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This document constitutes an AIM admission document relating to Premier Technical Services Group plc and has been drawn up in accordance with the AIM Rules for Companies. This document does not contain an offer of transferable securities to the public in the United Kingdom within the meaning of section 102B of FSMA and is not required to be issued as a prospectus pursuant to section 85 of FSMA. Accordingly, this document has not been drawn up in accordance with the Prospectus Rules and has not been approved by, or filed with, the Financial Conduct Authority or any other authority which would be a competent authority for the purposes of the Prospectus Directive.

**Application will be made for the Enlarged Share Capital to be admitted to trading on AIM, a market operated by London Stock Exchange plc (the "London Stock Exchange"). AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the United Kingdom Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. The London Stock Exchange has not itself examined or approved the contents of this document. The AIM Rules for Companies are less demanding than those of the Official List. Neither the Existing Ordinary Shares nor the New Ordinary Shares are dealt in on any other recognised investment exchange and, apart from the application for admission to AIM, no other such applications have been made or will be made.**

The Directors, whose names are set out on page 8 of this document, and the Company accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors and the Company (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information. All of the Directors accept individual and collective responsibility for the Company's compliance with the AIM Rules for Companies.

**Prospective investors should read the whole text of this document and should be aware that an investment in the Company involves a high degree of risk. In particular, the attention of prospective investors is drawn to Part II of this document which sets out certain risk factors relating to any investment in Ordinary Shares. All statements regarding the Group's business, financial position and prospects should be viewed in light of these risk factors.**

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# Premier Technical Services Group plc

*(incorporated and registered in England and Wales with registered no. 06005074)*

## Placing of 15,384,615 Ordinary Shares at 52 pence per Ordinary Share and

## Admission of the Enlarged Share Capital to trading on AIM

***Nominated Adviser & Broker***

**N+1 SINGER**

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The New Ordinary Shares will, on Admission, rank *pari passu* in all respects with the Existing Ordinary Shares and will rank in full for all dividends or other distributions declared, made or paid on the Ordinary Shares after Admission. It is expected that Admission will become effective, and that dealings in the Enlarged Share Capital will commence on AIM, on 11 February 2015. Neither the Existing Ordinary Shares nor the New Ordinary Shares are traded on any recognised investment exchange and no other applications have been made.

The distribution of this document outside the United Kingdom may be restricted by law and therefore persons outside the United Kingdom into whose possession this document comes should inform themselves about and observe any restrictions as to the Placing, Admission, the Ordinary Shares and the distribution of this document. This document does not constitute an offer to sell or issue, or the solicitation of an offer to buy or subscribe for, Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful. This document should not be copied or distributed by recipients and, in particular should not be distributed, published, reproduced or otherwise made available by any means, including electronic transmission, in, into or from the United States of America, Canada, Australia, the Republic of Ireland, the Republic of South Africa, or Japan or any other jurisdiction where to do so would be in breach of any law and/or regulation, or to any US person (within the meaning of Regulation S under the United States Securities Act of 1933 (as amended) (the "Securities Act"). The New Ordinary Shares have not been, and will not be, registered in the United States of America under the Securities Act or under the securities laws of any state of the United States of America or under the securities laws of any of Canada, Australia, the Republic of Ireland, the Republic of South Africa, or Japan and, subject to certain exemptions, may not be offered or sold, directly or indirectly, within or into the United States of America, Canada, Australia, the Republic of South Africa, the Republic of Ireland, or Japan or to, or for the account or benefit of, US persons (as such term is defined in Regulation S under the Securities Act) or to any national, resident or citizen of Canada, Australia, the Republic of South Africa, the Republic of Ireland, or Japan. Neither this document nor any copy of it may be distributed in or sent to or taken into the United States, Canada, Australia, the Republic of South Africa, the Republic of Ireland, or Japan. In addition, the securities to which this document relates must not be marketed into any jurisdiction where to do so would be unlawful. Persons into whose possession this document comes should inform themselves about, and observe any such restrictions.

Nplus 1 Singer Advisory LLP ("N+1 Singer"), which is a member of the London Stock Exchange and is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting as nominated adviser and broker to the Company in connection with the proposed Placing and Admission and will not be acting for any other person or otherwise be responsible to any person for providing the protections afforded to customers of N+1 Singer or for advising any other person in respect of the proposed Placing and Admission. N+1 Singer's responsibilities as the Company's nominated adviser under the AIM Rules for Companies and the AIM Rules for Nominated Advisers are owed solely to the London Stock Exchange and are not owed to the Company or to any Director or to any other person in respect of such person's decision to acquire shares in the Company in reliance on any part of this document. No representation or warranty, express or implied, is made by N+1 Singer as to any of the contents of this document (without limiting the statutory rights of any person to whom this document is issued) and, save as otherwise expressly provided, N+1 Singer has not authorised the contents of any part of this document and accepts no liability whatsoever for the accuracy of any information or opinions contained in this document or for the omission of any material information from this document for which the Company and the Directors are solely responsible.

The information contained in this document has been prepared solely for the purposes of the Placing and Admission and is not intended to inform or be relied upon by any subsequent purchasers of Ordinary Shares (whether on or off market) and accordingly no duty of care is accepted in relation to them.

Copies of this document will be available free of charge during normal business hours on any day (except Saturdays, Sundays and public holidays) at the offices of N+1 Singer, at One Bartholomew Lane, London EC2N 2AX from the date of this document until the date which is one month from the date of Admission. Additionally, an electronic version of this document will be available from Admission on the Company's website, being [www.ptsg.co.uk](http://www.ptsg.co.uk).

## **FORWARD-LOOKING STATEMENTS**

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

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

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

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

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

## **MARKET AND FINANCIAL INFORMATION**

The data, statistics and information and other statements in this document regarding the markets in which the Group operates, or the Group’s position therein, are based on the Group’s records, are taken or derived from statistical data and information derived from the sources described in this document or are based upon the Directors’ beliefs.

In relation to these sources, such information has been accurately reproduced from the published information and, so far as the Directors are aware and are able to ascertain from the information provided by the suppliers of these sources, no facts have been omitted which would render such information inaccurate or misleading.

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

## **PRESENTATION OF FINANCIAL INFORMATION**

The Company publishes its financial statements in pounds sterling. Unless otherwise indicated, all references in this document to: “GBP”, “£”, “pounds sterling”, “pounds”, “sterling”, “pence” or “p”, are to the lawful currency of the United Kingdom. The Company prepares its annual accounts to 31 December each year.

The financial information contained in this document, including that financial information presented in a number of tables in this document, has been rounded to the nearest whole number or the nearest decimal place. Therefore, the actual arithmetic total of the numbers in a column or row in a certain table may not

conform exactly to the total figure given for that column or row. In addition, certain percentages presented in the tables in this document reflect calculations based upon the underlying information prior to rounding, and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers.

Certain non-International Financial Reporting Standards measures such as earnings before interest, tax, depreciation, amortisation, exceptional items and contingent consideration payable in relation to acquisitions (“Adjusted EBITDA”) have been included in the financial information, as the Directors believe that these provide important alternative measures with which to assess the Group’s performance. You should not consider Adjusted EBITDA as an alternative for revenue or operating profit which are IFRS measures. Additionally, the Group’s calculation of Adjusted EBITDA may be different from the calculation used by other companies and therefore comparability may be limited.

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## ADMISSION STATISTICS

Number of Existing Ordinary Shares in issue at the date of this document	77,142,800
Number of New Ordinary Shares to be issued pursuant to the Placing	9,615,384
Number of Existing Ordinary Shares to be sold pursuant to the Placing	5,769,231
Placing Price per Placing Share	52 pence
Number of Ordinary Shares in issue immediately following Admission	86,758,184
Percentage of Enlarged Share Capital represented by the Placing Shares	17.73 per cent.
Percentage of Enlarged Share Capital represented by the Sale Shares	6.65 per cent.
Percentage of Enlarged Share Capital represented by the New Ordinary Shares	11.08 per cent.
Market capitalisation on Admission at the Placing Price	£45.11 million
Estimated gross proceeds of the Placing receivable by the Company	£5.00 million
Estimated net proceeds of the Placing receivable by the Company	£3.83 million
ISIN	GB00BV9FPW93
SEDOL	BV9FPW9
TIDM	PTSG

## **EXPECTED TIMETABLE OF PRINCIPAL EVENTS**

Publication of this document	5 February 2015
Admission and dealings in Enlarged Share Capital to commence on AIM	11 February 2015
CREST accounts to be credited with Ordinary Shares	8.00 a.m. on 11 February 2015
Where applicable, share certificates in respect of New Ordinary Shares to be dispatched by	20 February 2015

*Each of the times and dates set out above and mentioned elsewhere in this document may be subject to change at the absolute discretion of the Company and N+1 Singer.*

## DIRECTORS, COMPANY SECRETARY AND ADVISERS

<b>Existing Directors</b>	John Robert Foley ( <i>Chairman</i> ) Paul William Teasdale ( <i>Chief Executive</i> ) Roger Teasdale ( <i>Managing Director</i> ) Mark Ian Watford ( <i>Finance Director</i> )
<b>Proposed Directors</b>	Roger Steven McDowell ( <i>Non-Executive Director</i> ) Alan Miles Howarth ( <i>Non-Executive Director</i> )  all of
<b>Registered Office</b>	13-14 Flemming Court Whistler Drive Castleford West Yorkshire WF10 5HW
<b>Company Secretary</b>	Adam Coates
<b>Nominated Adviser and Broker</b>	Nplus1 Singer Advisory LLP 1 Bartholomew Lane London EC2N 2AX
<b>Solicitors to the Company</b>	Pinsent Masons LLP 30 Crown Place Earl Street London EC2A 4ES
<b>Solicitors to the Nominated Adviser and Broker</b>	Squire Patton Boggs (UK) LLP 2 Park Lane Leeds LS3 1ES
<b>Auditors and Reporting Accountants</b>	PricewaterhouseCoopers LLP Benson House 33 Wellington Street Leeds LS1 4JP
<b>Registrars</b>	Capita Asset Services The Registry 34 Beckenham Road Beckenham Kent BR3 4TU

## DEFINITIONS

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

“Accountants’ Report”	the report on the historical financial information relating to the Group prepared by PricewaterhouseCoopers LLP which is set out in Section A of Part III of this document
“Acescott”	Acescott Management Services Ltd
“Act” or “Companies Act”	the Companies Act 2006, as amended
“adjusted EBITDA”	earnings before interest, tax, depreciation and amortisation, exceptional items and contingent consideration payable in relation to acquisitions
“Admission”	admission of the Enlarged Share Capital to trading on AIM and such admission becoming effective in accordance with the AIM Rules
“AIM”	the market of that name operated by the London Stock Exchange
“AIM Rules for Companies” or “AIM Rules”	the rules for companies whose securities are admitted to trading on AIM, as published by the London Stock Exchange from time to time
“AIM Rules for Nominated Advisers”	the rules setting out the eligibility requirements, ongoing obligations and certain disciplinary matters in relation to nominated advisers, as published by the London Stock Exchange from time to time
“Articles of Association” or “Articles”	the articles of association of the Company as at Admission
“ASL” or “Access and Safety”	PTSG Access and Safety Limited, a division of the Group
“Board”	the Existing Directors and the Proposed Directors
“Bob Morton”	Arthur Leonard Robert (Bob) Morton
“business day”	a day (other than Saturdays or Sundays or public holidays) on which banks are open in London for normal banking business
“certificated” or “in certificated form”	in relation to an Ordinary Share, recorded on the Company’s register as being held in certificated form (that is not in CREST)
“City Code”	the City Code on Takeovers and Mergers
“Company” or “PTSG”	Premier Technical Services Group plc, a company incorporated in England and Wales with registered number 06005074
“CREST”	the system for the paperless settlement of trades in securities and the holding of uncertificated securities operated by Euroclear in accordance with the CREST Regulations
“CREST Manual”	the rules governing the operation of CREST, consisting of the CREST Reference Manual, the CREST International Manual, the CREST Central Counterparty Service Manual, the CREST Rules, Registrars Service Standards, Settlement Discipline Rules, CCSS Operations Manual, Daily Timetable, CREST Application procedure and CREST Glossary of Terms (all as defined in the CREST Glossary of Terms promulgated by Euroclear on 15 July 1996 and as amended since)

“CREST member”	a person who is admitted to Euroclear as a system-member (as defined in the CREST Regulations)
“CREST Regulations” or “Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755), as amended from time to time
“CREST sponsor”	a CREST participant admitted to CREST as a CREST sponsor
“Directors”	the Existing Directors and the Proposed Directors
“Disclosure and Transparency Rules” or “DTRs”	the disclosure and transparency rules made by the FCA under Part VI of FSMA
“E Shares”	E ordinary shares of £1 each in the capital of the Company
“EIS”	Enterprise Investment Scheme under the provisions of Part V of the Income Tax Act 2007
“EMI Options”	enterprise management incentive options over E Shares as further described in paragraph 7 of Part V of this document
“Enlarged Share Capital”	the entire issued ordinary share capital of the Company immediately following Admission, comprising the Existing Ordinary Shares and the New Ordinary Shares
“ESL”	PTSG Electrical Services Limited, a subsidiary of the Company
“Euroclear”	Euroclear UK & Ireland Limited
“EU”	the European Union
“Existing Directors”	the existing directors of the Company, whose names are set out on page 8 of this document
“Existing Ordinary Shares”	the 77,142,800 Ordinary Shares in issue at the date of this document
“Existing Shareholders”	the Shareholders as at the date of this document, being John Foley, Paul Teasdale and Hawk Investments
“Financial Conduct Authority” or “FCA”	the Financial Conduct Authority of the United Kingdom acting in its capacity as the competent authority for the purposes of Part VI of FSMA
“FSMA”	the Financial Services and Markets Act 2000, as amended
“Group”	the Company and the Subsidiaries
“Hallco”	Hallco 1766 Limited, a company incorporated in England and Wales with registered number 07285644, wholly owned by Paul Teasdale, a Director
“Hawk Investments”	Hawk Investment Holdings Limited, a company incorporated in Guernsey with registered number 44994, wholly owned by Mr and Mrs Bob Morton
“HCL”	a division of Latchways plc
“HMRC”	HM Revenue & Customs
“HSW”	Health & Safety at Work Act 1974

“IFRS”	International Financial Reporting Standards as adopted by the European Union
“IHT”	inheritance tax
“ISIN”	International Securities Identification Number
“Lock-in Agreement”	the lock-in and orderly marketing agreement dated 5 February 2015 entered into between (1) the Company, (2) N+1 Singer, (3) the Existing Shareholders and (4) Roger Teasdale, details of which are set out in paragraph 12.3 of Part V of this document
“London Stock Exchange”	London Stock Exchange plc
“New Ordinary Shares” or “New Shares”	the 9,615,384 new Ordinary Shares to be issued pursuant to the Placing
“N+1 Singer”	Nplus1 Singer Advisory LLP and its affiliates, nominated adviser and broker to the Company, trading as “N+1 Singer”
“Official List”	the Official List of the UK Listing Authority
“Options”	options over E Shares as more particularly described in paragraph 7 of Part V of this document including the EMI Options
“Ordinary Shares”	ordinary shares of one penny each in the capital of the Company
“Placee”	an investor to whom Placing Shares are issued or sold pursuant to the Placing
“Panel”	the Panel on Takeovers and Mergers
“Placing”	the conditional placing by N+1 Singer of the Placing Shares with institutional and other investors at the Placing Price pursuant to the Placing Agreement
“Placing Agreement”	the conditional agreement dated 5 February 2015 made between the Company, the Directors, the Existing Shareholders and N+1 Singer relating to the Placing and which is summarised in paragraph 12.2 of Part V of this document
“Placing Price”	52 pence per Placing Share
“Placing Shares”	the New Ordinary Shares and the Sale Shares
“Proposed Directors”	the proposed directors of the Company, whose names are set out on page 8 of this document
“Prospectus Directive”	EU Prospectus Directive 2003/71/EC including any relevant measure in each member state of the European Economic Area that has implemented Directive 2003/71/EC
“Prospectus Rules”	the prospectus rules made by the FCA under Part 6 of FSMA
“Registrars”	Capita Asset Services of The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU
“Relationship Agreement”	the relationship agreement dated 5 February 2015 between (1) the Company, (2) the Existing Shareholders, (3) N+1 Singer and (4) Roger Teasdale, further details of which are set out in paragraph 9.10 of Part V of this document

“Sale Shares”	the 5,769,231 Ordinary Shares to be sold by the Existing Shareholders pursuant to the Placing
“SDRT”	stamp duty reserve tax
“Shareholders”	holders of Ordinary Shares
“Subsidiaries”	the subsidiaries of the Company at the date of this document, being those companies set out in paragraph 3.1 of Part V of this document
“TIDM”	tradable instrument display mnemonic
“United Kingdom” or “UK”	the United Kingdom of Great Britain and Northern Ireland
“UK Listing Authority” or “UKLA”	the FCA acting in its capacity as the competent authority for the purposes of Part VI of FSMA
“uncertificated” or “in uncertificated form”	in relation to an ordinary share in the capital of the Company, recorded on the Company’s register as being held in uncertificated form in CREST and title to which may be transferred by means of CREST
“VAT”	value added tax
“VCT”	venture capital trust
“VCT Scheme”	Venture Capital Trust Scheme under the provisions of Part VI of the Income Tax Act 2007
“Warrant Instrument”	the instrument constituting the Warrants described in paragraph 8 of Part V of this document
“Warrants”	the warrants to be granted by the Company as described in paragraph 8 of Part V of this document
“\$” or “dollars”	US dollars, the lawful currency of the United States
“£” or “sterling”	UK pounds sterling, the lawful currency of the United Kingdom

Note: Any reference to any provision of any legislation includes any amendment, modification, re-enactment or extension of it. Words importing the singular include the plural and vice versa and words importing any gender shall include all other genders.

