believe that there are no reasonably possible changes to a key assumption which would give rise to an impairment charge.

12. PROPERTY, PLANT AND EQUIPMENT

	Freehold £	Leasehold £	Motor vehicles £	Plant and machinery £	Fixtures, fittings and equipment £	Total £
Cost						
At 31 December 2014	**–**	**9,851**	**2,031,685**	**187,448**	**538,222**	**2,767,206**
Acquisitions	250,000	52,448	621,606	208,346	176,202	1,308,602
Additions	–	12,418	1,294,306	35,598	161,282	1,503,604
Disposals	–	–	(810,151)	–	–	(810,151)
At 31 December 2015	**250,000**	**74,717**	**3,137,446**	**431,392**	**875,706**	**4,769,261**
Acquisitions	–	–	259,791	59,937	68,340	388,068
Additions	–	–	1,330,841	229,697	281,928	1,842,466
Disposals	–	–	(783,880)	–	–	(783,880)
At 31 December 2016	**250,000**	**74,717**	**3,944,198**	**721,026**	**1,225,974**	**6,215,915**
Accumulated depreciation						
At 31 December 2014	**–**	**1,097**	**948,689**	**107,093**	**369,441**	**1,426,320**
Acquisitions	–	52,448	450,152	205,618	152,402	860,620
Charge for the year	–	940	802,080	38,872	56,997	898,889
On disposals	–	–	(790,112)	–	–	(790,112)
At 31 December 2015	**–**	**54,485**	**1,410,809**	**351,583**	**578,840**	**2,395,717**
Acquisitions	–	–	97,128	48,858	59,135	205,121
Charge for the year	–	1,708	1,037,678	57,947	67,029	1,164,362
On disposals	–	–	(745,165)	–	–	(745,165)
At 31 December 2016	–	**56,193**	**1,800,450**	**458,388**	**705,004**	**3,020,035**
Net book amount						
At 31 December 2016	**250,000**	**18,524**	**2,143,748**	**262,638**	**520,970**	**3,195,880**
At 31 December 2015	250,000	20,232	1,726,637	79,809	296,866	2,373,544

Finance lease commitments

Included in motor vehicles are assets held under finance leases with a net book value of £2,143,748 (2015: £1,726,637) and accumulated depreciation of £1,800,450 (2015: £1,410,809).

13. SHARE-BASED PAYMENT

1. As at 31 December 2015 there are options outstanding over up to 10,000 E shares. The E Shares have limited rights to a return of capital but a right to share in the proceeds of sale upon the sale of the entire issued share capital of PTSG or if a general offer is successfully made for the ordinary shares in the capital of PTSG within a 10 year period from 2 June 2014. In such an event the holders of the E Shares are entitled in aggregate to receive a sum equal to the profit on ordinary activities before taxation of PTSG Access and Safety Ltd as shown in the statutory accounts of PTSG Access and Safety Ltd for the financial period ending prior to the date of sale, subject to a limit of 10% of the proceeds of such a sale.

The above have been considered in accordance with IFRS 2, however as the Directors consider it unlikely that there will be a sale of the Company within the relevant timeframe, there is no material charge to be reflected in the financial statements for the current year and no further disclosures have been made.

2. Under the terms of Roger Teasdale's service agreement with the Company he was entitled to require the transfer to him, on 16 November 2015, for nil consideration, ownership of 4.4% of the share capital, as at the time of the listing. Paul Teasdale, John Foley and Hawk Investments have undertaken to deliver such shares to him in proportion to their existing shareholdings for nil consideration. This transfer was completed on 28 October 2016.

The Directors fair valued the equity instruments at the grant date, being 16 November 2014 (the date at which the parties have shared understanding of the terms and conditions of the arrangement). The fair value of the option was calculated based on the fair value of the shares at the grant date given that there were no performance conditions, a service condition of one year and the exercise price of £nil.

The fair value of the award was expensed to the income statement over the vesting period on a straight-line basis with the corresponding credit to equity. During the year ended 31 December 2016, the charge to the income statement was £435,869. (2015: £1,819,608)

3. In addition to the above, under the terms of his service agreement, the Company shall issue to Roger Teasdale (for nil or nominal consideration) additional equity calculated by reference to the then issued share capital of the Company when the following milestone targets are met in any given financial year on the first occasion only:

Adjusted EBITDA (Statutory accounts)	£8m	£10m	£12m	£14m
	2.5%	2.5%	2.5%	2.5%

The Directors have reviewed the above and the first of these milestones was met at the end of 2016. The Directors have fair valued the equity instruments, with the fair value being expensed over this year and the following financial year to spread the expected charge over the period to vesting. The charge to the income statement for the year ended 31 December 2016 was £1,451,531 inclusive of National Insurance.