## GLOSSARY OF TECHNICAL TERMS

“anchor device”	a safety device which is usually temporarily attached to a roof and used to connect lanyards, lifelines and other forms of tie-offs which prevent a worker from falling, thereby negating the need for scaffolding in certain instances
“abseil points”	points on a building where abseil equipment can be attached
“BMU”	building maintenance units are automatic, remote-controlled, or mechanical devices, usually suspended from a roof, that move over the surface of a structure while carrying people or mechanical washers
“BS EN 62305”	general European guidelines that should be followed to protect persons and buildings from lightning strikes
“collective protection systems”	equipment designed to remove the risk of a fall from height including skylight and fragile roof protection, ladders, gantries and demarcation barriers
“cradle”	an item of safety equipment used to carry and transport people up and down the side of buildings
“CRM”	customer relationship management
“earthing systems”	earthing systems connect parts of an electric circuit with the ground
“edge protection”	fall prevention systems in the forms of barriers and netting erected on the edge of rooftops
“electrical fires”	fires caused by a fault in electrical equipment
“Electricity at Work Regulations 1989”	legislation which places legal implications on employers to ensure the safety of electrical devices in the workplace
“eye bolts”	part of a fall arrest system that consists of a bolt or bar with an eye at the end for attaching a hook or ring to, creating a connection to lanyards, lifelines and other forms of tie-offs
“façade access equipment”	a range of temporary and permanent systems, usually on the side of buildings, which provide access to enable maintenance activities to be undertaken safely and efficiently at height
“fall arrest” or “fall restraint”	a form of fall protection which involves the safe stopping of a person already falling and therefore restricts the size of the fall
“fixed wire”	fixed wiring, including conductors, connections, switching devices, protective devices, enclosures and, where applicable, fire barriers
“full body harness”	a full body harness which is worn to arrest the most severe free falls
“gantries”	devices that lift objects and cradles vertically using a hoist and trolley. They can move horizontally on a rail or beam and are used primarily in building maintenance
“guardrails”	a system designed to prevent people or vehicles from straying into dangerous or off-limits areas
“handrails”	a rail that is designed to be grasped by hands to provide stability or support

“high level cleaning”	cleaning that requires specialist equipment to enable professionals to access surfaces which are located at height on the interior or exterior of buildings
“HS”	health & safety
“IP”	intellectual property
“lanyard”	a small length of safety rope with clips at each end, used to attach an individual’s harness to their anchor device, thereby restricting the size of any potential fall
“lightning protection”	a special system attached to a structure that is designed to prevent lightning from passing through the building and instead diverts the electrical charge to the earth thus preventing or restricting the size of any damage
“mansafe system”	a horizontal or inclined fall arrest and fall restraint system usually consisting of a series of wires that an individual attaches themselves to via a lanyard or safety line in order to prevent or restrict the size of a fall
“mobile man anchors”	anchor and harness safety system specifically designed to provide short term safety for low frequency operations where guardrails are not provided
“monorail”	series of tracks suspended from a ceiling or laid on roof tops to provide mobility whilst attached to a safety lanyard
“PAT” or “portable appliance testing”	the examination of electrical appliances and equipment to ensure that they are safe to use
“rail system”	barriers for guarding users against falls from height
“retractable fall arrester blocks”	safety cable line with an added breaking system to arrest the fall gradually
“retro-fit”	the addition of new components to older systems
“roof trolleys”	basic transport system running on two tracks suitable for light weight roof and façade structures
“rope system”	a system of wire ropes that safety harnesses are clipped onto, in turn allowing the safe mobility of individuals vertically and horizontally on buildings
“surge protection devices”	designed to prevent partial lightning currents from entering a structure during lightning activity and are installed on cables entering or leaving the building
“temporary anchors”	mobile devices, usually installed on roofs, structural beams, concrete columns and overhead structures as a way to connect lanyards and lifelines to a fixed point, preventing or restricting the size of a fall from height
“travelling devices”	part of the fall arrest system which allows vertical or horizontal travelling along a wire
“walkway”	a passage or path for walking along which connects different sections of a building

## PART I

### INFORMATION ON THE GROUP

#### 1. INTRODUCTION

The Group is a leading provider of access and safety services in the UK, a specialist in the design, installation and testing of electrical systems and also carries out high level cleaning services. It is headquartered in Castleford, West Yorkshire, with ten operational bases around the UK and a distribution centre in Castleford. PTSG has over 200 trained employees servicing many thousands of customers and buildings nationally.

The Company proposes to raise £5.0 million (before expenses) by the issue of 9,615,384 New Ordinary Shares at the Placing Price and, in addition, the Existing Shareholders are proposing to sell 5,769,231 Existing Ordinary Shares at the Placing Price, which will help to increase the Company's free float. The New Ordinary Shares and the Sale Shares will together represent approximately 17.7 per cent. of the Enlarged Share Capital.

The proceeds from the issue of the New Ordinary Shares will help to accelerate the growth of the Group both organically and through acquisition.

#### Investment Highlights

- The Group is focused on the provision of specialist services to niches in markets that are characterised by high regulation and strong, long term growth drivers, with many of its activities non-discretionary for customers;
- The Board believes that the Group is the UK's market leader in access and safety services and a market leader in lightning protection, and is well positioned to capitalise on its recent entry into the high level cleaning market;
- The Group has the critical mass and geographic coverage to service large clients with multiple sites nationwide;
- PTSG has a track record of successfully integrating acquisitions in complementary areas of activity and driving improved operational and financial performance;
- The Group has also delivered strong organic growth, representing approximately one half of the increase in historic revenues;
- Margins are consistently high, reflecting the specialist nature of activities, the strong focus on cost control and the Group's leading operating model, whilst remaining competitive on pricing;
- The Group has a highly experienced management team with extensive industry experience that is focused on creating shareholder value through organic and acquisitive growth;
- As the Group has less than a 10 per cent. market share in each of its principal markets, the Board believes that there is significant scope for continued growth both through further acquisitions and leveraging its many thousands of customers through cross selling; and
- The Group has high renewal rates on annual orders (currently around 85 per cent.).

#### 2. BACKGROUND ON THE GROUP

##### History and Background

The Group was founded by John Foley, Paul Teasdale, Stephen Shipley and Bob Morton in 2007, with the objective of building the UK's leading niche specialist services provider through a combination of acquisition and organic growth. The first such acquisition was of an access and safety company, National Cradle Maintenance Limited, in 2007, which was funded by £0.9 million of equity from the founders. The eleven subsequent acquisitions, at a total consideration of £8.4 million, have been funded through debt and internally generated cash flows of the Group.

Whilst the Group has expanded through acquisition, subsequent organic growth has accounted for approximately half of the increase in total revenues since 2007. Cross selling of services into the respective customer bases of the separate divisions has helped deliver growth and is seen as a key opportunity going forward. The rebranding of all divisions under the PTSG name is an important part of promoting the cross selling opportunities.

A large part of the Group's operations are highly specialised and, due to the risk of personal injury inherent with working at height, it continually invests to attain and maintain health & safety accreditations. Senior management of the Group are also members of a number of HS committees in relation to safety at height.

### ***Acquisitions to date***

The Group has sourced, acquired and integrated 12 acquisitions since 2007 and has sought to enhance their profitability. Acquisitions have enabled the Group to expand into new sectors, gain additional skills and to broaden its geographic coverage and client base. The first acquisition, National Cradle Maintenance Limited, provided entry into the access and safety market. Subsequently, the Group acquired four further access and safety businesses, including Guardian Cradle Maintenance Ltd in 2011, which expanded the Group's access and safety operations to cover the south of England.

In 2010, the Group expanded into lightning protection services through the acquisition of Thor Lightning Protection Ltd. The Group later increased its lightning protection operations through the acquisition of four further businesses between 2012 and 2013, enabling nationwide coverage.

The Group expanded its range of electrical services to include, amongst other activities, PAT testing and fixed wire testing with the acquisition of Ohmega Testing Services Ltd in 2013.

In July 2014, the Group broadened its service offering into specialist high level cleaning and maintenance services through the acquisition of the trade and assets of a London based business, Acescott Management Services Ltd.

A summary of the acquisitions to date, including unaudited financial information, is set out below.

<i>Date of acquisition</i>	<i>Name of company/business</i>	<i>Activity</i>	<i>Location</i>	<i>Initial Consideration £'000</i>	<i>Deferred Consideration £'000</i>	<i>Full year prior to acquisition</i>	
						<i>Turnover £'000</i>	<i>Operating profit £'000</i>
February 2007	National Cradle Maintenance Ltd	Cradle maintenance	Warwickshire	900	250	616	(80)
January 2008	Access Equipment Specialists Ltd	Cradle maintenance	Bradford	200	0	466	65
July 2008	OCS Access/Safety	Access equipment and fall protection	UK wide	300	0	2,400	0
December 2010	Thor Lightning Protection Ltd	Lightning protection	Newcastle Under Lyme	0	0	572	(167)
October 2011	Guardian Cradle Maintenance Ltd	Cradle maintenance	Kent	112	0	678	(165)
October 2012	Protectis Ltd	Lightning Protection	Nottingham	460	25	1,415	129
November 2012	C.J.S. (Eastern) Ltd	Lightning Protection	Dereham	275	625	528	86
April 2013	Cardinal Specialist Services Ltd	Lightning protection	Nottingham	100	0	240	(24)
June 2013	Kobi	Cradle maintenance	Brentford	15	0	207	(6)
November 2013	Test Strike UK Ltd	Lightning protection	Long Eaton	575	1,117	824	123
December 2013	Ohmega Testing Services Ltd	Electrical testing	Hemel Hempstead	160	480	–	–
July 2014	Acescott Management Services Ltd	High level cleaning	London	375	2,625	3,344*	532**

\*Pro rated 12 month revenue

\*\*Adjusted pro rated 12 month operating profit to reflect the underlying profit of the trade and assets acquired

The terms of several of the above acquisitions included an element of deferred consideration, contingent on the achievement of financial and operating targets, as detailed in paragraph 12 of Part V of this document. These amounts, that may become payable following Admission, are expected to be funded from free cash flow generated by the Group.

As an example of the Group's ability to successfully deliver improved operational performance of businesses acquired, PTSG acquired Thor Lightning Protection in 2010 for £1. At the time the business was loss making, reporting an operating loss of £0.2 million on turnover of £0.6 million for the 12 month period ended 31 December 2010. PTSG restructured the business, converted Thor to its own operating procedures and systems and began promoting cross selling. In 2011, Thor's sales increased to £1.3 million, generating an operating profit of £0.4 million. In 2012, the business reported sales of £1.8 million and an operating profit of £0.5 million.

## **Operations**

The Group's highly trained engineers operate out of ten regional bases, which all offer the full range of the Group's services, namely Bathgate (Edinburgh), Leeds, Nottingham, Stoke, Ockendon (Essex), Norbury (Croydon), Hemel Hempstead, Ipswich, Ash (Kent) and Dereham, providing national coverage and relatively short response times for call outs. The Group is therefore able to service clients with multiple locations across the UK. The Group has a distribution centre in Castleford.

## **Divisions**

The Group comprises three divisions, with operations in access and safety, electrical services and specialist/high level cleaning. Further details of each of the division's activities are set out below. All of PTSG's subsidiaries are wholly owned apart from PTSG Electrical Services Limited and Access and Safety. Further information in respect of these companies is set out in paragraph 3.1 of Part V of this document.

### **(a) Access and Safety**

ASL is the Group's largest and longest established division, with sales and Adjusted EBITDA of £9.7 million and £2.4 million, respectively in the year ended 31 December 2013.

The division provides maintenance, inspection and testing solutions for the highly regulated area of "working at height", as well as the design and installation of permanently installed façade access and fall arrest equipment. The Group covers all elements of façade access, from concept design to project completion. Contracts often include both the initial installation of access solutions and on-going maintenance. The division carries out the following four main activities:

- safety installation;
- safety testing;
- access installation; and
- access maintenance.

#### *(i) Safety installation*

The Group designs and installs access and safety solutions, including:

- mansafe systems, comprising cables, posts and fixings, which act as fall arrest or fall restraint systems;
- rail systems;
- mobile man anchors;
- ladders, with vertical wire systems and walkways for rooftop maintenance;
- anchor devices, providing a single anchor point;
- collective protection systems, such as guardrails, handrails or edge protection;
- rope access and abseil points; and
- eye bolts used for fall arrest anchor points.

The division is an approved installer for Latchways plc and Kalzip Incorporated equipment.

#### *(ii) Safety testing*

The Group is one of the largest providers of safety testing services in the UK. The Group's services include the testing and certification of fall arrest and safety equipment, the inspection of personal protection equipment (for example full body harnesses, lanyards, retractable fall arrester blocks, anchor devices, mansafe systems and abseil points) and advice on health & safety legislation. The frequency of this testing is often dictated by regulation. The majority of clients enter into a contract for a period of three to five years. The Group also offers full training programmes on the safe use and operation of fall arrest equipment.

Following inspection and testing, the engineers carry out any necessary maintenance work identified and recommend any additional equipment or upgrades to improve the safety of the existing systems, to be carried out on a subsequent visit.

(iii) *Access installation*

The Group designs and installs a range of high level façade and rooftop access systems, ranging from ladders, gantries and rope access systems to roof trolleys, monorail systems and multistage telescopic building maintenance units (“BMUs”).

The most complex systems are roof-mounted BMUs, enabling façade access. The Group installs BMUs from all leading manufacturers, ranging from simple small units to 27 tonne, 25 metre outreach units on the top of tall buildings. These systems commonly use a combination of hydraulics, radio control and electronics.

(iv) *Access maintenance*

The Group’s engineers inspect and test a wide variety of access equipment typically on annual, three year or five year contracts, as well as providing training on using installed equipment and performing repairs on equipment as applicable. The Board believes that the Group is the largest provider of access maintenance services in the UK and the only provider with national coverage.

ASL provides a 24 hour call out maintenance service where an engineer can perform a site visit and assess the equipment in an emergency.

(b) **PTSG Electrical Services Limited (“PTSG Electrical Services”)**

PTSG Electrical Services is currently the Group’s second largest division, with sales and Adjusted EBITDA of £4.2 million and £1.4 million, respectively in the year ended 31 December 2013.

The division is an established provider of lightning and surge protection systems, PAT testing and fixed wire testing services. It is involved in both installation services and the maintenance, testing and repair of systems. Lightning protection is the largest business within PTSG Electrical Services.

(i) *Lightning and surge protection*

The Group employs a team of highly experienced and qualified engineers in this area, with lightning protection activities requiring a similar skill set to those of Access and Safety (typically requiring work at height). The division provides a wide range of services, including:

- the design and installation of both standard and bespoke lightning protection and earthing systems for buildings;
- annual inspection and testing of systems;
- repairs and maintenance to existing systems;
- retro-fit upgrades to existing systems;
- lightning protection risk assessments; and
- technical drawings/consultancy – provision of consultancy services to architects, builders and project managers covering lightning protection and earthing solutions.

Installation of lightning and surge protection is usually secured through either an informal tender process or by virtue of being a preferred supplier, with an independent sales team of four and an assessor generating orders for lightning protection equipment. One-off orders for lightning and surge protection repairs are generated as a result of malfunction or identified deficiencies following testing and inspection.

Testing services are either performed on request or under multi-year contracts with fixed prices for each site visit. Annual testing orders are secured through a number of channels, including the renewals team, engineers during site visits and directly by senior management of the Group.

(ii) *Electrical testing*

The Group entered the fixed wire and portable appliance testing markets through the acquisition of Ohmega Testing Services Ltd and generates repair revenues in relation to installed faulty equipment such as circuit breakers.

PAT testing ensures that electrical appliances comply fully with U.K. legislation and are certified. Fixed wire testing covers all hard wiring in a building, including air conditioning, distribution boards, lighting, mains panels, socket outlets and other fixed plant.

(c) ***PTSG High Level Cleaning Limited (“High Level Cleaning”)***

The Group expanded its activities into high level cleaning and maintenance with the acquisition of the trade and assets of Acescott in July 2014. The Board believes that high level cleaning represents a significant opportunity to capitalise on the Group’s ability to drive efficiencies and cross-sell its services. The Board expects that the acquisition of Acescott will make a meaningful contribution to profitability of the Group for the year ending 31 December 2014.

Activities include the cleaning and maintenance of façades, roofing and cladding. The Group’s experience in working at height means that high level cleaning is a good strategic fit for the Group and compliance with relevant safety standards is a high priority for clients. The Group carries out high level cleaning using a number of the systems described in the Access and Safety section above.

Acescott is a thirty year old business with expertise in the design and application of cleaning systems for large and complex buildings. The business expanded to offer its own rope access (abseiling) department, which carries out challenging access tasks including cleaning and glass replacement.

High Level Cleaning offers a wide range of specialist cleaning services, whether these are required at height or can be undertaken from ground level. Services range from commercial window cleaning to pressure washing of cladding, façades, guttering and rooftops and graffiti and chewing gum removal. Customers’ buildings include office blocks, shopping centres, factories and hotels. The Group has the ability to design site-specific cleaning systems and the Board believes it has a clear advantage in tailoring projects that require complex access systems to clean and maintain buildings externally with minimal disturbance to the occupiers.

***Sales orders and contracts***

The value of the Group’s individual contracts ranges from revenues of £70 to £1.4 million and can relate to a single site visit or multi-year contracts, typically over a period of three to five years. Whilst the Group benefits from a large number of blue chip clients, a significant proportion of its revenues are generated by a large volume of relatively low value orders. Each division has its own independent sales team to generate new business whilst benefiting from a centralised sales team whose primary focus is to secure renewals from existing customers.

The centralised renewals team compiles and utilises an internally generated database to ensure that contact with existing customers is made at the appropriate time. From this information the renewals team generates a report of equipment due for inspection and automatically distributes a quote for the testing/inspection to the relevant contact. In the event of no response, contact is made via telephone. Renewal rates on contract and annual orders currently run at around 85 per cent.

***Operating systems***

Central to its performance and level of customer service are the Group’s systems of operational control. A labour manager is responsible for ensuring efficient service and installation schedules. Through optimised scheduling the Group ensures efficiency of its engineers’ site visits, reducing the time and costs incurred when travelling between jobs. The scheduling of site visits, tracking of engineers and CRM are integrated into a single system, allowing management to extract critical information on a real time basis.

Central to the Group’s operating model is:

- careful scheduling and, where necessary, rescheduling to optimise engineer utilisation;
- the prioritisation of up to the minute key performance indicators (for example, jobs completed per day, jobs completed on time, turnaround of certificates) which are reported and monitored at least weekly;
- a commitment to customer service and rapid turnaround of quotations to ensure that work can be scheduled and carried out quickly and effectively; and
- competitive pricing enabled by the Group’s scale, national footprint of local engineers and high utilisation.

The Group uses a tailored real time database management package (Protean) to manage all jobs. Under this system, engineers use hand held devices to receive and report their programme of work. Protean then provides information required to produce the certificates and quotations based on the outputs from the

engineers' reports. The system will be fully integrated with the accounts SAGE system and, in addition, allows clients to access their site records.

The Group is part way through a bespoke IT upgrade which will integrate the operations, CRM and accounts functions in order to improve its service offering. This will enhance the existing system with a number of innovative proprietary features including engineer tracking (so that customers and head office can monitor the likely arrival time on site of engineers). The Board believes that the Group's systems are the best in the industry and once the new IT system is fully developed, real time generation of certificates will be an industry first in each of the Group's respective markets.

### **Customers**

The Group has many thousands of customers across the UK. The customer base includes both the property owners/managers in the public and private sectors and facilities management companies, such as Mitie and Carillion, who sub-contract work to the Group in respect of buildings that they manage because of the Group's specialist services.

Current customers include the US Air Force, Marks & Spencer plc, Royal Bank of Scotland plc, Unite Union, Sheffield Hallam University, Network Rail, Harrods, Motorola, Airbus, Morgan Sindall, Willmott Dixon, Carillion, Barclays, Land Securities, Land Rover and Manchester United plc.

The Group has a high client retention figure of around 85 per cent. on annual orders, which the Board believes is driven by the quality of service, pricing and comprehensive systems.

As larger customers seek to streamline their businesses through supplier rationalisation they are increasingly introducing policies involving a preferred and single source supply. The Group benefits from this rationalisation process through its portfolio of services, providing significant cross selling opportunities.

As an example of the Group's cross selling, Marks & Spencer plc, a longstanding Access and Safety customer, recently awarded the Group its lightning protection maintenance contract across all stores with a requirement for lightning protection.

### **Regulatory Environment**

The Group operates in a number of regulated markets, with the key regulations relating to working at height, lightning protection and PAT testing, as described further below:

#### **– Working at Height Regulations 2005 (“WAHR”)**

The WAHR amalgamates all previous UK regulations and incorporates the standards set out by the European Community Temporary Work at Height Directive 2001.

The WAHR covers all work activities where there is a need to control the risk of a fall, which is liable to cause personal injury, rather than specifying a height above which the regulations must be adhered to. This broad description means that wherever there is a risk of a fall, even from a relatively low height, a “duty holder” must be able to show that the risk has been minimised. Duty holders include the designers and architects of new buildings, the buildings' owners, facilities managers and contractors working in or on a building. All of these have a responsibility for ensuring workers' safety at height.

The overriding principle of the WAHR is that the duty holder must do all that is reasonably practicable to prevent anyone falling. WAHR spells out a hierarchy of fall protection, which states that duty holders must:

- (i) avoid work at height if possible;
- (ii) prevent falls by using an existing place of work that is already safe, or the use of appropriate equipment where work at height cannot be avoided; and
- (iii) where the risk of a fall cannot be eliminated, use work equipment or other measures to minimise the distance and consequences of a fall should one occur.

Access and Safety addresses (ii) and (iii) of the above risk reduction hierarchy through supplying equipment such as handrails and guardrails to prevent falls and also fall arrest equipment and systems to minimise the consequences of falls.

– **Construction Design and Management Regulations 2007 (“CDM 2007”)**

The CDM 2007 places legal duties on almost all parties, including designers and contractors, involved in construction work to reduce risk wherever possible and ensure the health & safety of individuals involved in a construction project.

Access and Safety has produced access strategies and guidance for working at height practices on all types of buildings. The Group liaises with the architects, principal contractors and sub-contractors. This can be done at the early design stage, at design meetings through drawings, or during the construction phase through drawings and/or site surveys.

– **Lightning Protection Regulation (BS EN 62305)**

The International Electrotechnical Commission (“IEC”) specifies the international standards that must be met by lightning protection systems. The British Standards Institute published the standard BS EN 62305, which became applicable to all new projects commissioned from 1 September 2008.

The regulations dictate that complex risk assessments must now be carried out to determine the appropriate level of lightning protection required to reduce lightning risks to a tolerable level at an interval of 11 months.

The industry association ATLAS accredits the competence of lightning protection suppliers to understand and apply the requirements of BS EN 62305. The Group is accredited by ATLAS.

– **Regulatory Reform (Fire Safety) Order 2005**

The owner or person/organisation responsible for the management of a building must ensure that the emergency lighting system is tested annually, to ensure compliance in securing the Means of Escape under the Regulatory Reform (Fire Safety) Order 2005.

– **Portable Appliance Testing (“PAT”) Regulations**

There are five key pieces of legislation that relate to portable appliance testing. These are the Health & Safety at Work Act 1974, the Electricity at Work Regulations 1989, the Workplace (Health, Safety and Welfare) Regulations 1992, the Provision and Use of Work Equipment Regulations 1998 and the Management of Health & Safety at Work Regulations 1999. These regulations require all electrical equipment used in, or associated with, places of work to be assessed on a regular basis by a competent person.

The most detailed legislation on PAT testing is the Electricity at Work Regulations 1989, which require any electrical equipment that has the potential to cause injury to be maintained in a safe condition. The regulations do not outline the specific duties, such as what needs to be done, by whom and how frequently (the interval between tests can vary widely between different types of appliances). These regulations define electrical systems as the entire arrangement of circuitry necessary to run electronic items, including the equipment as well as the source of the electricity, which therefore requires testing of all hard wiring in a building in order to identify any defects that might cause electric shocks or present a fire hazard.

All landlords, employers and self-employed individuals should comply with the above list of regulations. A competent tester is defined as someone who has the experience or knowledge of checking and testing appliances for safety purposes and for some appliances the appropriate equipment must be used to conduct an adequate test.

Although the frequency of PAT testing is not mandated, reasonable tests must be conducted in order to comply with insurance terms and conditions, especially those relating to electrical fires. Without sufficient PAT documentation, insurance holders may invalidate their cover.

### **3. STRATEGY**

The Board believes that the Group can generate significant shareholder value through organic growth, including cross selling, and through complementary acquisitions. Although the Board believes that the Group is already a market leader in a number of its UK segments of operation, it has less than 10 per cent. share of each of its principal markets and the Board believes that there is significant scope for continued growth. Many of the Group's customers are streamlining their businesses through supplier rationalisation, moving to single source supply, which is benefitting the Group and is expected to continue following Admission.

The Group has consistently shown that it can achieve strong levels of organic growth by improving processes and efficiencies in both existing businesses and those acquired, focusing on:

- improving productivity and efficiency;
- reducing costs;
- being more competitive;
- building brand value; and
- establishing new partnerships and relationships.

The Group intends to use multi-discipline engineers in order to improve efficiency such that, for example, an engineer could undertake both safety testing and lightning protection maintenance on the same visit.

Central to the Group's strategy is leveraging its significant and expanding customer base to create value in acquired businesses, as it has successfully demonstrated over its seven year history. Furthermore, through the successful acquisition and integration of acquired businesses, the Group has demonstrated its core competency in delivering value not only for shareholders of the Group, but also vendors of acquired businesses through the agreement and achievement of financial targets relating to elements of deferred consideration. The Directors believe that the reputation of the Group as an attractive acquirer positions the Group favourably for completing acquisitions on attractive terms where owner-managers are interested in playing a role in the enlarged business. The Board is committed to pursuing acquisition opportunities in existing and adjacent markets with a view to cross selling services and leveraging the existing client base. Only around ten per cent. of customers currently receive multiple lines of service, with considerable scope to improve this and increase profitability following the recent acquisition of Acescott.

The Group has an in-house acquisitions team and a strong pipeline of opportunities comprising both bolt-ons to the existing divisions and businesses with activities in new and adjacent sectors. The Board will consider acquisitions that allow the Group to:

- enter attractive new markets where the Group can leverage its operational and managerial framework;
- expand existing operations geographically to increase its penetration of the UK market; or
- grow its operations in an existing market and geography where the business can leverage economies of scale to improve margins.

The Group already carries out training, but only on a limited scale. The Board intends to significantly expand the Group's specialist training activities by acquisition following Admission as it believes that a training division will complement the Group's other activities. For instance, certification is already an important part of the Access and Safety and Electrical Services divisions, and the Group also provides its own engineers with regular training to maintain their compliance with any changes to the inspection and testing regimes. This new division is expected to be fully operational by the end of 2015.

### **4. MARKET OPPORTUNITY AND COMPETITIVE ENVIRONMENT**

The markets in which the Group operates are highly fragmented, with many local players lacking the scale, breadth of service and geographic coverage to compete effectively. The Directors believe that the Group is now the market leader in a number of its specialist niches in Access and Safety and, in Electrical Services, they believe that the Group is number two in lightning protection. However, despite its market leading positions, the Group has less than 10 per cent. market share. The Board believes that the Group's strong market position, as further described below, is due to a number of factors, including:

- it is an established provider with a strong reputation;

- it is competitive on price;
- the Group has invested considerable resource in H&S, including obtaining a comprehensive portfolio of H&S certifications which allow the Group to provide services across multiple specialist segments, and is unique among its peer group in its operation of an in-house H&S team;
- the Group's online customer service point, which is offered to all divisions of the business, allows its customers to track and organise their ongoing compliance and requirements in real time; and
- its UK coverage across a broad range of services (some other providers in, for example, access and safety do not provide ongoing testing and maintenance post installation).

Whilst the Group primarily competes with many small, local players, there is a large competitor in each of Access and Safety's and Electrical Services' markets. In safety installation, the largest competitor and industry leader by sales is HCL, a division of Latchways plc. Latchways is a global leader in the design and manufacture of fall protection systems and access solutions. As well as competing with Latchways through HCL, the Group is a customer and accredited installer of Latchways' products. Latchways has a market capitalisation of approximately £80 million and is listed on the London Stock Exchange.

In electrical services, the main competitor and market leader in lightning protection is Omega Red, which is part of the SSI Services division of South Staffordshire plc.

An analysis of each of the Group's markets by estimated size, the Group's market share and the Group's ranking is shown in the table below.

<i>Sub-division</i>	<i>Market size</i>	<i>Estimated market share</i>	<i>Market share ranking</i>
Safety installation	£100m	4%	1st
Safety testing	£35m	8.3%	1st
Access installation	£30m	2.6%	5th
Access maintenance	£40m	6.0%	1st
Lightning protection	£70m	7.3%	2nd
Electrical testing	£100m	1.0%	Top 10
High level cleaning	£100m	3.4%	Top 10

*Source: Company estimates*

## **5. FINANCIAL RECORD**

The Group's summary financial information in the table below has been extracted from the financial information for the 12 months ended 31 December 2013, 31 December 2012 and 31 December 2011 set out in Section B of Part III of this document and the unaudited financial information for the six months ended 30 June 2014 set out in Section C of Part III of this document. In order to make a proper assessment of the Group, investors should not rely on this summary financial information, but should read the full financial information set out in Sections B and C of Part III of this document.

## Summary Financial Information

	<i>Six months ended</i>			
	<i>30 June 2014</i>	<i>Year ended 31 December 2013</i>	<i>Year ended 31 December 2012</i>	<i>Year ended 31 December 2011</i>
	<i>(unaudited)</i>			
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Revenue	8,402	13,887	12,072	9,023
Cost of sales	(3,373)	(5,486)	(4,927)	(3,705)
Gross profit	5,029	8,401	7,145	5,318
Net operating costs	(3,268)	(5,756)	(4,340)	(4,630)
Operating profit	1,761	2,645	2,805	688
Net finance costs	(164)	(131)	(37)	(33)
Profit before tax	1,597	2,514	2,768	655
Tax	(385)	(614)	(578)	(141)
Profit after tax	1,212	1,900	2,190	514

## 6. CURRENT TRADING, MARKET TRENDS AND FUTURE PROSPECTS FOR THE GROUP

Since the date to which the latest financial information included in this document has been prepared, the Group has continued to win new business. The acquisition of Acescott on 1 July 2014 and its integration into the Group's operational framework has commenced and is in line with the timetable set by the Directors. As such, the Board expects that Acescott will make a meaningful contribution to the profitability of the Group for the year ending 31 December 2014. Trading performance throughout the six month period ended 31 December 2014 was in line with the Board's expectations.

The Board is confident about the prospects for the Group and the markets in which it operates. PTSG has an acquisition strategy which it is looking to continue whilst also driving organic growth. The Directors believe the Group's chosen markets continue to offer many growth opportunities to a company such as PTSG, which will be a leading provider of access and safety services in the UK, a specialist in the design, installation and testing of electrical systems and will also carry out high level cleaning services.

## 7. DIRECTORS AND SENIOR MANAGEMENT

On Admission, the Board will comprise of a Chairman, three executive Directors and two non-executive Directors being John Foley, Paul Teasdale, Mark Watford, Roger Teasdale, Roger McDowell and Alan Howarth, respectively. Brief biographical details of the Directors and senior management are set out below.

### Directors

**John Foley**, aged 59, *Chairman*

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 £130 million in June 2006. At the time of John's appointment, MacLellan was loss making, with a turnover of circa £5 million and 50 employees. When it was sold to Interserve, MacLellan had a turnover of circa £250 million and a profit before tax of circa £9 million, with 13,500 employees. MacLellan grew through a series of acquisitions and organic growth. John is a chartered accountant and barrister.

**Paul Teasdale**, aged 47, *Chief Executive Officer*

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 £6 million and Paul joined MacLellan as managing director of TASS.

**Mark Watford**, aged 47, *Finance Director*

Mark joined the Group as Finance Director in September 2014 and is a Chartered Accountant. Previously, 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.

**Roger Teasdale**, aged 47, *Managing Director*

Roger joined the Group as Managing Director on 17 November 2014, and was previously president of the advanced wound management division (divisional revenue of \$1.4 billion, 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.

Alan Howarth, aged 66, *Non-executive Director*

Alan will join the Board on Admission. Alan was appointed as a director of Chamberlin plc in January 2007 and was previously a partner in Ernst & Young. He is chairman of Cerillion Technologies Limited and Essentia Limited and has further non-executive interests in a range of private companies.

Roger McDowell, aged 59, *Non-executive Director*

Roger will join the board on Admission. He was managing director of Oliver Ashworth for eighteen 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 eight listed companies, namely Avingtrans plc, Servelec Group plc, Inspired Capital plc, Alkane Energy plc, Swallowfield plc, IS Solutions plc, Proteome Sciences plc and Augean plc.

## **Senior Management**

The Group currently has 210 staff, including the executive directors above. Further details of these employees are set out below.

**Adam Coates**, *Acquisition Director and Company Secretary*

Adam is a Chartered Accountant and, after qualifying with KPMG in 1992, he became group financial controller at Intercare plc until 2003. He was subsequently financial controller at Persimmon plc. Adam joined the Group in 2010, with his initial role being Finance Director and Company Secretary. In 2012, Adam became responsible for acquisition activity as Acquisition Director.

**Sally Bedford**

Sally joined the Group when it was first founded in 2007. Sally previously worked at TASS and was responsible for managing the finance department. Sally's current role is Performance and Integrations Director. She is responsible for overseeing and monitoring staff performance as well as, during periods of an acquisition, managing the integration of acquired businesses alongside Divisional Directors.

**Paul Evans**

Paul joined the Group from TASS in 2007 as head engineer. Paul has been in the fall arrest industry since 2000 and his initial role at the Group was to commence the Group's fall arrest division. In 2010, Paul was appointed Safety Testing Divisional Director.

**Mark Davison**

Mark joined the Group in 2009 and previously held positions at Electromec. Mark joined PTSG as Northern Area Manager, with over 17 years' experience in the industry prior to joining, and quickly progressed to Northern Divisional Director in 2010. He is now responsible for day to day management of maintenance, cradle and installation teams, plus wider business development.

**Scott Hawtrey**

Scott joined the Group in 2007 from TASS where he was Access Installations Director. Scott was previously a joint owner of an access company in the south of the UK. He joined PTSG as Southern Divisional Director with over 20 years' experience in the industry, with responsibility for Guardian Cradle and OCS Access in the south.

### **Mark Whitaker**

Mark joined the Group in 2010 as Safety Installations Divisional Operations Director. Previously, Mark worked at HCL Safety, a subsidiary of Latchways plc.