4. By an instrument dated 5 February 2015, the Company created Warrants to subscribe at the Placing Price for up to 867,581 new Ordinary Shares, being one per cent of the Enlarged Share Capital. The Warrants were issued to N+1 Singer pursuant to the Placing Agreement. The Warrants are exercisable at any time or times in the period of five years from Admission and thereafter shall lapse. The exercise price is equal to the Placing Price per share. If the Company capitalises its reserves (other than by way of shares paid up out of distributable reserves and used in lieu of a cash dividend) during the period of the Warrant or there is any sub-division, or consolidation of Ordinary Shares or a reduction of capital during such period the number and/or nominal value of Ordinary Shares the subject of the Warrant will be adjusted so as to maintain the same relative subscription rights. For so long as the Warrants are outstanding the Company has agreed, inter alia, not to vary or abrogate the rights attaching to the Ordinary Shares or to create any class of share which ranks for any purpose ahead of the Ordinary Shares.

300,000 of these warrants were exercised during the year.

The Directors have fair valued these warrants, using the Black Scholes formula, at 8.5p per share with £nil (2015: £74,551) being charged to the 31 December 2016 income statement.

5. In accordance with the Sale and Purchase Agreement relating to the acquisition of Acescott, part of the deferred consideration was satisfied by the issue of 458,190 ordinary shares at 87.3p per share.

14. INVENTORIES

	2016	2015
	£	£
Finished goods	**503,307**	381,760

Notes to the consolidated financial statements continued

15. TRADE AND OTHER RECEIVABLES

	2016 £	2015 £
Amounts falling due within one year:		
Trade receivables	**11,766,670**	10,209,383
Less: provision for impairment of trade receivables	**(587,870)**	(376,298)
Trade receivables – net	**11,178,800**	9,833,085
Other receivables	**7,826,545**	2,398,870
Prepayments	**1,297,770**	876,358
	20,303,115	13,108,313

Trade and other receivables are all current and any fair value difference is not material. Trade receivables are considered past due once they have passed their contracted due date. Trade receivables are reviewed for impairment if they are past due beyond 90 days.

The ageing of the Group's year end receivables is as follows, based on invoice date:

	2016 £	2015 £
Impaired		
Over 1 year	**587,870**	376,293
	587,870	376,293
Not impaired		
Less than 120 days	**7,135,827**	7,507,475
Over 120 days and less than 1 year	**2,130,722**	1,043,608
Over 1 year	**1,912,251**	1,282,002
	11,178,800	9,833,085

Balances not impaired over 90 days relate to retention and other amounts that management consider to be recoverable.

Movements on the Group provision for impairment of trade receivables is as follows:

	2016 £	2015 £
At 1 January	**376,298**	152,761
Provision for receivables impairment	**211,572**	223,537
Receivables written off during the year as uncollectible	**–**	–
At 31 December	**587,870**	376,298

The creation and release of provision for impaired receivables have been included in 'administration expenses' in the income statement.

16. TRADE AND OTHER PAYABLES

	2016 £	2015 £
Trade payables	**2,504,002**	1,843,158
Other tax and social security payable	**1,766,753**	1,288,504
Accruals and other payables	**2,960,591**	3,297,946
	7,231,346	6,429,608

17. BORROWINGS

Book value	2016 £	2015 £
Non-current		
Bank borrowings	**10,010,155**	5,993,808
Finance lease liabilities	**745,590**	653,160
Total non-current	**10,755,745**	6,646,968
Current		
Bank borrowing	**25,033**	25,033
Finance lease liabilities	**767,303**	641,001
Total current	**792,336**	666,034
	11,548,081	7,313,002

The bank borrowings reflect the amount drawn down from the £10,000,000 Revolving Credit Facility, which expires on 30 September 2020 and a mortgage on one of the freehold properties. The Revolving Credit Facility has an interest rate of LIBOR + 2.75%, for the first year, and has a bullet repayment at the end of the five year period.

The Revolving Credit Facility is subject to bank covenants covering Debt Service Coverage, Interest Cover and Leverage. Covenants are tested quarterly on 31 March, 30 June, 30 September and 31 December.

The carrying amounts and fair value of the non-current borrowings are as follows:

	2016		2015	
	Carrying amount £	**Fair value £**	Carrying amount £	Fair value £
Bank borrowings	**10,010,155**	**10,010,155**	5,993,808	5,993,808
Finance lease liabilities	**745,590**	**745,590**	653,160	653,160
	10,755,745	**10,755,745**	6,646,968	6,646,968

The fair value of current and non-current borrowings equals their carrying amount. These are stated at their undiscounted amount.

Borrowings have the following maturity profile:

	2016 £	2015 £
Less than 12 months	**792,336**	666,034
1–5 years	**10,755,745**	6,646,968
	11,548,081	7,313,002

The bank borrowings are secured by a fixed and floating charge over the assets of the Group. The finance leases have the assets leased as security.

18. DEFERRED CONSIDERATION AND LOAN NOTES

Deferred consideration	2016 £	2015 £
Current	**1,053,070**	1,125,897
Non-current	**–**	–
	1,053,070	1,125,897

Deferred consideration/contingent amounts payable in respect of acquisitions can depend in part upon the achievement of a number of financial and non-financial performance measures specified in the purchase agreements and in part subject to the continued employment of the vendor. Where payment is linked to the continued employment of the vendor, the arrangement to pay these additional amounts is accounted for separately to the business combination as remuneration and the benefit payable is built up over the period of service. Certain payments may be settled in cash or shares at the discretion of the Group.

In respect of Acescott part of the deferred consideration was satisfied by the issue of ordinary shares.

Notes to the consolidated financial statements continued

18. DEFERRED CONSIDERATION AND LOAN NOTES continued

Loan notes	2016 £	2015 £
Current	–	–
Non-current	**2,596,206**	2,527,000
	2,596,206	2,527,000

The loan notes were issued on 1 October 2015 as part of the consideration for the acquisition of Integral Cradles Ltd ("Integral") and carry a zero coupon. They are redeemable in full following the agreement of the accounts of Integral for the period ended 30 September 2020 with an interim redemption date following agreement of the accounts for the period ended 30 September 2018.

19. DEFERRED TAX

	£
As at 1 January 2015	**(6,146)**
Credit to income statement	361,070
Credit to equity	462,592
Arising on acquisition	(33,455)
As at 31 December 2015	**784,061**
As at 1 January 2016	**784,061**
Charge to income statement	(36,683)
Charge to equity	(283,935)
Arising on acquisition	(46,107)
As at 31 December 2016	**417,336**

Deferred tax is disclosed as a non-current asset in the Consolidated Balance Sheet.

20. CALLED UP SHARE CAPITAL

	2016 £	2015 £
Allotted, called up and fully paid		
88,402,534 ordinary shares of 1p each	**884,025**	876,447
	884,025	876,447

On 25 January 2016 458,190 ordinary shares were issued, at 87.3p, as part payment of deferred consideration on the Acescott acquisition.

On 25 November 2016, 300,000 ordinary shares and on 3 February 2017, 400,00 ordinary shares were issued to N+1 Singer, at 52p, as part of their share warrant detailed in note 13.

On 3 February 2017, 476,758 ordinary shares were issued, at 83.9p, as part payment of deferred consideration on the Acescott acquisition.

The issued ordinary share capital of the Company as at the date of this document, is 89,279,292 Ordinary Shares of one penny each. All such shares are fully paid.

21. RESERVES

The following describes the nature and purpose of each reserve within shareholders' equity:

Retained earnings
Cumulative net gains and losses recognised in the Group income statement.

Capital redemption reserve
Following the purchase of own shares during 2013, the nominal value of the shares purchased was transferred to a capital redemption reserve.

Share premium
The excess of the share price received over the nominal value, for shares issued during the year, was transferred to the share premium account and amounted to £548,418.

22. DIVIDENDS

In the year, dividends of 1.24p per ordinary share (2015: 0.46p) were paid.

23. COMMITMENTS AND CONTINGENCIES

(a) Operating lease commitments

The Group holds property leases under non-cancellable operating lease agreements. The lease terms are between one and 15 years.

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

	2016	2015
	£	£
Within 1 year	**335,297**	280,469
Later than 1 year and less than 5 years	**1,308,890**	1,100,000
After 5 years	**2,259,750**	2,234,750
	3,903,937	3,615,219

(b) Contingencies

The Company and its subsidiaries have given unlimited multilateral company guarantees on their respective bank facilities.

24. FINANCIAL INSTRUMENTS – RISK MANAGEMENT

Financial risk management

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

Risk management is carried out by the Board of Directors.

(a) Market risk

(i) Interest rate risk

The Group's interest rate risk arises from the Group's borrowings as disclosed in note 17.

The Group has not entered into an interest rate swap to mitigate the variable interest rate risk.