### **Wayne Adams**

Wayne joined the Group in 2010 as Sales Director with over 10 years' experience in the roof and safety industry. He was previously at Gable, a roof refurbishment and safety company.

### **Karl Greenfield**

Karl joined the Group in 2008 as Access Installation Divisional Director, having previously been Chairman of SAEMA (access industry trade association). Karl has professional qualifications in Structural and Civil Engineering, with experience in the structural engineering industry.

### **Andrew Dack**

Andrew joined the Group in 2011 as Electrical Services Managing Director and was previously Managing Director of Total Access (UK) Ltd.

## **8. EMPLOYEE INCENTIVISATION ARRANGEMENTS**

The Board recognises the importance of ensuring that employees of the Group are effectively and appropriately incentivised. The Group operates an EMI share option plan (the "EMI Plan") which was adopted on 2 June 2014. Options granted under the EMI Plan are over E Shares in the capital of PTSG.

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. 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 Access and Safety as shown in the statutory accounts of Access and Safety for the financial period ending prior to the date of sale, subject to a limit of 10 per cent. of the proceeds of such a sale. By way of illustration, the profit on ordinary activities before taxation of Access and Safety for the financial year ended 31 December 2013 was £1.7 million. The statutory profit on ordinary activities before taxation of Access and Safety is shown net of management recharges for central costs.

The right to benefit under the EMI Plan is contingent on the relevant employee continuing to be employed by the acquirer for a period of no less than 12 months from the date of completion of a sale event.

The Board believes that the EMI Plan is an effective and tax efficient mechanism to incentivise key members of senior management. As such, it is likely that additional members of senior management will be admitted to the scheme in the future. However, it should be noted that the total pool of funds available under the EMI Plan is capped as set out above.

The current holders of options over E Shares are Adam Coates, Sally Bedford, Mark Davison, Scott Hawtrey and Paul Evans, details of whom are set out above in paragraph 7.

Additional information on the E Shares is set out in paragraph 4.10 of Part V of this document and further information on the EMI Plan is set out in paragraph 7 of Part V of this document.

## **9. WARRANTS**

By an instrument dated 5 February 2015, the Company created warrants over 867,581 Ordinary Shares, being one per cent. of the Enlarged Share Capital, exercisable at the Placing Price and, subject to Admission, will issue such warrants to N+1 Singer pursuant to the Placing Agreement.

## **10. EIS AND VCT**

The Company has received advance clearance from HMRC that the New Ordinary Shares issued pursuant to the Placing will rank as "eligible shares" for the purposes of EIS and will be capable of being a "qualifying holding" for the purpose of investment by VCTs. However, no warranty or undertaking is given that such assurance will continue to be available or will not be withdrawn.

## 11. DIVIDEND POLICY AND FINANCIAL REPORTING TIMETABLE

Historically the Company has paid dividends to its shareholders. Dividends payable in respect of the financial year ended 31 December 2011 were £790,000, in respect of the financial year ended 31 December 2012 were £749,000 and in respect of the financial year ended 2013 were £754,917. Dividends totalling £790,000 have continued to be paid during the current financial year.

In preparing for Admission, the capital structure of the Company has been changed and dividends to the Existing Shareholders (other than in their capacity as holders of Ordinary Shares) will cease. However, Hallco holds one A ordinary share in ASL, the rights of which are set out in paragraph 3.3 of Part V of this document. The holder of that share is entitled to such dividends as the board of ASL may recommend. From Admission it is intended that, subject to ASL having sufficient distributable profits, it will pay a dividend of up to £400,000 in each year on the A ordinary share.

Following Admission, the Board intends to adopt a progressive dividend policy that will take account 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.

Subject to the factors noted above, the Board's current intention is that interim dividends will be paid in each financial year following the announcement of the interim results, with a final dividend being paid following the annual general meeting for the relevant year. The Board intends to declare the first dividend following Admission in respect of the interim period ending 30 June 2015. All of the Ordinary Shares in issue at Admission will rank *pari passu* for the payment of dividends. The Company may revise its dividend policy from time to time. There are no guarantees that the Company will pay dividends or the amount of any such dividends.

Following Admission, the Board expects to publish interim results in September and final results in April, starting with the publication of final results for the financial year ended 31 December 2014 in April 2015.

## 12. THE PLACING

The Placing is being carried out through N+1 Singer and comprises:

- (i) the 9,615,384 New Ordinary Shares to be issued by the Company at a price of 52 pence per share to raise £5.0 million (before expenses) for the Company; and
- (ii) the 5,769,231 Sale Shares to be sold by the Existing Shareholders at a price of 52 pence per Sale Share for an aggregate amount of £3.0 million. The Company will not receive any proceeds from the Sale Shares (all of which will be paid to the Selling Shareholders after the deduction of placing commissions).

N+1 Singer has entered into the Placing Agreement with the Company, the Directors and the Existing Shareholders. Under the Placing Agreement, N+1 Singer has conditionally agreed, as agent of the Company, to use its reasonable endeavours to procure subscribers for, or purchasers of, the Placing Shares at the Placing Price. The majority of the Placing Shares are being placed with institutional investors.

The Placing is conditional, *inter alia*, on Admission taking place on or before 11 February 2015 (or such later date as the Company and N+1 Singer may agree, but in any event not later than 11 March 2015) and on the Placing Agreement becoming unconditional and not being terminated prior to Admission.

Allocations under the Placing will be determined by N+1 Singer following consultation with the Company. A Placee's allocation (excluding a VCT Placee) may consist of New Ordinary Shares. A VCT Placee allocation will only consist of New Ordinary Shares to comply with the VCT Scheme.

The New Ordinary Shares will be issued credited as fully paid and will, on Admission, rank *pari passu* in all respects with the Existing Ordinary Shares including the right to receive all dividends or other distributions declared, made or paid after Admission. The New Ordinary Shares to be issued by the Company pursuant to the Placing will represent approximately 11.1 per cent. of the Enlarged Share Capital. On Admission, the Company will have a market capitalisation of approximately £45.1 million at the Placing Price.

Further details of the Placing Agreement are set out in paragraph 12.2 of Part V of this document.

### **13. REASONS FOR ADMISSION AND USE OF PROCEEDS**

The net cash proceeds of the Placing of New Ordinary Shares of approximately £3.8 million will provide the capacity for further acquisitive growth.

The Directors believe that Admission will enhance the Group's growth potential through its increased profile. In addition, it will provide the Company with access to further capital for acquisitions, as well as the opportunity to use the Ordinary Shares as acquisition currency.

### **14. LOCK-INS AND ORDERLY MARKET PROVISIONS**

John Foley, Paul Teasdale and Hawk Investments, who on Admission will be the holders of 71,373,569 Ordinary Shares in aggregate, representing 82.3 per cent. of the Enlarged Share Capital and Roger Teasdale, who pursuant to the terms of his service agreement may become a holder of up to 14.4 per cent. of the Enlarged Share Capital (before subsequent dilution) and who will acquire 269,827 New Ordinary Shares in the Placing, have undertaken to the Company and N+1 Singer not to dispose of any interests in Ordinary Shares for a period of 12 months, from Admission except in certain limited circumstances and, subject to certain limited exceptions, for a further 12 months thereafter to deal in their Ordinary Shares only through N+1 Singer with a view to maintaining an orderly market.

Further details of these arrangements are set out in paragraph 12.3 of Part V of this document.

### **15. THE CITY CODE**

The City Code applies to the Company. Under Rule 9 of the City Code, where any person acquires, whether by a single transaction or a series of transactions over a period of time, an interest in securities which (taken together with securities already held by him and an interest in securities held or acquired by persons acting in concert with him) carry 30 per cent. or more of the voting rights of a company which is subject to the City Code, that person is normally required to make a general offer to all the holders of any class of equity share capital or other class of transferable securities carrying voting rights in that company to acquire the balance of their interests in the company.

Rule 9 of the City Code also provides that, among other things, where any person who, together with persons acting in concert with him, is interested in securities which in aggregate carry not less than 30 per cent. but holds shares carrying not more than 50 per cent. of the voting rights of a company which is subject to the City Code, and such person, or any person acting in concert with him, acquires an additional interest in securities which increases the percentage of securities carrying voting rights in which he is interested, then such person is normally required to make a general offer to all holders of any class of equity share capital or other class of transferable securities carrying voting rights of that company to acquire the balance of their interests in the company.

An offer under Rule 9 must be in cash (or with a cash alternative) and at the highest price paid within the preceding 12 months for any shares in the company by the person required to make the offer or any person acting in concert with him.

Rule 9 of the City Code further provides, among other things, that where any person who, together with persons acting in concert with him holds over 50 per cent. of the voting rights of a company, acquires an interest in shares which carry additional voting rights, then they will not generally be required to make a general offer to the other shareholders to acquire the balance of their shares.

Under the City Code a concert party arises when persons who, pursuant to an agreement or understanding (whether formal or informal), actively co-operate, through the acquisition by any of them of shares in a company, to obtain or consolidate control of that company. Under the City Code, control means an interest or interests in shares carrying in aggregate 30 per cent. or more of the voting rights of a company, irrespective of whether such interest or interests give *de facto* control.

Following Admission, John Foley, Paul Teasdale and Bob Morton (through Hawk Investments) will own 28.9 per cent., 28.9 per cent. and 24.5 per cent, respectively of the Enlarged Share Capital and, as founders of the Company, will be deemed to be acting in concert. In addition, Roger Teasdale has contingent rights to acquire up to 5 per cent. of the current issued Ordinary Shares in equal proportions from each of John Foley, Paul Teasdale and Bob Morton (through Hawk Investments) in accordance with the contingent share

transfer arrangements described in paragraph 10.1.3 of Part V of this document; has contingent rights to procure that the Company will issue up to a further 10 per cent. of the then current issued Ordinary Shares upon the achievement of specified profit milestones also described in paragraph 9.2 of Part V of this document; and will own 0.3 per cent. of the Enlarged Share Capital following Admission as a result of his commitment to subscribe for 269,827 New Ordinary Shares in the Placing. As a result, Roger Teasdale will also be deemed to be acting in concert with John Foley, Paul Teasdale and Bob Morton (through Hawk Investments). Accordingly, the members of the concert party would be able to increase their aggregate interest in the Company without incurring any obligation under Rule 9 of the City Code to make a general offer to all Shareholders to acquire their shares in the Company. In addition, even if in the meantime one or more members of the concert party sell shares such that their aggregate interest falls below 50 per cent. of the issued Ordinary Shares, any subsequent increase in Roger Teasdale's shareholding pursuant to the conditional equity entitlements under his service agreement described under paragraph 9.2 of Part V of this document will neither trigger an obligation under Rule 9 of the City Code nor a requirement to seek a waiver from the application of Rule 9 under the 'Whitewash' dispensation provisions. However, individual members of the concert party, who held 30 per cent. or more but less than 50 per cent. of the issued Ordinary Shares would not be able to increase their percentage interest in shares across a Rule 9 threshold without the consent of the Panel and individual members of the concert party who held less than 30 per cent. of the issued Ordinary Shares would not be able to increase that percentage interest in shares to 30 per cent. or more without incurring an obligation under Rule 9 of the City Code without the consent of the Panel.

Further information on the City Code is set out in paragraph 6 of Part V of this document.

## **16. RELATIONSHIP AGREEMENT**

On 5 February 2015, the Existing Shareholders entered into a relationship agreement with the Company and N+1 Singer pursuant to which each Existing Shareholder agreed, *inter alia*, that he and his associates would conduct all transactions with the Group on arm's length terms and not take any action which would prevent the Company from complying with the AIM Rules. Further details of the relationship agreement are set out in paragraph 9.10 of Part V of this document.

## **17. WORKING CAPITAL**

The Directors are of the opinion, having made due and careful enquiry, that, taking into account the net proceeds of the Placing of New Ordinary Shares receivable by the Company and the existing cash resources and bank facilities available to the Group, the working capital available to the Group will be sufficient for its present requirements, that is for at least the next 12 months from the date of Admission.

## **18. CORPORATE GOVERNANCE**

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 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. In anticipation of Admission the Company has established external, independent representation on the Board, by the appointment of Alan Howarth and Roger McDowell as independent non-executive directors on Admission.

### **Board**

The Board will be 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 will be a formal schedule of matters specifically reserved for decision by the Board; such reserved matters will include, amongst other things, approval of significant capital expenditure, material business contracts and major corporate transactions. The Board will formally meet on a monthly basis to review performance.

The Board will have an audit committee and a remuneration committee with formally delegated duties and responsibilities, as described below. Further information on the Board is set out in paragraph 7 of this Part I.

### **Audit committee**

The audit committee will be 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).

Post Admission the audit committee will comprise John Foley, Alan Howarth and Roger McDowell and will be 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 will also meet regularly with the Company's external auditors.

### **Remuneration committee**

The remuneration committee will be 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 will be 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 remuneration committee will comprise John Foley, Alan Howarth and Roger McDowell and will be chaired by John Foley. The remuneration committee will meet at least twice a year and otherwise as required.

### **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 will take 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).

## **19. ADMISSION AND CREST SETTLEMENT**

Application will be made to the London Stock Exchange for the Enlarged Share Capital to be admitted to trading on AIM. Admission is expected to take place at 8.00 a.m. on 11 February 2015.

It is expected that, subject to the satisfaction of the conditions to the Placing Agreement, the Placing Shares will be registered in the names of the Placees subscribing for, or purchasing them and issued either:

- (a) in certificated form, where the Placee so elects, with the relevant share certificate expected to be dispatched by post, at the risk of the Placee by 20 February 2015; or
- (b) in CREST, where the Placee so elects and only if the Placee is a CREST member, with delivery (to the designated CREST accounts) of the Placing Shares subscribed for, or purchased, expected to take place at 8.00 a.m. on 11 February 2015.

CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by a written instrument in accordance with the requirements of CREST. The Articles permit the holding and transfer of Ordinary Shares to be evidenced in uncertificated form in accordance with the requirement of CREST. The Ordinary Shares are eligible for CREST settlement. Accordingly, following Admission, settlement of transactions in Ordinary Shares may take place within the CREST system if the relevant Shareholder so wishes. CREST is a voluntary system and Shareholders who wish to receive and retain share certificates will be able to do so.

## **20. TAXATION**

Information regarding United Kingdom taxation is set out in paragraph 15 of Part V of this document. If you are in any doubt as to your tax position, you should consult an appropriate professional adviser immediately.

HMRC has given provisional assurance that the Company is a qualifying company for the purposes of EIS and they would be able to authorise certificates on receipt of an EIS1 form and that the New Ordinary Shares would be qualifying holdings for the purpose of VCT. No guarantee is given that the qualifying conditions will continue to be met such as to retain any qualifying status for VCT and EIS purposes and no assurance is given as to the investors' qualifying status.

## **21. ADDITIONAL INFORMATION**

Your attention is drawn to the risk factors set out in Part II of this document and the additional information set out in Parts III, IV and V of this document which contains, among other things, further information on the Group.

## PART II

### RISK FACTORS

This document contains forward-looking statements, which have been made after due and careful enquiry and are based on the Directors' current expectations and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. These forward-looking statements are subject to, amongst other things, the risk factors described in this Part II. The Board believes that the expectations reflected in these statements are reasonable, but they may be affected by a number of variables which could cause actual results or trends to differ materially. Each forward-looking statement speaks only as of the date of the particular statement.

Factors that might cause a difference include, but are not limited to, those discussed in this Part II. Given these uncertainties, prospective investors are cautioned not to place any undue reliance on such forward-looking statements. The Company disclaims any obligation to update any such forward-looking statements in the document to reflect future events or developments.

Prior to making an investment decision in respect of the Placing Shares, prospective investors should consider carefully all of the information within this document, including the risk factors set out in this Part II. The Board believes these risks to be the most significant for potential investors. However, the risks listed do not necessarily comprise all those associated with an investment in the Company. In particular, the Company's performance may be affected by changes in market or economic conditions and in legal, regulatory and/or tax requirements. The risks listed are not set out in any particular order of priority.

If any of the following risks were to materialise, the Group's business, financial condition, results or future operations could be materially and adversely affected. In such cases, the market price of the Ordinary Shares could decline and an investor may lose part or all of his investment. Additional risks and uncertainties not presently known to the Board, or which the Board currently deems immaterial, may also have an adverse effect upon the Group and the information set out below does not purport to be an exhaustive summary of the risks affecting the Group.

#### **Risks Factors Relating to the Business and Operations of the Group**

##### ***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.

### ***Shortage of skilled labour and industry training***

The Group's employees are critical to delivering its objectives. PTSG aims to attract, retain and develop a sufficiently skilled and experienced workforce in order to maintain high standards of quality and expected customer service. Although the Group benefits from multiple regional management teams across most divisions which can assume responsibility for other regions in the event of a high level departure, simultaneous departures of multiple high level individuals may result in the Group not having a sufficient number of employees with appropriate skills. This could lead to poor delivery of service, quality issues, reduced sales, poor customer care and reduced profitability.

Additionally, the Group depends on being able to recruit and retain sales and marketing employees of an appropriate calibre to win and service significant contracts. The Group has sought to mitigate this resource risk by investing in staff training programmes, competitive reward and compensation packages, management incentive schemes and succession planning. However, should a number of highly skilled staff in the same business area leave there may be a period of disruption whilst alternative employees can be found or trained. To mitigate the risk of a lack of supply of suitably qualified personnel, the Group invests in staff training such as apprenticeship programmes to provide a supply of qualified staff from within the Group.

### ***Retention of key staff***

Although long term incentive structures are in place to motivate staff to remain with the business, the Group is managed by certain key personnel, including the executive director, Paul Teasdale, and senior management, who have significant experience within the Group and the wider sector and who may be difficult to replace.