At 31 December 2016, if the LIBOR denominated borrowings at that date had been 0.5% higher/lower with all other variables held constant, post-tax profit for the year would have been £30,500 (2015: £15,923) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

(b) Credit risk

The Group monitor credit risk closely and consider that its current policies meet its objectives of managing exposure to risk. The Group has no significant concentration of credit risk. Management believe that there is no further credit risk provision required in excess of the provisions for doubtful receivables.

(c) Liquidity risk

Liquidity risk is managed on a day to day basis. Facilities are agreed at appropriate levels having regard to the Group's forecast operating cash flows and future capital expenditures.

(d) Capital risk management

The aim of the Group is to maintain sufficient funds to enable it to make suitable investments and incremental acquisitions whilst minimising recourse to bankers and/or shareholders. The Group currently has overdraft facilities in place of £4m (2015: £2.5m).

Leverage is monitored in accordance with the requirements of the Revolving Credit Facility covenants, which was taken out in 2015.

Notes to the consolidated financial statements continued

25. BUSINESS ACQUISITIONS

The Group carried out two acquisitions during the year, the details associated with each acquisition are set out below. Goodwill recognised represents the premium attributable to these well-positioned businesses with a skilled workforce, established reputation and synergies and cross selling opportunities that arise as being part of the Group.

On 5 July 2016, 100 per cent of the ordinary share capital of UK Dry Risers Limited was purchased for a total cash consideration of £1,235,725. This acquisition has been accounted for in the consolidated financial statements by the acquisition method of accounting.

UK Dry Risers undertakes the installation of dry risers and enables us to extend our customer services offering and provide our new and existing client base to further utilise PTSG as their niche service provider.

The turnover and operating profit of UK Dry Risers Limited for the period from the date of acquisition to 31 December 2016 included in the consolidated financial statements was £1,652,790 and £365,257 respectively.

The table below explains the adjustments made to the book values of the major categories of assets and liabilities in arriving at fair values:

	Book value £	Fair value adjustment £	Fair value at date of acquisition £
Fixed assets			
Tangible assets	146,787	(33,470)	113,317
Current assets			
Stock	75,642	–	75,642
Debtors	875,964	–	875,964
Cash	841,044	–	841,044
Total assets	**1,939,437**	**(33,470)**	**1,905,967**
Liabilities			
Trade creditors	393,597	–	393,597
Other creditors	744,761	–	744,761
Total liabilities	**1,138,358**	**–**	**1,138,358**
Net assets	**801,079**	**(33,470)**	**767,609**
Cash consideration			**1,235,725**
Goodwill			**468,116**
Cash paid to gain control net of cash acquired			**394,681**

The fair value adjustment shown above represents the adjustment required to align depreciation policies on all fixed assets.

On the first anniversary of completion a fixed deferred payment of £50,000 is due and a contingent payment of a maximum of £860,000 subject to the business achieving a stretching milestone profitability target in the year.

25. BUSINESS ACQUISITIONS continued

On 5 July 2016, 100 per cent of the ordinary share capital of UK Dry Risers Maintenance Limited was purchased for a total cash consideration of £1,817,433. This acquisition has been accounted for in the consolidated financial statements by the acquisition method of accounting.

UK Dry Risers Maintenance Limited undertakes the testing, maintenance, repair and certification of dry riser systems nationally. This, along with the dry riser acquisition detailed on the previous page, enables us to extend our customer services offering and provide our new and existing client base to further utilise PTSG as their niche service provider.

The turnover and operating profit of UK Dry Risers Maintenance Limited for the period from the date of acquisition to 31 December 2016 included in the consolidated financial statements was £754,921 and £137,270 respectively.

The table below explains the adjustments made to the book values of the major categories of assets and liabilities in arriving at fair values:

	Book value £	Fair value adjustment £	Fair value at date of acquisition £
Fixed assets			
Tangible assets	89,098	(19,468)	69,630
Current assets			
Stock	28,712	–	28,712
Debtors	226,083	–	226,083
Cash	529,412	–	529,412
Total assets	**873,305**	**(19,468)**	**853,837**
Liabilities			
Trade creditors	56,141	–	56,141
Other creditors	500,810	–	500,810
Total liabilities	**556,951**	**–**	**556,951**
Net assets	**316,354**	**(19,468)**	**296,886**
Cash consideration			**1,817,433**
Goodwill			**1,520,547**
Cash paid to gain control net of cash acquired			**1,288,021**

The fair value adjustment shown above represents the adjustment required to align depreciation policies on all fixed assets.

The are five fixed deferred payments of £60,000 payable on the anniversary of competition and a maximum contingent deferred consideration of £1,400,000 payable over five years, subject to the business achieving stretching and escalating milestone profitability targets in each of those periods.

26. RELATED PARTY TRANSACTIONS

Key management compensation is given in note 5.

Other related party transactions with the Company are as follows:

Market rent of £177,054 (2015: £175,000) was paid in the year to Ensco 835 Limited. P W Teasdale and J R Foley are directors of Ensco 835 Limited.

No other transactions with related parties were undertaken such as are required to be disclosed.

Details of share arrangements with R Teasdale are given in note 13.

At the year end there were loans outstanding to key personnel of £425,000 (2015: £125,000). A full list of subsidiaries are detailed on page 67.

27. Post balance sheet events

On 13 January 2017 the Company acquired Nimbus Lightning Protection Ltd., a designer, installer and maintainer of lightning protection and earthing systems for a total consideration of £1.0m payable in cash on completion. A review of the fair value of assets acquired and liabilities assumed is currently being undertaken.

28. Subsidiary guarantee of audit exemption

Lightning Protection Testing Ltd, a company registered in England and Wales and NATHS Ltd, a company registered in Scotland are wholly owned subsidiaries of PTSG Electrical Services Ltd. The subsidiary is exempt from the requirements of the Act relating to the audit of accounts under section 479A of the Companies Act 2006.

Independent auditors' report
to the members of Premier Technical Services Group PLC

REPORT ON THE COMPANY FINANCIAL STATEMENTS

Our opinion

In our opinion, Premier Technical Services Group PLC's company financial statements (the "financial statements"):

- give a true and fair view of the state of the Company's affairs as at 31 December 2016;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Annual Report and Accounts (the "Annual Report"), comprise:

- the company balance sheet as at 31 December 2016;
- the company statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the Directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

OTHER MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities set out on page 35, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.

OTHER MATTER
We have reported separately on the Group financial statements of Premier Technical Services Group PLC for the year ended 31 December 2016.

Randal Casson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds

28 March 2017

Company balance sheet
as at 31 December 2016

	Note	2016 £	Restated 2015 £
Fixed assets			
Investments	2	**9,836,720**	7,813,565
Current assets			
Debtors	3	**13,442,756**	9,586,569
Creditors – amounts falling due within one year	4	**(4,248,336)**	(3,179,141)
Net current assets		**9,194,420**	6,407,428
Total assets less current liabilities		**19,031,140**	14,220,993
Creditors – amounts falling due after one year	5	**(12,721,206)**	(8,602,000)
Net assets		**6,309,934**	5,618,993
Capital and reserves			
Called up share capital	6	**884,025**	876,447
Capital redemption reserve		**128,573**	128,573
Share premium account		**548,418**	–
Profit and loss account	7	**4,748,918**	4,613,973
Total shareholders' funds	8	**6,309,934**	5,618,993

The financial statements on pages 64 to 70 were approved by the Board of Directors on 28 March 2017 and were signed on its behalf by:

P W Teasdale
Chief Executive Officer

Registered number: 06005074

Company statement of changes in equity

	Attributable to owners of the parent				
	Share capital £	Capital redemption reserve £	Share Premium Account £	Retained earnings £	Total £
Balance at 31 December 2014	**771,437**	**128,573**	**–**	**(360,601)**	**539,409**
Profit for the year	–	–	–	125,825	125,825
Total comprehensive income	**–**	**–**	**–**	**125,825**	**125,825**
Transactions with owners					
Issue of share capital	105,010	–	4,942,818	–	5,047,828
Share based payments in subsidiaries	–	–	–	439,756	439,756
Ordinary dividends paid	–	–	–	(533,825)	(533,825)
Reduction of capital	–	–	(4,942,818)	4,942,818	–
Transactions with owners	**105,010**	**–**	**–**	**4,848,749**	**4,953,759**
Balance at 31 December 2015	**876,447**	**128,573**	**–**	**4,613,973**	**5,618,993**
Loss for the year	–	–	–	(395,738)	(395,738)
Total comprehensive income	**–**	**–**	**–**	**(395,738)**	**(395,738)**
Transactions with owners					
Issue of share capital	7,578	–	548,418	–	555,996
Share based payments in subsidiaries	–	–	–	1,623,155	1,623,155
Ordinary dividends paid	–	–	–	(1,092,472)	(1,092,472)
Reduction of capital	–	–	–	–	–
Transactions with owners	**7,578**	**–**	**548,418**	**530,683**	**1,086,679**
Balance at 31 December 2016	**884,025**	**128,573**	**548,418**	**4,748,918**	**6,309,934**

The notes on pages 66 to 70 are an integral part of these financial statements.