Although the Group has entered into contractual arrangements to secure the services of the Directors, details of which are set out in paragraph 10 of Part V of this document, and the founding directors of the Group continue to have a material shareholding in the business, the retention of these services cannot be guaranteed. Furthermore, the Directors or members of senior management may be unable to provide their services to the Group for reasons outside of their or the Company's control, for example for reason of poor health.

The permanent or temporary loss of any key individual or the inability to attract appropriate personnel could impact on the Group's ability to execute its business strategy successfully and provide quality services to its customers, which could negatively impact upon the Group's future performance. However, a strong management structure has been developed, which would enable the Group to continue to operate effectively in the event of a departure of a member of the senior management team.

### ***There can be no assurance that the Group will realise any anticipated benefits of future acquisitions***

The Board will seek to target acquisitions in line with the Group's strategic objectives. Although the Group has a successful track record of acquiring and integrating businesses, there is no guarantee that the Group will be able to source and negotiate the acquisition of suitable businesses in the future. Furthermore, there is a risk that some or all of the expected benefits of such acquisitions will fail to materialise, or may not occur within the time periods anticipated by the Group. The realisation of such expected benefits may be affected by a number of factors and risks, many of which are beyond the control of the Group and, as such, actual results may differ materially from those anticipated.

### ***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.

In addition, new businesses or companies that the Group acquires may not deliver the targeted outcomes and may expose the Group to additional operational and financial risk. The Group's expectations, including with respect to the future financial performance of the Group, as enlarged by any acquisition, will be based on certain assumptions and information available as at the date of such acquisitions, which may not materialise. The Group may also be liable for the past acts, omissions or liabilities of companies or businesses that it acquires, which may be unforeseen or greater than anticipated.

The occurrence of any of these events could have a material adverse impact on the Group's results of operations or financial condition and could also impact its ability to enter into other transactions.

***The integration of any acquisitions within the Group may not occur as planned and may be costly to implement***

The Group may need to incur significant expenses in connection with the integration of the operations of any acquisition with the existing operations of the Group. While the Group will assess the level of cost that will be incurred on a case by case basis, there are many factors beyond the Group's control that could affect the total amount or the timing of any integration expenses.

Although the Group has a successful track record of improving profit margins in acquired businesses, the anticipated benefits of any acquisition will also depend in part on whether the operations, systems, management and cultures of the Group and any acquisition can be integrated in an efficient and effective manner. The integration of an acquisition may present significant challenges to management, including the integration of systems and personnel, possible unanticipated liabilities, restructuring charges, unexpected costs and the loss of key employees. There can be no assurance that there will be operational or other synergies realised by the Group, or that the integration of its operations, systems, management and cultures will be accomplished effectively or on a timely basis.

***There can be no assurance that there will be suitable acquisition opportunities in the future***

The Group will seek to identify suitable strategic acquisitions which complement, or expand upon, the Group's existing product and service offering. Although the Group has already identified several businesses which the Board will consider acquiring in 2015, there can be no guarantee that such acquisitions will be pursued or completed.

The Group may also need to incur significant expenses (including professional fees) in connection with the search for, due diligence and negotiation relating to potential acquisitions, which may not ultimately lead to the completion of such acquisitions. This may include a situation where a rival bidder offers a higher price during the negotiation process. In addition to any financial impact of pursuing acquisitions, the attention and time required of key management individuals may lead to the diversion of management's attention from other business concerns.

***The Existing Shareholders will continue to exercise significant influence over the Company***

Following Admission, the aggregate beneficial interest in the Company of the Existing Shareholders will amount to 71,373,569 Ordinary Shares, representing approximately 82.3 per cent. of the Enlarged Share Capital. In addition, Roger Teasdale, the brother of Paul Teasdale and a Director of the Company will acquire 269,827 New Ordinary Shares in the Placing and has rights as described in paragraph 10.1.3 of Part V of this document. Whilst significant director shareholdings can align incentives to create shareholder value, the Act provides that a director must avoid a situation where he has, or can have a direct or indirect interest that conflicts or may possibly conflict, with the interests of the Company. Under the Articles, a director cannot vote or be counted in the quorum on any resolution which may reasonably be regarded as giving rise to a conflict of interest except he may vote in some limited circumstances. Although these provisions seek to ensure that the Company's independence will be maintained, the Existing Shareholders will be in a position to have significant influence over the Company's operations and business strategy.

***The Group supplies services as a sub-contractor and certain provisions of the contracts could result in significant losses for the Group***

The Group routinely enters into contracts with facilities management businesses to supply services as a sub-contractor, including under Joint Contract Tribunal Standard Building Sub-Contracts. These contracts are often uniform across their suppliers with many provisions in favour of the facilities management company.

Whilst such contracts tend to be in line with market practice, there is the risk that the provisions could result in onerous obligations or unexpected losses for the Group.

Whilst delivering services to contractors under sub-contracts the Group often assumes responsibility for a proportion of the main contractor's obligations under the main contract and therefore the Group must deliver its works as a sub-contractor in a timeframe and manner which will enable the main contractor to perform its obligations under the main contract. In particular, the Group often indemnifies contractors against any breach of any of the provisions under the main contract caused by the Group and it is not uncommon for standard form sub-contracts to be used without limitations on liability. The Group is also often required to provide collateral warranties to the main contractor under the main contract in relation to its obligations under the sub-contract.

Should there be a breach of relevant provisions which can be attributed directly or indirectly to the Group, as a result of either intentional or unintended actions, this could result in material liabilities and significant cash payments.

### ***The Group's IT systems could fail resulting in a loss of business***

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.

While the Group does have normal disaster recovery and business continuity contingency plans, no assurance can be given that, if a serious disaster affecting the business, systems or operations occurred such plans would be sufficient to enable the Group to recommence trading without loss of business. The Group's disaster recovery plans were tested in March 2014 when a construction work related incident resulted in a significant temporary loss of primary data, with the Group's operations remaining uninterrupted. Procedures have since been strengthened and communicated to all staff.

### ***A prolonged downturn in UK construction markets could result in a loss of business for the Group***

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.

However, 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.

### ***Access installation revenues are one-off in nature and can be difficult to predict***

The Group's contracts for the design and installation of equipment to access building façades are one-off and lumpy in nature, and can range from circa £75,000 to £2 million. Whilst these only accounted for circa £1.1 million of total revenues in 2013, their timing is difficult to predict and any delay in anticipated contracts going forward could significantly impact the Group's financial performance.

### ***The Group's high level of profitability may not be sustained***

The Group currently benefits from strong growth and profit margins, which may in turn attract new entrants to its market place. Although businesses have attempted and failed to successfully enter the Group's markets

and compete on price and/or quality of service, in the future new entrants may have significantly more resources at their disposal with which to pursue aggressive pricing strategies and there can be no guarantee that the Group will be able to maintain its profit margins in the face of competition of this type. However, the Group continually strives to maintain its competitive advantage through investing resources in its systems of control and leveraging its economies of scale.

## **General Risks**

### ***Investment Risks***

An investment in the Placing Shares is only suitable for financially sophisticated investors who are capable of evaluating the merits and risks of such an investment, or other investors who have been professionally advised with regard to the investment, and who have sufficient resources to be able to bear any losses that may arise therefrom (which may be the whole amount invested). Such an investment should be seen as complementary to existing investments in a wide spread of other financial assets and should not form a major part of an investment portfolio. Investors should not consider investing in the Placing Shares unless they already have a diversified investment portfolio.

Prospective investors should be aware that the value of an investment in the Company may go down as well as up and investors may therefore not recover or may lose all of their original investment.

In addition, the price at which investors may dispose of their Placing Shares may be influenced by a number of factors, some of which may pertain to the Company, and others of which are extraneous. These factors could include the performance of the Company's business, large purchases or sales of Ordinary Shares, liquidity (or absence of liquidity) in the Ordinary Shares, currency fluctuations, legislative or regulatory or taxation changes, general economic and political conditions and interest and inflation rate variations. The value of the Ordinary Shares may therefore fluctuate and not reflect their underlying asset value.

### ***Economic conditions and current economic weakness***

Any economic downturn either globally or locally in any area in which the Group operates may have an adverse effect on the demand for the Group's products and services. A more prolonged economic downturn may lead to an overall decline in the volume of the Group's sales, restricting the Group's ability to generate a profit.

In addition, although signs of economic recovery have been perceptible in certain countries, the sustainability of a global economic upturn is not yet assured. If economic conditions remain uncertain this might have an adverse impact on the Group's operations and business results.

### ***Force Majeure***

The Group's operations now or in the future may be adversely affected by risks outside the control of the Group including labour unrest, civil disorder, hostilities, war, subversive activities or sabotage, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

### ***Taxation***

Any change in the Group's tax status or in taxation legislation or its interpretation, could affect the Group's ability to provide returns to Shareholders and/or alter the post-tax returns to Shareholders. Statements in this document concerning the taxation of the Group and its investors are based upon current tax law and practice which is subject to change.

Additionally, potential tax liabilities may arise in respect of corporate acquisitions undertaken by the Company to date and in relation to businesses that the Company may acquire in the future. HMRC may seek to argue that tax liabilities are higher than amounts paid to date in relation to acquired businesses. The Company routinely seek indemnities and warranties from vendors of acquired businesses but there is no assurance that these amounts will be reclaimed from the vendors for reasons of financial solvency or enforceability.

The taxation implications of investing in the Company are dealt with in paragraph 15 of Part V of this document. The tax rules and their interpretation relating to an investment in the Company may change during the life of the Company. The levels of, and relief from, taxation may change. Any tax reliefs referred

to in this document are those currently available and their application depends on the individual circumstances of investors. The information given in this document relates only to UK investors and investors in other jurisdictions must seek their own tax advice.

Any change in the Company's tax status, or the tax applicable to holding New Ordinary Shares, or in taxation legislation or its interpretation, could affect the value of the assets held by the Company or the Group, affect the Company's ability to provide returns to Shareholders and/or alter the post-tax return of Shareholders. Statements in this document concerning the taxation of the Company, the Group and/or its investors are based upon current law and practice which are subject to change.

### ***EIS and VCT relief***

Clearance has been received from HMRC that the Company's business qualifies for EIS relief and as a qualifying business for VCT relief. Although qualifying investors should obtain tax relief on their investments under EIS relief or VCT relief, neither the Company nor the Board can provide any warranty or guarantee in this regard. Investors must take their own advice and rely on it.

Neither the Company nor the Directors give any warranties or undertakings that EIS relief or VCT relief, if granted, will not be withdrawn. Investors must take their own advice and rely on it. If the Company carries on activities beyond those disclosed to HMRC, then Shareholders may cease to qualify for the tax benefits.

The actual availability of EIS relief and qualifying status for VCT purposes will be contingent upon certain conditions being met by both the Company and the relevant investors. Should the law regarding EIS or VCT change then any reliefs or qualifying status previously obtained may be lost. If the Company ceases to carry on the business outlined in this document, changes the manner in which the business is undertaken or acquires or commences a business which is not insubstantial to the Company's activities at any time this could prejudice the status of the New Ordinary Shares under the VCT provisions. If these changes are made during the three year period from the last allotment of New Ordinary Shares, this could prejudice the qualifying status of the Company (as referred to above) under the EIS provisions. Circumstances may arise where the Board believes that the interests of the Company are not best served by acting in a way that preserves the EIS or VCT qualifying status. In such circumstances, the Company cannot undertake to conduct its activities in a way designed to secure or preserve any such relief or status claimed by any Shareholder.

If the Company does not employ all of the proceeds of an EIS share issue for qualifying trading purposes within 24 months of the date of issue of the New Ordinary Shares, the Company will not be a qualifying company and as such EIS relief will be withdrawn. In respect of subscription for New Ordinary Shares made by a VCT, if the Company does not employ the funds invested by the VCT for qualifying purposes within 24 months, the funds invested by the VCT would be apportioned pro rata and its qualifying holding would be equal to the VCT's funds that had been employed for qualifying trade purposes within the above time limits. Any remaining element of the VCT's investment would comprise part of its non-qualifying holding. The above information is based upon current tax law and practice and other legislation and any changes in the legislation or in the levels and bases of, and reliefs from, taxation may affect the value of an investment in the Company. Any person who is in any doubt as to their taxation position should consult their professional taxation advisers.

### ***Securities traded on AIM***

AIM securities are not admitted to the Official List. An investment in shares traded on AIM may carry a higher risk than an investment in shares traded on the Official List. AIM has been in existence since June 1995 but its future success and liquidity in the market for the Ordinary Shares cannot be guaranteed.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached rather than for larger or more established companies. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser authorised under FSMA who specialises in advising on the acquisition of shares and other securities.

***The trading price of the Ordinary Shares may be volatile, and Shareholders might not be able to sell their shares at or above the Placing Price***

An active or liquid market in the Ordinary Shares may not develop following Admission or, if it does develop, it may not be sustainable. The Placing Price may not be indicative of the market price of the Ordinary Shares after Admission and therefore it may vary from the market price of the Ordinary Shares after Admission. As a result of these and other factors, Shareholders may be unable to resell their Ordinary Shares at or above the Placing Price.

The following factors, in addition to other risks described in this document, may have a significant effect on the market price of the Ordinary Shares:

- variations in operating results;
- actual or anticipated changes in operating results or changes in stock market analyst recommendations regarding the Ordinary Shares, other comparable companies or the industry generally;
- market conditions in the industry, the industries of customers and the economy as a whole;
- actual or expected changes in the Group's growth rates or competitors' growth rates;
- changes in the market valuation of similar companies;
- trading volumes of the Ordinary Shares;
- sales of the Ordinary Shares by the Directors or Shareholders; and
- adoption or modification of regulations, policies, procedures or programs applicable to the Group's business.

In addition, if the stock market in general experiences loss of investor confidence, the trading price of the Ordinary Shares could decline for reasons unrelated to the Group's business, financial condition or operating results. The trading price of the Ordinary Shares might also decline in reaction to events that affect other companies in the industry, even if these events do not directly affect the Group. Each of these factors, among others, could harm the value of an investment in the Ordinary Shares.

***There can be no guarantee that any future capital raisings will be successful. If securities or industry analysts do not publish research or publish unfavourable or inaccurate research about the business, the Company's share price and trading volume of the Ordinary Shares could decline***

The trading market for the Ordinary Shares will depend, in part, on the research and reports that securities or industry analysts publish about the Group or its business. The Board may be unable to sustain coverage by well-regarded securities and industry analysts. If either none or only a limited number of securities or industry analysts maintain coverage of the Company, or if these securities or industry analysts are not widely respected within the general investment community, the trading price for the Ordinary Shares could be negatively impacted. In the event the Group obtains securities or industry analyst coverage, if one or more of the analysts who cover the Company downgrade the Ordinary Shares or publish inaccurate or unfavourable research about the Group's business, the share price would be likely to decline. If one or more of these analysts cease coverage of the Company or fail to publish reports regularly, demand for the Ordinary Shares could decrease, which may cause the share price and trading volume to decline. Should the share price decline, it is likely to increase the amount of dilution Shareholders suffer following a capital raising, or a decrease in the number of investors motivated to participate in such a capital raising.

***Dilution of Shareholders' interest as a result of additional equity fundraising***

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

***If the Group fails to maintain proper and effective internal controls, its ability to produce accurate and timely financial statements could be impaired and investors' views of the Group could be harmed***

The Group has systems and controls in place to allow it to produce accurate and timely financial statements. If any of these systems or controls were to fail the Group may be unable to produce interim and annual financial statements accurately or on a timely basis. As such, investors may have concerns both over the lack of available financial information and the controls the Group has in place, which could adversely affect the Company's share price.

***Dividends***

There can be no assurance as to the level of future dividends, if any. The declaration, payment and amount of any future dividends of the Company is subject to the discretion of the Directors, and will depend upon, among others, the Company's earnings, financial position, cash requirements and availability of profits, as well as the provisions of relevant laws or generally accepted accounting principles.

The risks listed above do not necessarily comprise all those faced by the Group and are not intended to be presented in any order of priority.

## **PART III**

### **HISTORICAL FINANCIAL INFORMATION ON THE GROUP**

The Directors are required to prepare financial information in a form consistent with that which will be adopted in the Company's next published annual financial statements having regard to the accounting standards and policies and legislation applicable to such financial statements. In accordance with the legislation applicable within the United Kingdom, the financial information is required to give a true and fair view of the state of affairs of the Company for that period.

In preparing that financial information, the Directors are required to:

- (a) select suitable accounting policies and apply them consistently;
- (b) make judgements and estimates that are reasonable and prudent; and
- (c) prepare the financial information on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

Section A of this Part III sets out a report from PricewaterhouseCoopers LLP, the Reporting Accountants, on the financial information for the three years ended 31 December 2013, required by Schedule Two to the AIM Rules and given for the purpose of complying with that paragraph and for no other purpose.

The historical financial information for the Group for the three years ended 31 December 2013 is set out in Section B of this Part III.

Section C of this Part III sets out the unaudited historical interim financial information for the Group for the six month period ended 30 June 2014.

## A: ACCOUNTANTS' REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF THE GROUP



The Directors  
Premier Technical Services Group plc  
13-14 Flemming Court  
Whistler Drive  
Castleford  
West Yorkshire  
WF10 5HW

Nplus1 Singer Advisory LLP (the "**Nominated Adviser**")  
One Bartholomew Lane  
London  
EC2N 2AX

5 February 2015

Dear Sirs

### **Premier Technical Services Group plc**

We report on the financial information set out in Section B of Part III ("*Historical Financial Information of the Group*") of this document (the "**Historical Financial Information**") as at and for the three years ended 31 December 2013. The Historical Financial Information has been prepared for inclusion in the admission document dated 5 February 2015 (the "**Admission Document**") of Premier Technical Services Group plc (the "**Company**") on the basis of the accounting policies set out in note 2 to the Historical Financial Information. This report is required by Schedule Two of the AIM Rules for Companies published by the London Stock Exchange plc (the "**AIM Rules**") and is given for the purpose of complying with that Schedule and for no other purpose.