Notes to the financial statements

1. ACCOUNTING POLICIES

The financial statements for the year ended 31 December 2016 have been prepared in accordance with FRS 101.

FRS 101 sets out a reduced disclosure framework for a qualifying entity that would otherwise apply the recognition, measurement and disclosure requirement of EU-adopted IFRS. The Company is a qualifying entity for the purposes of FRS 101. Included within this document are the Group consolidated financial statements prepared in accordance with IFRS. FRS 101 allows that the balance sheet is presented in the format requirements of the Companies Act 2006, rather than the requirements of International Accounting Standard ("IAS") 1 Presentation of Financial Statements.

A summary of the disclosure exemptions adopted for the period ended 31 December 2016 is presented below.

Area	Disclosure Exemption
Cash flow statements	Complete exemption from preparing a cash flow statement (IAS 7).
Related party disclosures	Exemption for related party transactions entered into between two or members of a group, provided that any subsidiary which is party to a transaction is wholly owned by such a member.
Comparative information	Exemption from comparative disclosure for movements on share capital, tangibles and intangibles.
Presentation of financial statements	Exemption from statement of compliance with IFRS, cash flow information.
Financial instruments	The requirements of IFRS 7, "Financial instruments": Disclosures, as equivalent disclosures are included in the consolidated financial statements of the Group in which the entity is consolidated.
Fair value measurement	Paragraphs 91 to 99 of IFRS 13, "Fair value measurement" as equivalent disclosures are included in the consolidated financial statements of the Group in which the entity is consolidated.

The Company is a public limited company, domiciled and incorporated in the United Kingdom and under the Companies Act 2006.

Investment in subsidiary undertakings

Investments in subsidiary undertakings are recorded at cost plus incidental expenses less any provision for impairment.

Critical accounting estimates and assumptions

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about the carrying value of assets and liabilities which are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis and any revisions to them are recognised in the period in which they are revised.

2. INVESTMENTS

	£
Cost:	
At 1 January 2015	7,173,809
Additions (restated – note 8)	639,756
Write-off of investments	–
At 31 December 2015	**7,813,565**
Additions (restated – note 8)	2,023,155
Write-off of investments	–
Net book value:	
At 31 December 2016	**9,836,720**
At 31 December 2015	7,813,565

The additions relate to capital contributions for share based payments.

2. INVESTMENTS continued

The subsidiary undertakings at 31 December 2016 were:

Name	Nature of Business	Ordinary voting Shares held
PTSG Access and Safety Ltd	Installation and maintenance of access and safety systems	100%
PTSG Electrical Services Ltd	Installation and maintenance of lightning protection systems	100%
Test Strike UK Ltd	Maintenance of lightning protection systems	100%
PTSG Electrical Testing Services Limited	Holding company	100%
Ohmega Testing Services Ltd	Dormant	100%
Acescott Specialist Services Ltd	High level cleaning	100%*
PTSG Steeplejacks Ltd	Dormant	100%
PTSG Steeplejacking Ltd	Dormant	100%
Cradle Runways Maintenance Ltd	Dormant	100%
Cradle Runways Installations Ltd	Dormant	100%
Access Training Solutions Ltd	Dormant	100%
PTSG High Level Cleaning Ltd	Dormant	100%
PTSG Specialist M & E Ltd.	Dormant	100%
PTSG Management Services Ltd	Dormant	100%
Access Contracting Ltd	Installation and maintenance of access and safety systems	100%*
Integral Cradles Ltd	Cradle Installation	100%
NATHS Ltd	Steeplejack Services	100%*
Pendrich Height Services Ltd	Steeplejack Services	100%*[1]
J W Gray Lightning Protection Ltd	Installation and maintenance of lightning protection systems	100%*[1]
Lightning Protection Testing Ltd	Dormant	100%*
R Langston Jones & Company Ltd	Portable appliance and fixed wire testing	100%*
Guardian Cradle Maintenance Ltd	Dormant	100%*
Protectis Ltd	Dormant	100%*
CJS (Eastern) Ltd	Dormant	100%*
Cardinal Specialist Services Ltd	Dormant	100%*
National Cradle Maintenance Ltd	Dormant	100%*
Thor Lightning Protection Ltd	Dormant	100%*
Kobi Ltd	Dormant	100%*
PTSG Ltd	Dormant	100%*
Acescott Management Services Ltd	Dormant	100%*
Fall Arrest Services Ltd	Dormant	100%*
PTSG Training Solutions Ltd	Dormant	100%
NAP Height Services Ltd	Intermediary holding company	100%*[1]
Pendrich Rope Access Ltd	Dormant	100%*[1]
Apex Steeplejacks Ltd	Dormant	100%*[1]
Integral Cradles Group Ltd	Dormant	100%
Integral Cleaning Ltd	Dormant	100%*
UK Dry Risers Ltd	Installation of dry riser systems	100%*
UK Dry Risers Maintenance Ltd	Maintenance of dry riser systems	100%*

* held by a subsidiary undertaking.

All subsidiaries have their registered office at 13 Flemming Court, Whistler Drive, Castleford WF10 5HW apart from those marked [1] whose registered office is 78-82 Carnethie St, Rosewell EH24 9AW.

The Directors believe that the carrying value of the investments is supported by their underlying net assets.

Notes to the financial statements continued

3. DEBTORS

	2016 £	2015 Restated (note 8) £
Amounts owed by group undertakings	**12,716,821**	9,275,345
Prepayments	**725,935**	311,224
	13,442,756	9,586,569

Amounts owed by group undertakings are unsecured, interest free and payable on demand.

4. CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £	2015 £
Overdrafts	**4,040,290**	2,866,353
Amounts owed to group undertakings	**7,150**	52,150
Other creditors	**195,000**	233,333
Accruals	**5,896**	27,305
	4,248,336	3,179,141

The bank overdraft is secured by an unlimited multilateral Company guarantee given by this Company and other members of the Group to secure all liabilities of each other.

Amounts owed to group undertakings are unsecured, interest free and payable on demand.

5. CREDITORS – AMOUNTS FALLING DUE AFTER ONE YEAR

	2016 £	2015 £
Loan notes	**2,596,206**	2,527,000
Bank loan	**10,000,000**	5,950,000
Other creditors	**125,000**	125,000
	12,721,206	8,602,000

The bank borrowings reflect the amount drawn down from the £10,000,000 Revolving Credit Facility, which expires on 30 September 2020. This facility has an interest rate between 2% and 2.75%, depending upon the amount drawn down, and has a bullet repayment at the end of the five year period.

The Revolving Credit Facility is subject to bank covenants covering Debt Service Coverage, Interest Cover and Leverage. Covenants are tested quarterly on 31 March, 30 June, 30 September and 31 December.

The loan notes were issued on 1 October 2015 as part of the consideration for the acquisition of Integral Cradles Ltd ("Integral") and carry a zero coupon. They are redeemable in full following the agreement of the accounts of Integral for the period ended 30 September 2020 with an interim redemption date following agreement of the accounts for the period ended 30 September 2018.

Contingencies

An unlimited multilateral Company guarantee given by this Company and other members of the Group to secure all liabilities of each other.

6. CALLED UP SHARE CAPITAL

	2016 £	2015 £
Allotted and fully paid		
88,402,534 ordinary shares of 1p each	**884,025**	876,447
	884,025	876,447

Details of shares issued can be found on page 58.

7. PROFIT AND LOSS ACCOUNT

	£
Balance as at 1 January 2016	4,613,973
Loss for the financial year	(395,738)
Share based payments in subsidiaries	1,623,155
Equity dividends	(1,092,472)
Balance as at 31 December 2016	**4,748,918**

The parent company has taken advantage of section 408 of the Companies Act 2006 and has not included its own profit and loss in these financial statements. The parent company's loss for the year was £395,738 (2015: profit of £125,825). The audit fees in respect of the Company was £2,000 (2015: £2,000). Directors' remuneration and details on dividends are detailed in notes 5 and 22 of the Consolidated Financial Statement.

8. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2016 £	2015 Restated (note 8.5) £
Profit for the financial year	**(395,738)**	125,825
Shares issued	**555,996**	5,047,828
Share based payments in subsidiaries	**1,623,155**	439,756
Equity dividends	**(1,092,472)**	(533,825)
Net addition to shareholders' funds	**690,941**	5,079,584
Opening shareholders' funds as at 1 January	**5,618,993**	539,409
Closing shareholders' funds as at 31 December	**6,309,934**	5,618,993

Share based payments

1. As at 31 December 2016 there are options outstanding over up to 10,000 E shares. The E Shares have limited rights to a return of capital but a right to share in the proceeds of sale upon the sale of the entire issued share capital of PTSG or if a general offer is successfully made for the ordinary shares in the capital of PTSG within a 10 year period from 2 June 2014. In such an event the holders of the E Shares are entitled in aggregate to receive a sum equal to the profit on ordinary activities before taxation of PTSG Access and Safety Ltd as shown in the statutory accounts of PTSG Access and Safety Ltd for the financial period ending prior to the date of sale, subject to a limit of 10% of the proceeds of such a sale.