### **Responsibilities**

The Directors of the Company are responsible for preparing the Historical Financial Information in accordance with International Financial Reporting Standards as adopted by the European Union.

It is our responsibility to form an opinion as to whether the Historical Financial Information gives a true and fair view, for the purposes of the Admission Document and to report our opinion to you.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and for any responsibility arising under paragraph (a) of Schedule Two of the AIM Rules to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Schedule Two to the AIM Rules, consenting to its inclusion in the Admission Document.

*PricewaterhouseCoopers LLP, Benson House, 33 Wellington Street, Leeds, LS1 4JP*  
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PricewaterhouseCoopers LLP is a limited liability partnership registered in England with registered number OC303525. The registered office of PricewaterhouseCoopers LLP is 1 Embankment Place, London WC2N 6RH. PricewaterhouseCoopers LLP is authorised and regulated by the Financial Conduct Authority for designated investment business.

**Basis of opinion**

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

**Opinion**

In our opinion, the Historical Financial Information gives, for the purposes of the Admission Document dated 5 February 2015, a true and fair view of the state of affairs of Premier Technical Services Group plc as at the dates stated and of its profits, cash flows and changes in equity for the periods then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

**Declaration**

For the purposes of paragraph (a) of Schedule Two of the AIM Rules we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Schedule Two of the AIM Rules.

Yours faithfully

PricewaterhouseCoopers LLP  
Chartered Accountants



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Note	Attributable to owners of the parent				Non-controlling interest £	Total equity £
	Share capital £	Capital redemption reserve £	Retained earnings £	Total £		
<b>Balance at 1 January 2011</b>	900,010	–	2,042,413	2,942,423	179	2,942,602
Profit for the year	–	–	513,575	513,575	–	513,575
<b>Total comprehensive income</b>	–	–	513,575	513,575	–	513,575
<i>Transactions with owners</i>						
Ordinary dividends paid	–	–	(790,000)	(790,000)	–	(790,000)
<b>Transactions with owners</b>	–	–	(790,000)	(790,000)	–	(790,000)
<b>Balance at 31 December 2011</b>	<u>900,010</u>	<u>–</u>	<u>1,765,988</u>	<u>2,665,998</u>	<u>179</u>	<u>2,666,177</u>
Profit for the year	–	–	2,190,107	2,190,107	–	2,190,107
<b>Total comprehensive income</b>	–	–	2,190,107	2,190,107	–	2,190,107
<i>Transactions with owners</i>						
Ordinary dividends paid	–	–	(749,000)	(749,000)	–	(749,000)
<b>Transactions with owners</b>	–	–	(749,000)	(749,000)	–	(749,000)
<b>Balance at 31 December 2012</b>	<u>900,010</u>	<u>–</u>	<u>3,207,095</u>	<u>4,107,105</u>	<u>179</u>	<u>4,107,284</u>
Profit for the year	–	–	1,900,023	1,900,023	–	1,900,023
<b>Total comprehensive income</b>	–	–	1,900,023	1,900,023	–	1,900,023
<i>Transactions with owners</i>						
Share buy back	22 (128,573)	128,573	(4,038,572)	(4,038,572)	–	(4,038,572)
Ordinary dividends paid	–	–	(754,917)	(754,917)	–	(754,917)
<b>Transactions with owners</b>	(128,573)	128,573	(4,793,489)	(4,793,489)	–	(4,793,489)
<b>Balance at 31 December 2013</b>	<u>771,437</u>	<u>128,573</u>	<u>313,629</u>	<u>1,213,639</u>	<u>179</u>	<u>1,213,818</u>

The notes on pages 48 to 81 are an integral part of this consolidated historical financial information.

## CONSOLIDATED BALANCE SHEET

As at 1 January 2011 and 31 December 2011, 2012 and 2013

	Note	1 January 2011 £	31 December 2011 £	31 December 2012 £	31 December 2013 £
<b>Assets</b>					
<b>Non-current assets</b>					
Goodwill	12	1,469,420	1,811,470	2,386,782	3,539,257
Intangible assets	12	29,131	29,167	29,167	–
Property, plant and equipment	13	550,630	612,816	943,723	1,075,740
Deferred tax asset	21	18,368	59,366	48,059	33,408
<b>Total non-current assets</b>		<u>2,067,549</u>	<u>2,512,819</u>	<u>3,407,731</u>	<u>4,648,405</u>
<b>Current assets</b>					
Inventories	15	121,521	76,658	103,959	145,476
Trade and other receivables	16	2,826,012	2,376,931	3,596,727	5,417,116
Cash and cash equivalents		9,288	51,058	641,723	372,917
<b>Total current assets</b>		<u>2,956,821</u>	<u>2,504,647</u>	<u>4,342,409</u>	<u>5,935,509</u>
<b>Liabilities</b>					
<b>Current liabilities</b>					
Trade and other payables	18	898,060	1,763,016	2,364,343	2,650,432
Finance leases	19	170,317	190,428	277,457	369,956
Borrowings	19	306,211	–	–	1,250,000
Deferred consideration	20	250,000	75,000	100,000	100,000
Current tax liabilities		288,879	178,921	604,891	400,467
<b>Total current liabilities</b>		<u>1,913,467</u>	<u>2,207,365</u>	<u>3,346,691</u>	<u>4,770,855</u>
<b>Net current assets</b>		<u>1,043,354</u>	<u>297,282</u>	<u>995,718</u>	<u>1,164,654</u>
<b>Non-current liabilities</b>					
Borrowings	19	–	–	–	3,750,000
Finance leases	19	168,301	143,924	296,165	349,241
Deferred consideration	20	–	–	–	500,000
<b>Total non-current liabilities</b>		<u>168,301</u>	<u>143,924</u>	<u>296,165</u>	<u>4,599,241</u>
<b>Net assets</b>		<u>2,942,602</u>	<u>2,666,177</u>	<u>4,107,284</u>	<u>1,213,818</u>
<b>Equity attributable to the owners of the parent</b>					
Share capital	22	900,010	900,010	900,010	771,437
Capital redemption reserve	23	–	–	–	128,573
Retained earnings	23	2,042,413	1,765,988	3,207,095	313,629
		<u>2,942,423</u>	<u>2,665,998</u>	<u>4,107,105</u>	<u>1,213,639</u>
<b>Non-controlling interests</b>		<u>179</u>	<u>179</u>	<u>179</u>	<u>179</u>
<b>Total equity</b>		<u>2,942,602</u>	<u>2,666,177</u>	<u>4,107,284</u>	<u>1,213,818</u>

The notes on pages 48 to 81 are an integral part of this consolidated historical financial information.

## CONSOLIDATED CASH FLOW STATEMENT

For the years ended 31 December 2011, 2012 and 2013

	Note	2011 £	2012 £	2013 £
<b>Cash flows from operating activities</b>				
Profit after taxation		513,575	2,190,107	1,900,023
Adjustments for:				
Income tax charge	10	141,311	578,031	614,322
Depreciation	13	379,850	434,414	596,972
Amortisation of intangible assets	12	49,964	50,000	29,167
Profit on disposal of property, plant and equipment	9	(28,687)	(88,312)	(136,625)
Finance costs	7	32,941	36,612	130,794
Finance income	8	(3)	(50)	–
Payment of deferred consideration		–	–	60,625
		<u>1,088,951</u>	<u>3,200,802</u>	<u>3,195,278</u>
Changes in working capital:				
Decrease/(increase) in inventories		46,551	(24,356)	(30,167)
Decrease/(increase) in trade and other receivables		629,217	(820,488)	(1,569,487)
Increase in trade and other payables		283,280	34,305	242,016
		<u>2,047,999</u>	<u>2,390,263</u>	<u>1,837,640</u>
<b>Cash generated from operations</b>				
Interest paid		(32,941)	(36,612)	(130,794)
Interest received		3	50	–
Tax paid		(292,267)	(201,646)	(872,178)
		<u>1,722,794</u>	<u>2,152,055</u>	<u>834,668</u>
<b>Net cash inflow from operating activities</b>				
<b>Cash flows from investing activities</b>				
Acquisition of businesses	27	(127,247)	(331,778)	(788,776)
Purchase of property, plant and equipment		(474,349)	(282,245)	(348,995)
Purchase of intangible assets	12	(50,000)	(50,000)	–
Payment of deferred consideration		–	–	(60,625)
Net proceeds from sale of property, plant and equipment		71,049	115,255	264,616
		<u>(580,547)</u>	<u>(548,768)</u>	<u>(933,780)</u>
<b>Net cash outflow from investing activities</b>				
<b>Cash flows from financing activities</b>				
Proceeds from borrowings		–	–	5,000,000
Repayment of bank borrowings		(21,500)	–	–
Capital element of finance lease payments		(4,266)	(263,622)	(376,204)
Purchase of own shares		–	–	(4,038,573)
Dividends paid		(790,000)	(749,000)	(754,917)
		<u>(815,766)</u>	<u>(1,012,622)</u>	<u>(169,694)</u>
<b>Net cash outflow from financing activities</b>				
Net increase/(decrease) in cash and cash equivalents		326,481	590,665	(268,806)
Cash and cash equivalents at 1 January		(275,423)	51,058	641,723
Cash and cash equivalents at 31 December		<u>51,058</u>	<u>641,723</u>	<u>372,917</u>

The notes on pages 48 to 81 are an integral part of this consolidated historical financial information.

## **NOTES TO THE CONSOLIDATED HISTORICAL FINANCIAL INFORMATION**

### **1. GENERAL INFORMATION**

Premier Technical Services Group plc (the “Company”) is a company incorporated in England and Wales and domiciled in the UK. The address of the registered office is: 13-14 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.

### **2. ACCOUNTING POLICIES**

#### **(a) Basis of preparation**

This consolidated historical financial information presents the financial track record of the Group for the three years ended 31 December 2011, 2012 and 2013 and is prepared for the purposes of the admission of the Group to the Alternative Investment Market (“AIM”) operated by London Stock Exchange plc. This special purpose consolidated historical financial information has 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 (“IFRIC”) interpretations and with those parts of the Companies Act 2006 as applicable to companies reporting under IFRS.

The Group’s deemed transition date to IFRS is 1 January 2011. The principles and requirements for first time adoption of IFRS are set out in IFRS 1. IFRS 1 provides the option to apply IFRS 3, Business Combinations, retrospectively or prospectively from the transition date. The retrospective basis would require restatement of all business combinations that occurred prior to the transition date. The Company elected not to retrospectively apply IFRS 3 to the business combinations that occurred prior to its transition date and such business combinations have not been restated. Any goodwill arising on such business combinations before the transition date has not been adjusted from the carrying value previously determined under UK GAAP as a result of applying these exemptions.

This consolidated historical financial information has been prepared under the historical cost convention and on a going concern basis.

The principal accounting policies adopted in the preparation of the consolidated historical 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 historical 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 this consolidated historical financial information. For these reasons they continue to adopt the going concern basis in preparing the special purpose consolidated historical financial information.

The cashflow 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 this special purpose consolidated historical financial information. Based on these cash flows, and having regard to the provision of the debt facility as described in note 19 to this special purpose consolidated historical financial information 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 twelve months from the date of this special purpose consolidated historical financial information.

### **(c) New standards, amendments and interpretations**

*Standards, amendments and interpretations issued but not effective or early adopted by the Group:*

IFRSs expected to be applicable, in so far as this is currently known, to the first annual financial statements of the Group, which will be for the year ended 31 December 2014, have been applied. The accounting policies adopted in the presentation of the special purpose consolidated historical financial information reflect the adoption of the following new standards as of 1 January 2014:

IFRS 10 'Consolidated financial statements' (effective from periods beginning on or after 1 January 2014). This standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements. The standard provides additional guidance to assist in determining control where this is difficult to assess. This standard is not expected to have a material impact on the Group's consolidated financial information.

IFRS 11, 'Joint arrangements' (effective from periods beginning on or after 1 July 2013) reduces the types of joint arrangements to two: joint operations and joint ventures. The existing policy choice of proportionate consolidation for jointly controlled entities has also been eliminated. Equity accounting is mandatory for participants in joint ventures.

IFRS 12, 'Disclosure of interests in other entities' (effective from periods beginning on or after 1 January 2013) sets out the disclosure requirements in the financial statements in respect of IFRS 10 and IFRS 11. The key additional disclosure above those already required under existing standards, is that additional information is required on the nature, risks and financial effects of the company's interests in other entities. Further disclosure is required about the significant judgments and assumptions made in determining the classification of the investments.

### **(d) Basis of consolidation**

*Subsidiaries*

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. Control is generally accompanied by a shareholding of more than one half of the voting rights. The financial information of subsidiaries is included in the special purpose consolidated historical financial information from the date that control commences 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 special purpose consolidated historical financial information.

### **(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 the lease term.

### *Depreciation*

Depreciation is charged 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:

- Leasehold improvements – depreciated over term of lease
- Plant and machinery – 15-50% on cost
- Fixtures and fittings – 25% on cost
- Motor vehicles – 33% on cost
- Equipment – 25-33% 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”.

### *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. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

For acquisitions on or after 1 January 2011, the Group measures goodwill at the acquisition date as the fair value of the consideration transferred.

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. 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.

#### *Licences*

Licences are amortised over the period of the licence.

### **(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**

#### *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. 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.

Cash and cash equivalents is reported at a net amount in the balance sheet as there is a legally enforceable right to offset the recognised amounts.

**(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.

**(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 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.

**(a) 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 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.

**(b) 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 Group 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.

## **(s) Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting to the Board which has been identified as the chief operating decision maker. The Board consists of the Executive Directors and, from Admission, 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 special purpose consolidated historical financial information 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.

### **3. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES**

The preparation of the Group's special purpose consolidated historical financial information 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 special purpose consolidated historical financial information:

#### **Business combinations**

On acquisition, the Company calculates the fair value of the net assets acquired. The assessment of assets including acquired intangibles is necessarily judgmental and therefore will directly impact of 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 12.

#### **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 are continually reviewed for impairment and provided 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.

### **4. SEGMENTAL REPORTING**

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

The Board organise the Group around the 2 main types of business generating revenue; Access and Safety and Electrical Services.

All revenue originates in the UK.

	2011			
	<i>Access and Safety</i> £	<i>Electrical Services</i> £	<i>Group</i> £	<i>Total</i> £
Revenue	7,705,339	1,318,094	–	9,023,433
<b>Total revenue from external customers</b>	<u>7,705,339</u>	<u>1,318,094</u>	<u>–</u>	<u>9,023,433</u>
<b>Operating profit before adjusting items</b>	1,256,009	373,793	–	1,629,802
Restructuring costs	(859,367)	(32,643)	–	(892,010)
Amortisation of intangible assets	(49,968)	–	–	(49,968)
<b>Segment operating profit</b>	<u>346,674</u>	<u>341,150</u>	<u>–</u>	<u>687,824</u>
Net finance cost	–	–	(32,938)	(32,938)
Profit before taxation	<u>346,674</u>	<u>341,150</u>	<u>(32,938)</u>	<u>654,886</u>
<b>Other segmental items</b>				
Segment assets	3,320,301	557,448	1,139,717	5,017,466
Segment liabilities	(1,563,120)	(571,792)	(216,377)	(2,351,289)
Capital expenditure	298,947	175,402	–	474,349
Depreciation	342,923	36,927	–	379,850

### Segmental operating profit

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

	<i>Access and Safety</i> £	<i>Electrical Services</i> £	<i>Total</i> £
Adjusted EBITDA	1,598,932	410,720	2,009,652
Depreciation	(342,923)	(36,927)	(379,850)
Operating profit before adjusting items	1,256,009	373,793	1,629,802
Restructuring costs	(859,367)	(32,643)	(892,010)
Amortisation of intangible assets	(49,968)	–	(49,968)
Statutory operating profit	<u>346,674</u>	<u>341,150</u>	<u>687,824</u>

	2012			
	<i>Access and Safety</i> £	<i>Electrical Services</i> £	<i>Group</i> £	<i>Total</i> £
Revenue	9,878,318	2,193,468	–	12,071,786
<b>Total revenue from external customers</b>	<u>9,878,318</u>	<u>2,193,468</u>	<u>–</u>	<u>12,071,786</u>
<b>Operating profit before adjusting items</b>	2,207,979	646,721	–	2,854,700
Amortisation of intangible assets	(50,000)	–	–	(50,000)
<b>Segment operating profit</b>	<u>2,157,979</u>	<u>646,721</u>	<u>–</u>	<u>2,804,700</u>
Net finance cost	–	–	(36,562)	(36,562)
Profit before taxation	<u>2,157,979</u>	<u>646,721</u>	<u>(36,562)</u>	<u>2,768,138</u>
<b>Other segmental items</b>				
Segment assets	5,726,888	1,617,685	405,567	7,750,140
Segment liabilities	(2,987,063)	(1,157,121)	501,328	(3,642,856)
Capital expenditure	543,311	248,953	–	792,264
Depreciation	338,581	95,833	–	434,414

### Segmental operating profit

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

	<i>Access and Safety</i> £	<i>Electrical Services</i> £	<i>Total</i> £
Adjusted EBITDA	2,546,560	742,554	3,289,114
Depreciation	(338,581)	(95,833)	(434,414)
Operating profit before adjusting items	<u>2,207,979</u>	<u>646,721</u>	<u>2,854,700</u>
Amortisation of intangible assets	(50,000)	–	(50,000)
Statutory operating profit	<u>2,157,979</u>	<u>646,721</u>	<u>2,804,700</u>

	2013			<i>Total</i> £
	<i>Access and Safety</i> £	<i>Electrical Services</i> £	<i>Group</i> £	
Revenue	9,728,660	4,158,193	–	13,886,853
<b>Total revenue from external customers</b>	<u>9,728,660</u>	<u>4,158,193</u>	<u>–</u>	<u>13,886,853</u>
<b>Operating profit before adjusting items</b>	1,953,646	1,206,266	–	3,159,912
Restructuring and rebranding costs	(212,693)	(12,288)	–	(224,981)
Amortisation of intangible assets	(29,167)	–	–	(29,167)
Contingent payable in relation to acquisitions	–	(260,625)	–	(260,625)
<b>Segment operating profit</b>	<u>1,711,786</u>	<u>933,353</u>	<u>–</u>	<u>2,645,139</u>
Net finance cost	–	–	(130,794)	(130,794)
Profit before taxation	<u>1,711,786</u>	<u>933,353</u>	<u>(130,744)</u>	<u>2,514,345</u>
<b>Other segmental items</b>				
Segment assets	6,538,159	2,971,561	1,074,194	10,583,914
Segment liabilities	(6,243,499)	(2,899,188)	(227,409)	(9,370,096)
Capital expenditure	455,747	351,732	–	807,479
Depreciation	409,801	187,171	–	596,972

### Segmental operating profit

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

	<i>Access and Safety</i> £	<i>Electrical Services</i> £	<i>Total</i> £
Adjusted EBITDA	2,363,447	1,393,437	3,756,884
Depreciation	(409,801)	(187,171)	(596,972)
Operating profit before adjusting items	1,953,646	1,206,266	3,159,912
Restructuring and rebranding costs	(212,693)	(12,288)	(224,981)
Amortisation of intangible assets	(29,167)	–	(29,167)
Contingent payable in relation to acquisitions	–	(260,625)	(260,625)
Statutory operating profit	<u>1,711,786</u>	<u>933,353</u>	<u>2,645,139</u>

## 5. EMPLOYEES AND DIRECTORS

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

	2011 £	2012 £	2013 £
Wages and salaries	3,032,459	3,687,609	4,553,989
Defined contribution pension cost (note 5(d))	3,825	1,233	12,987
Social security costs	367,048	445,748	492,461
	<u>3,403,332</u>	<u>4,134,590</u>	<u>5,059,437</u>

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

	2011 Number	2012 Number	2013 Number
<b>By reportable segment</b>			
Access and Safety	70	75	88
Electrical Services	33	34	54
	<u>103</u>	<u>109</u>	<u>142</u>

### (b) Key Management

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

	2011 £	2012 £	2013 £
Aggregate emoluments	580,000	640,000	640,000
	<u>580,000</u>	<u>640,000</u>	<u>640,000</u>

### (c) Directors' emoluments

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

	2011 £	2012 £	2013 £
Aggregate emoluments	259,992	259,992	232,934
Compensation for loss of office	–	–	25,000
	<u>259,992</u>	<u>259,992</u>	<u>257,934</u>

### Highest paid director

	2011 £	2012 £	2013 £
Aggregate emoluments	<u>120,000</u>	<u>120,000</u>	<u>124,056</u>

### (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 £12,987 (2012: £1,233; 2011: £3,825).

## 6. NET OPERATING COSTS

	2011 £	2012 £	2013 £
Distribution costs	190,801	241,967	288,313
Administration costs	4,474,928	4,212,467	5,604,174
Other operating income	(35,715)	(114,182)	(136,625)
	<u>4,630,014</u>	<u>4,340,252</u>	<u>5,755,862</u>

The following adjusting items have been included in administration costs.

	2011 £	2012 £	2013 £
Amortisation of intangible assets	49,968	50,000	29,167
Rebranding costs	–	–	151,340
Restructuring costs	892,010	–	73,641
Contingent payable in relation to acquisitions	–	–	260,625
	<u>941,978</u>	<u>50,000</u>	<u>514,773</u>

2011 adjusting items mainly comprise of restructuring costs associated with establishing the current operational structure.

The amortisation of intangible assets relates to a license that expired in 2013. This has been included as an adjusting item due to its nature to provide clearer understanding of the underlying financial performance of the Group.

During 2013, the Group undertook a rebranding and 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 payable relates to cash payments 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 services are provided as an employment expense.

## 7. FINANCE COSTS

	2011 £	2012 £	2013 £
Interest costs:			
Interest payable on borrowings	6,202	–	66,639
Interest arising from finance leases	26,739	36,612	64,155
	<u>32,941</u>	<u>36,612</u>	<u>130,794</u>

## 8. FINANCE INCOME

	2011 £	2012 £	2013 £
Interest income	<u>3</u>	<u>50</u>	<u>–</u>

## 9. PROFIT BEFORE TAXATION – ANALYSIS BY FUNCTION

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

	2011 £	2012 £	2013 £
Net operating costs			
– Distribution costs	190,801	241,967	288,313
– Administrative costs	4,474,928	4,212,467	5,604,174
– Other operating income	(35,715)	(114,182)	(136,625)
Employment benefit expense	3,403,332	4,134,590	5,059,437
Depreciation of property, plant and equipment – leased	247,954	304,559	518,786
Depreciation of property, plant and equipment – owned	131,896	129,855	78,186
Amortisation of intangible assets	49,968	50,000	29,167
Profit on the sale of property, plant and equipment	(28,687)	(88,312)	(136,625)
Operating lease rentals			
– land and building	<u>102,754</u>	<u>110,550</u>	<u>139,150</u>

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

	2011 £	2012 £	2013 £
Fees payable to Company's auditor and its associates for the audit of Consolidated financial statements	2,000	2,500	3,000
Fees payable to Company's auditor and its associates for other services:			
– The audit of Company's subsidiaries	8,500	11,000	18,000
– Tax compliance	8,000	9,000	11,000
– Tax advisory services	–	–	15,000
	<u>18,500</u>	<u>22,500</u>	<u>47,000</u>

## 10. TAXATION

### Analysis of charge in year

	2011 £	2012 £	2013 £
Current tax on profits for the year	178,922	607,054	606,644
Adjustments in respect of prior years	–	(32,468)	(3,350)
<b>Total current tax</b>	<u>178,922</u>	<u>574,586</u>	<u>603,294</u>
Origination and reversal of temporary differences	<u>(37,611)</u>	<u>3,445</u>	<u>11,028</u>
<b>Total deferred tax</b> (note 21)	<u>(37,611)</u>	<u>3,445</u>	<u>11,028</u>
<b>Income tax charge</b>	<u>141,311</u>	<u>578,031</u>	<u>614,322</u>

The tax charge for the year differs from the standard rate of corporation tax in the UK 23.25 per cent. (2012: 24.50 per cent., 2011: 26.00 per cent.). The differences are explained below:

	2011 £	2012 £	2013 £
Profit on ordinary activities before tax	<u>654,886</u>	<u>2,768,138</u>	<u>2,514,345</u>
Profit on ordinary activities multiplied by the rate of corporation tax in the UK	170,270	678,194	584,585
Effects of:			
Other expenses not deductible	12,948	9,820	41,320
Capital allowance less than/(in excess of) depreciation	18,860	23,895	(2,759)
Income not assessable	–	–	(26,062)
Other adjustments	(19,034)	(82,445)	33,169
Utilisation of tax losses	(4,122)	(22,410)	(23,609)
Prior year adjustment	–	(32,468)	(3,350)
<b>Total taxation charge</b>	<u><u>178,922</u></u>	<u><u>574,586</u></u>	<u><u>603,294</u></u>

### Factors affecting current and future tax charges

The Finance Act 2013, which provides for a reduction in the main rate of UK corporation tax to 21 per cent. effective from 1 April 2014 and 20 per cent. from 1 April 2015, was enacted on 17 July 2013. As this legislation was substantively enacted prior to the balance sheet date, the closing deferred tax asset has been revalued at 20 per cent. at 31 December 2013.

### 11. EARNINGS PER SHARE

	2011 £	2012 £	2013 £
Profit for the year attributable to owners of the parent	<u>513,575</u>	<u>2,190,107</u>	<u>1,900,023</u>
Weighted average number of ordinary shares in issue for the basic earnings per share	900,010	900,010	872,604
Basic and diluted earnings per share (in pence per share)	<u>57.06</u>	<u>243.34</u>	<u>217.74</u>

### Illustrative earnings per share

Conditional upon and with effect immediately prior to the Placing and Admission, each existing ordinary share in the Company was converted into 100 Ordinary Shares pursuant to the capital reorganisation described in Note 22. The issued ordinary share capital of the Company immediately prior to the Placing and Admission is 77,142,800 Ordinary Shares of one penny each.

Illustrative basic and diluted earnings per Ordinary Share is presented below in order to demonstrate the earnings attributable to the Ordinary Shares at Admission. The calculation of illustrative basic and diluted earnings per Ordinary Share is based on profit for the year attributable to owners of the parent and on 77,142,800 Ordinary Shares in issue immediately prior to the Placing and Admission.

	2011 £	2012 £	2013 £
Profit for the year attributable to owners of the parent	<u>513,575</u>	<u>2,190,107</u>	<u>1,900,023</u>
Basic and Diluted earnings per Ordinary Share (in pence per share)	<u>0.67</u>	<u>2.84</u>	<u>2.46</u>

The calculation of illustrative basic and diluted earnings per Ordinary Share does not reflect new ordinary shares expected to be issued pursuant to the Placing. The above illustrative analysis represents a non-GAAP metric and has been included to assist understanding of the Group's earnings per share and should be used in conjunction with the relevant GAAP numbers.

## 12. INTANGIBLE ASSETS

	<i>Goodwill</i> £	<i>Licence</i> £	<i>Total</i> £
<b>Cost</b>			
At 1 January 2011	1,733,477	50,000	1,783,477
Additions	342,050	50,000	392,050
Disposals	–	( 50,000)	(50,000)
<b>At 31 December 2011</b>	<u>2,075,527</u>	<u>50,000</u>	<u>2,125,527</u>
Additions	575,312	50,000	625,312
Disposals	–	( 50,000)	( 50,000)
<b>At 31 December 2012</b>	<u>2,650,839</u>	<u>50,000</u>	<u>2,700,839</u>
Additions	1,152,475	–	1,152,475
Disposals	–	( 50,000)	(50,000)
<b>At 31 December 2013</b>	<u>3,803,314</u>	<u>–</u>	<u>3,803,314</u>
<b>Accumulated amortisation</b>			
At 1 January 2011	264,057	20,869	284,926
Charge for the year	–	49,964	49,964
On disposals	–	( 50,000)	(50,000)
<b>At 31 December 2011</b>	<u>264,057</u>	<u>20,833</u>	<u>284,890</u>
Charge for the year	–	50,000	50,000
On disposals	–	( 50,000)	(50,000)
<b>At 31 December 2012</b>	<u>264,057</u>	<u>20,833</u>	<u>284,890</u>
Charge for the year	–	29,167	29,167
On disposals	–	( 50,000)	(50,000)
<b>At 31 December 2013</b>	<u>264,057</u>	<u>–</u>	<u>264,057</u>
<b>Net book amount</b>			
At 31 December 2013	<u>3,539,257</u>	<u>–</u>	<u>3,539,257</u>
At 31 December 2012	<u>2,386,782</u>	<u>29,167</u>	<u>2,415,949</u>
At 31 December 2011	<u>1,811,470</u>	<u>29,167</u>	<u>1,840,637</u>
At 1 January 2011	<u>1,469,420</u>	<u>29,131</u>	<u>1,498,551</u>

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.

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;

	<i>2011</i> £	<i>2012</i> £	<i>2013</i> £
Access and Safety	1,702,263	1,702,263	1,802,140
Electrical Services	109,207	684,519	1,737,187
Total goodwill	<u>1,811,470</u>	<u>2,386,782</u>	<u>3,539,257</u>

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 per cent.
- Sales growth was based on internal forecasts and a terminal growth rate of 2 per cent.
- 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.

### 13. PROPERTY, PLANT AND EQUIPMENT

	<i>Leasehold</i>	<i>Motor</i>	<i>Plant and</i>	<i>Fixtures,</i>	<i>Total</i>
	£	vehicles	machinery	fittings and	£
		£	£	equipment	
				£	
<b>Cost</b>					
At 1 January 2011	–	810,093	50,421	251,648	1,112,162
Additions	–	413,609	21,266	44,230	479,105
Disposals	–	(174,950)	(792)	(2,897)	(178,639)
<b>At 31 December 2011</b>	–	1,048,752	70,895	292,981	1,412,628
Additions	–	693,484	30,003	68,777	792,264
Disposals	–	(385,013)	(2,215)	–	(387,228)
<b>At 31 December 2012</b>	–	1,357,223	98,683	361,758	1,817,664
Additions	9,851	765,385	32,957	48,787	856,980
Disposals	–	(531,698)	–	(1,198)	(532,896)
<b>At 31 December 2013</b>	9,851	1,590,910	131,640	409,347	2,141,748
<b>Accumulated depreciation</b>					
At 1 January 2011	–	364,976	39,884	156,672	561,532
Charge for the year	–	313,175	16,596	50,079	379,850
On disposals	–	(137,881)	(792)	(2,897)	(141,570)
<b>At 31 December 2011</b>	–	540,270	55,688	203,854	799,812
Charge for the year	–	374,496	9,266	50,652	434,414
On disposals	–	(359,814)	(471)	–	(360,285)
<b>At 31 December 2012</b>	–	554,952	64,483	254,506	873,941
Charge for the year	157	518,786	16,802	61,227	596,972
Transfers	–	–	91	(91)	–
On disposals	–	(403,403)	–	(1,502)	(404,905)
<b>At 31 December 2013</b>	157	670,335	81,376	314,140	1,066,008
<b>Net book amount</b>					
At 31 December 2013	9,694	920,575	50,264	95,207	1,075,740
At 31 December 2012	–	802,271	34,200	107,252	943,723
At 31 December 2011	–	508,482	15,207	89,127	612,816
At 1 January 2011	–	445,117	10,537	94,976	550,630

#### Finance lease commitments

Included in fixed assets are assets held under finance leases with a net book value of £920,575 (2012: £770,451; 2011: £467,693) and accumulated depreciation of £518,786 (2012: £304,559; 2011: £247,954).

## 14. INVESTMENTS

### Principal subsidiary undertakings of the Group

The Company substantially owns directly or indirectly the whole of the issued and fully paid ordinary share capital of its subsidiary undertakings.

Principal subsidiary undertakings of the Group at 31 December 2013 are presented below:

<i>Subsidiary</i>	<i>Nature of business</i>	<i>Country of incorporation</i>	<i>Shares held %</i>
PTSG Access and Safety Ltd	Installation and maintenance of access and safety systems	UK	100
PTSG Electrical Services Ltd	Installation and maintenance of lightning protection systems	UK	100
Test Strike UK Ltd	Maintenance of lightning protection systems	UK	100
PTSG Electrical Testing Services Limited	Holding company	UK	100
Ohmega Testing Services Ltd	Portable appliance and fixed wire testing	UK	100
Guardian Cradle Maintenance Ltd	Maintenance of access systems	UK	100
Protectis Ltd	Installation and maintenance of lightning protection systems	UK	100
C.J.S. (Eastern) Ltd	Installation and maintenance of lightning protection systems	UK	100
Cardinal Specialist Services Ltd	Installation and maintenance of lightning protection systems	UK	100

All other subsidiary undertakings are dormant and not significant to the Group. The Directors consider that to list all subsidiary undertakings would lead to a statement of excessive length.

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

## 15. INVENTORIES

	<i>2011</i>	<i>2012</i>	<i>2013</i>
	<i>£</i>	<i>£</i>	<i>£</i>
Finished goods	<u>76,658</u>	<u>103,959</u>	<u>145,476</u>

## 16. TRADE AND OTHER RECEIVABLES

	<i>2011</i>	<i>2012</i>	<i>2013</i>
	<i>£</i>	<i>£</i>	<i>£</i>
<b>Amounts falling due within one year:</b>			
Trade receivables	2,664,701	3,761,306	4,659,479
Less; provision for impairment of trade receivables	<u>(529,853)</u>	<u>(533,482)</u>	<u>(366,638)</u>
<b>Trade receivables – net</b>	2,134,848	3,227,824	4,292,841
Other receivables	42,243	31,053	604,391
Prepayments	<u>199,840</u>	<u>337,850</u>	<u>519,884</u>
	<u><u>2,376,931</u></u>	<u><u>3,596,727</u></u>	<u><u>5,417,116</u></u>

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 overdue receivables is as follows;

	2011 £	2012 £	2013 £
<b>Impaired</b>			
Over 90 days	529,853	533,482	366,638
	<u>529,853</u>	<u>533,482</u>	<u>366,638</u>
<b>Not impaired</b>			
Less than 90 days	2,078,258	3,119,767	4,082,188
Over 90 days	56,590	108,057	210,653
	<u>2,134,848</u>	<u>3,227,824</u>	<u>4,292,841</u>

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

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

	2011 £	2012 £	2013 £
At 1 January	38,195	529,853	533,482
Provision for receivables impairment	491,658	163,974	–
Receivables written off during the year as uncollectible	–	(117,151)	(38,728)
Unused amounts reversed	–	(43,194)	(128,116)
At 31 December	<u>529,853</u>	<u>533,482</u>	<u>366,638</u>

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

## 17. CASH AND CASH EQUIVALENTS

	2011 £	2012 £	2013 £
Cash and cash equivalents	232,883	1,513,280	1,294,921
Bank overdrafts	(181,825)	(871,557)	(922,004)
Cash and cash equivalents	<u>51,058</u>	<u>641,723</u>	<u>372,917</u>

All the cash and cash equivalents at 31 December 2013 are at floating interest rates. Balances are denominated in UK Sterling (£). The Directors consider that the carrying value of cash and cash equivalents approximates to their fair value.