The above have been considered in accordance with IFRS 2, however as the Directors consider it unlikely that there will be a sale of the Company within the relevant timeframe, there is no material charge to be reflected in the financial statements for the current year and no further disclosures have been made.

2. Under the terms of Roger Teasdale's service agreement with the Company he was entitled, to require the transfer to him, on 16 November 2015, for nil consideration, ownership of 4.4% of the share capital, as at the time of the listing. Paul Teasdale, John Foley and Hawk Investments have undertaken to deliver such shares to him in proportion to their existing shareholdings for nil consideration.

The Directors fair valued the equity instruments at the grant date, being 16 November 2014 (the date at which the parties have shared understanding of the terms and conditions of the arrangement). The fair value of the option was calculated based on the fair value of the shares at the grant date given that there were no performance conditions, a service condition of one year and the exercise price of £nil.

The fair value of the award was expensed in the financial statements of PTSG Access & Safety Ltd to the income statement over the vesting period on a straight-line basis with the corresponding credit to equity. During the year ended 31 December 2016, the charge to the income statement was £435,869.

Notes to the financial statements continued

8. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS continued

3. In addition to the above, under the terms of his service agreement, the Company shall issue to Roger Teasdale (for nil or nominal consideration) additional equity calculated by reference to the then issued share capital of the Company when the following milestone targets are met in any given financial year on the first occasion only:

Adjusted EBITDA (Statutory accounts)	£8m	£10m	£12m	£14m
	2.5%	2.5%	2.5%	2.5%

The Directors have reviewed the above and the Company hit the first of these milestones at the end of 2016. The Directors have fair valued the equity instruments, with the fair value being expensed over this year and the following financial year to spread the expected charge over the period to vesting. The charge to the income statement of PTSG Access & Safety Ltd for the year ended 31 December 2016 was £1,451,531 (2015: £439,756). This has been treated in the financial statements of the Company as a capital contribution to PTSG Access & Safety.

4. By an instrument dated 5 February 2015, the Company created Warrants to subscribe at the Placing Price for up to 867,581 new Ordinary Shares, being one per cent of the Enlarged Share Capital. The Warrants were issued to N+1 Singer Pursuant to the Placing Agreement. The Warrants are exercisable at any time or times in the period of five years from Admission and thereafter shall lapse. The exercise price is equal to the Placing Price per share. If the Company capitalises its reserves (other than by way of shares paid up out of distributable reserves and used in lieu of a cash dividend) during the period of the Warrant or there is any sub-division, or consolidation of Ordinary Shares or a reduction of capital during such period the number and/or nominal value of Ordinary Shares the subject of the Warrant will be adjusted so as to maintain the same relative subscription rights. For so long as the Warrants are outstanding the Company has agreed, inter alia, not to vary or abrogate the rights attaching to the Ordinary Shares or to create any class of share which ranks for any purpose ahead of the Ordinary Shares.

300,000 of these warrants were exercised during the year.

5. The 2015 balance sheet has been restated to correct a prior year error in the parent company in relation to certain share based payment arrangements with employees of subsidiary entities. The effect of the adjustment in the parent entity is to increase investments by £639,756 reduce debtors (amounts owed by group undertakings) by £200,000 and increase retained earnings by £439,756. This had no impact on the profit and loss account for the year ended 31 December 2015 or the balance sheet as at 1 January 2015.

Company information

Registered Office
13 Flemming Court
Whistler Drive
Castleford
West Yorkshire
WF10 5HW

Telephone	+44 (0) 1977 668 771
Fax	+44 (0) 1977 668 772
Registered number	06005074
Website	www.ptsg.co.uk

Nominated Advisor and Broker
Numis Securities Ltd
The London Stock Exchange Building
10 Paternoster Square
London EC4M 7LT

Auditors
PricewaterhouseCoopers LLP
Central Square
29 Wellington Street
Leeds
LS1 4DL

Bankers
HSBC
120 Edmund Street
Birmingham
B3 2QZ

Lawyers
Pinsent Masons LLP
30 Crown Place
Earl Street
London EC2A 4ES

Registrars
Captia Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU

Financial and Corporate PR
Hudson Sandler
29 Cloth Fair
London
EC1A 7N

ckd
Design & Production
www.carrkamasa.co.uk

Premier Technical Services Group PLC
13 Flemming Court
Whistler Drive
Castleford
West Yorkshire
WF10 5HW

Telephone +44 (0) 1977 668 771
Fax +44 (0) 1977 668 772

Registered number 06005074
Website www.ptsg.co.uk