## 18. TRADE AND OTHER PAYABLES

	2011 £	2012 £	2013 £
Trade payables	479,139	505,404	626,984
Other tax and social security payable	344,264	542,586	602,732
Accruals and other payables	939,613	1,316,353	1,420,716
	<u>1,763,016</u>	<u>2,364,343</u>	<u>2,650,432</u>

## 19. BORROWINGS

### Book value

	2011 £	2012 £	2013 £
<b>Non-current</b>			
Bank borrowings	–	–	3,750,000
Finance lease liabilities	143,924	296,165	349,241
Total non-current	<u>143,924</u>	<u>296,165</u>	<u>4,099,241</u>
<b>Current</b>			
Bank borrowing	–	–	1,250,000
Finance lease liabilities	190,428	277,457	369,956
Total current	<u>190,428</u>	<u>277,457</u>	<u>1,619,956</u>
	<u>334,352</u>	<u>573,622</u>	<u>5,719,197</u>

The bank loan, totalling £5,000,000 is repayable over 5 years. The first instalment of £250,000 was paid in January 2014 and is followed by quarterly instalments of £250,000 on 31 March, 30 June, 30 September and 31 December. The interest rate of the bank borrowings is LIBOR plus 4.50 per cent. and is paid in line with the quarterly repayment dates.

The loan 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.

	2011		2012		2013	
	Carrying amount £	Fair Value £	Carrying amount £	Fair Value £	Carrying amount £	Fair Value £
Bank borrowings	–	–	–	–	3,750,000	3,750,000
Finance lease liabilities	143,924	143,924	296,165	296,165	349,241	349,241
	<u>143,924</u>	<u>143,924</u>	<u>296,165</u>	<u>296,165</u>	<u>4,099,241</u>	<u>4,099,241</u>

The fair value of current and non-current borrowings equals their carrying amount, as the impact of discounting is not significant.

Borrowings have the following maturity profile:

	2011 £	2012 £	2013 £
Less than 12 months	190,428	277,457	1,619,956
1-5 years	143,924	296,165	4,099,241
	<u>334,352</u>	<u>573,622</u>	<u>5,719,197</u>

## 20. DEFERRED CONSIDERATION

	2011 £	2012 £	2013 £
Current	75,000	100,000	100,000
Non-current	–	–	500,000
	<u>75,000</u>	<u>100,000</u>	<u>600,000</u>

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.

## 21. DEFERRED TAX

	<i>Accelerated capital allowances</i> £	<i>Tax losses</i> £	<i>Total</i> £
<b>As at 1 January 2011</b>	18,368	–	18,368
(Charge)/credit to income statement	37,611	–	37,611
Arising on acquisition	3,387	–	3,387
<b>As at 31 December 2011</b>	<u>59,366</u>	<u>–</u>	<u>59,366</u>
<b>As at 1 January 2012</b>	59,366	–	59,366
(Charge)/credit to income statement	(3,445)	–	(3,445)
Arising on acquisition	(24,019)	16,157	(7,862)
<b>As at 31 December 2012</b>	<u>31,902</u>	<u>16,157</u>	<u>48,059</u>
<b>As at 1 January 2013</b>	31,902	16,157	48,059
(Charge)/credit to income statement	5,129	(16,157)	(11,028)
Arising on acquisition	(3,623)	–	(3,623)
<b>As at 31 December 2013</b>	<u>33,408</u>	<u>–</u>	<u>33,408</u>

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

## 22. CALLED UP SHARE CAPITAL

	2011 £	2012 £	2013 £
<b>Allotted, called up and fully paid</b>			
771,428 (2011: 900,000; 2012: 900,000) ordinary shares of £1 each	900,000	900,000	771,428
3 ordinary A shares of £1 each	3	3	3
3 ordinary B shares of £1 each	3	3	3
3 ordinary C shares of £1 each	3	3	3
1 ordinary D share of £1 each	1	1	–
	<u>900,010</u>	<u>900,010</u>	<u>771,437</u>

The holders of the A ordinary shares are not entitled to vote. On a return of capital, the holders of the A ordinary shares are only entitled to receive subscription price after each ordinary shareholder receives £10,000,000 per share. The holders of the A ordinary shares are entitled to receive a dividend according to a resolution of the directors. The A ordinary shares are not redeemable.

The holders of the B ordinary shares are not entitled to vote. On a return of capital, the holders of the B ordinary shares are only entitled to receive subscription price after each ordinary shareholder receives £10,000,000 per share. The holders of the B ordinary shares are entitled to receive a dividend according to a resolution of the directors. The B ordinary shares are not redeemable.

The holders of the C ordinary shares are not entitled to vote. On a return of capital, the holders of the C ordinary shares are only entitled to receive subscription price after each ordinary shareholder receives £10,000,000 per share. The holders of the C ordinary shares are entitled to receive a dividend according to a resolution of the directors. The C ordinary shares are not redeemable.

The holders of the D ordinary shares are not entitled to vote. On a return of capital, the holders of the D ordinary shares are only entitled to receive subscription price after each ordinary shareholder receives £10,000,000 per share. The holders of the D ordinary shares are entitled to receive a dividend according to a resolution of the directors. The D ordinary shares are not redeemable.

During 2013, the Company purchased 128,573 of its own shares at a cost of £4,038,572 principally to remove a minor shareholder, SR Shipley, who held 10 per cent. of the share capital as he was retiring from the business.

On 22 January 2015, the Company acquired the issued A, B and C ordinary shares in the capital of the Company at par and cancelled such shares.

On 28 January 2015, the Company's share capital was restructured such that each existing ordinary share of £1 in the capital of the Company was divided into 100 Ordinary Shares of one penny each.

The issued ordinary share capital of the Company as at the date of this document prior to the Placing and Admission is 77,142,800 Ordinary Shares of one penny each. All such shares are fully paid.

## **23. 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.

## **24. DIVIDENDS**

In the year dividends of £220,000 per A ordinary share were paid (2011: £263,333; 2012: 220,000), £23,889 per B ordinary share (2011: £nil; 2012: £20,000) and £23,250 per D ordinary share (2011: £nil; 2012: £29,000).

## **25. COMMITMENTS AND CONTINGENCIES**

### **(a) Operating lease commitments**

The Group holds property leases under non-cancellable operating lease agreements. The lease terms are between 1 and 15 years.

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

	2011 £	2012 £	2013 £
Within 1 year	74,600	121,692	174,854
Later than 1 year and less than 5 years	279,000	364,000	608,250
After 5 years	6,416	798,000	1,375,000
	<u>360,016</u>	<u>1,283,692</u>	<u>2,158,104</u>

**(b) Contingencies**

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

**26. 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.

**(a) Market risk**

(i) *Interest rate risk*

The Group's interest rate risk arises from the Group's borrowings as disclosed in Note 19.

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

At 31 December 2013, if the LIBOR denominated borrowings at that date had been 0.5 per cent. higher/lower with all other variables held constant, post-tax profit for the year would have been £6,644 (2011: £nil; 2012: £nil) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

**(b) Credit risk**

The Group monitors 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 believes 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.

**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 £1.75m.

All material cash amounts are deposited with financial institutions with high credit ratings.

Leverage is monitored in accordance with the requirements of the Loan covenants, following the loan which was taken out in 2013.

## 27. BUSINESS ACQUISITIONS

In October 2011 100 per cent. of the ordinary share capital of Guardian Cradle Maintenance Limited was purchased for a total cash consideration of £127,984. This acquisition has been accounted for in the special purpose consolidated historical financial information by the acquisition method of accounting.

Guardian Cradle Maintenance Limited undertakes testing, maintenance and repairs of access equipment and gave the Group greater presence in London.

The turnover of Guardian Cradle Maintenance Limited (for the period from the date of acquisition to 31 December 2011) included in the special purpose consolidated historical financial information was £241,721.

The profit after taxation of Guardian Cradle Maintenance Limited (for the period from the date of acquisition to 31 December 2011) included in the special purpose consolidated historical financial information was £19,478.

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

	<i>Book value</i>	<i>Fair value</i>	<i>Fair value</i>
	£	adjustment	at date of
		£	acquisition
			£
<b>Fixed assets</b>			
Tangible assets	41,648	(31,599)	10,049
<b>Current assets</b>			
Stocks	1,688	–	1,688
Debtors	180,136	–	180,136
Cash	737	–	737
<b>Total assets</b>	224,209	(31,599)	192,610
<b>Liabilities</b>			
Trade creditors	1,688	–	1,688
Other creditors	180,136	–	180,136
<b>Total liabilities</b>	406,676	–	406,676
<b>Net liabilities</b>	(182,467)	(31,599)	(214,066)
<b>Cash consideration</b>			127,984
<b>Goodwill</b>			342,050
<b>Cash paid to obtain control net of cash acquired</b>			127,247

On 8 October 2012 100 per cent. of the ordinary share capital of Protectis Limited was purchased for a total cash consideration of £483,674. This acquisition has been accounted for in the special purpose consolidated historical financial information by the acquisition method of accounting.

Protectis undertakes the testing, maintenance, repair and installation of lightning protection systems and expanded the Group's geographical presence in the Midlands.

The turnover of Protectis Limited (for the period from the date of acquisition to 31 December 2012) included in the special purpose consolidated historical financial information was £303,432.

The profit after taxation of Protectis Limited (for the period from the date of acquisition to 31 December 2012) included in the special purpose consolidated historical financial information was £60,341.

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

	<i>Book value</i> £	<i>Fair value adjustment</i> £	<i>Fair value at date of acquisition</i> £
<b>Fixed assets</b>			
Tangible assets	12,885	(10,883)	2,002
<b>Current assets</b>			
Stocks	1,880	–	1,880
Debtors	315,736	–	315,736
Cash	339,668	–	339,668
<b>Total assets</b>	670,169	(10,883)	659,286
<b>Liabilities</b>			
Trade creditors	142,893	–	142,893
Other creditors	285,779	–	285,779
<b>Total liabilities</b>	428,672	–	428,672
<b>Net assets</b>	241,497	(10,883)	230,614
<b>Cash consideration</b>			483,674
<b>Goodwill</b>			253,060
<b>Cash paid to obtain control net of cash acquired</b>			144,006

On 30 November 2012 100 per cent. of the ordinary share capital of C.J.S. (Eastern) Limited was purchased for a total cash consideration of £307,622. This acquisition has been accounted for in the special purpose consolidated historical financial information by the acquisition method of accounting.

C.J.S. (Eastern) undertakes the testing, maintenance, repair and installation of lightning protection systems and expanded the Group's geographical presence in East Anglia.

The turnover of C.J.S. (Eastern) Limited (for the period from the date of acquisition to 31 December 2012) included in the special purpose consolidated historical financial information was £43,920.

The profit after taxation of C.J.S. (Eastern) Limited (for the period from the date of acquisition to 31 December 2012) included in the special purpose consolidated historical financial information was £47,953.

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

	<i>Book value</i>	<i>Fair value</i>	<i>Fair value</i>
	£	adjustment	at date of
		£	acquisition
			£
<b>Fixed assets</b>			
Tangible assets	40,549	(35,423)	5,126
<b>Current assets</b>			
Stocks	1,065	–	1,065
Debtors	83,572	–	83,572
Cash	94,849	–	94,849
<b>Total assets</b>	220,035	(35,423)	184,612
<b>Liabilities</b>			
Trade creditors	25,381	–	25,381
Other creditors	173,861	–	173,861
<b>Total liabilities</b>	199,242	–	199,242
<b>Net assets/(liabilities)</b>	20,793	(35,423)	(14,630)
<b>Cash consideration</b>			307,622
<b>Goodwill</b>			322,252
<b>Cash paid to obtain control net of cash acquired</b>			212,773

On 4 April 2013 100 per cent. of the ordinary share capital of Cardinal Specialist Services Limited was purchased for a total cash consideration of £110,596. This acquisition has been accounted for in the special purpose consolidated historical financial information by the acquisition method of accounting.

Cardinal undertakes the testing, maintenance, repair and installation of lightning protection systems and increased the Group's geographical presence in the Midlands.

The turnover of Cardinal Specialist Services Limited (for the period from the date of acquisition to 31 December 2013) included in the special purpose consolidated historical financial information was £37,723.

The loss after taxation of Cardinal Specialist Services Limited (for the period from the date of acquisition to 31 December 2013) included in the special purpose consolidated historical financial information was £9,675.

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

	<i>Book value</i>	<i>Fair value</i>	<i>Fair value</i>
	£	adjustment	at date of
		£	acquisition
			£
<b>Fixed assets</b>			
Tangible assets	739	(739)	–
<b>Current assets</b>			
Stocks	6,350	–	6,350
Debtors	37,565	–	37,565
Cash	111,147	–	111,147
<b>Total assets</b>	155,801	(739)	155,062
<b>Liabilities</b>			
Trade creditors	16,842	–	16,842
Other creditors	39,679	–	39,679
<b>Total liabilities</b>	56,521	–	56,521
<b>Net assets</b>	99,280	(739)	98,541
<b>Cash consideration</b>			110,596
<b>Goodwill</b>			12,055
<b>Cash paid to obtain control net of cash acquired</b>			(551)

On 10 June 2013 the trade and assets of Kobi Limited were purchased for a total cash consideration of £26,380. This acquisition has been accounted for in the special purpose consolidated historical financial information by the acquisition method of accounting.

Kobi undertakes testing, maintenance and repairs of access equipment and gave the Group greater capacity and strengthened its established maintenance division.

The turnover of Kobi (for the period from the date of acquisition to 31 December 2013) included in the special purpose consolidated historical financial information was £117,338. It is not possible to determine the profit of Kobi for the period from the date of acquisition to 31 December 2013 as the trade and assets of Kobi were subsumed into existing operations of the Group from the date of acquisition.

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

	<i>Book value</i>	<i>Fair value</i>	<i>Fair value</i>
	£	adjustment	at date of
		£	acquisition
			£
<b>Current assets</b>			
Debtors	41,000	–	41,000
Cash	50	–	50
<b>Total assets</b>	41,050	–	41,050
<b>Liabilities</b>			
Overdraft	47,222	–	47,222
Trade creditors	11,493	–	11,493
Other creditors	55,832	–	55,832
<b>Total liabilities</b>	114,547	–	114,547
<b>Net liabilities</b>	(73,497)	–	(73,497)
<b>Cash consideration</b>			26,380
<b>Goodwill</b>			99,877
<b>Cash paid to obtain control net of cash acquired</b>			73,552

On 29 November 2013, 100 per cent. of the ordinary share capital of Test Strike UK Limited was purchased for a total cash consideration of £604,399. This acquisition has been accounted for in the special purpose consolidated historical financial information by the acquisition method of accounting.

Test Strike UK Limited undertakes the testing, maintenance and repair of lightning protection systems. This further enhances the Group's test, inspection and repairs business and will continue to add further capacity. It also strengthens the Group's established and growing position in the lightning protection market sector.

This acquisition is a continuation of the Group's successful strategy of achieving market leadership within the sectors in which it operates, and consolidates the Group's position as one of the most influential companies within lightning protection in the UK and increased the Group's geographical presence in the Midlands.

The turnover of Test Strike UK Limited (for the period from the date of acquisition to 31 December 2013) included in the special purpose consolidated historical financial information was £82,363.

The profit after taxation of Test Strike UK Limited (for the period from the date of acquisition to 31 December 2013) included in the special purpose consolidated historical financial information was £8,931.

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

	<i>Book value</i> £	<i>Fair value adjustment</i> £	<i>Fair value at date of acquisition</i> £
<b>Fixed assets</b>			
Tangible assets	49,501	–	49,501
<b>Current assets</b>			
Stocks	5,000	–	5,000
Debtors	172,288	–	172,288
Cash	142,489	–	142,489
<b>Total assets</b>	<u>369,278</u>	–	<u>369,278</u>
<b>Liabilities</b>			
Trade creditors	22,739	–	22,739
Other creditors	309,834	–	309,834
<b>Total liabilities</b>	<u>332,573</u>	–	<u>332,573</u>
<b>Net assets</b>	<u>36,705</u>	–	<u>36,705</u>
<b>Cash consideration</b>			<u>604,399</u>
<b>Goodwill</b>			<u>572,694</u>
<b>Cash paid to obtain control net of cash received</b>			<u>461,910</u>

On 6 December 2013, 100 per cent. of the ordinary share capital of Ohmega Testing Services Limited was purchased for a total cash consideration of £467,850. This acquisition has been accounted for in the special purpose consolidated historical financial information by the acquisition method of accounting. An element of the consideration is contingent and is impacted by the future operations of the Group.

Ohmega Testing Services Ltd is a leading PAT testing and fixed wire testing company based in Hemel Hempstead.

This acquisition enables the Group to extend its customer service offering within the Electrical Services Division and provides the Group's existing and new client base with the ability to further utilise the Group as their niche specialist service provider.

The turnover of Ohmega Testing Services Limited (for the period from the date of acquisition to 31 December 2013) included in the special purpose consolidated historical financial information was £40,888.

The profit after taxation of Ohmega Testing Services Limited (for the period from the date of acquisition to 31 December 2013) included in the special purpose consolidated historical financial information was £9,075.

The fair value of the net assets at the date of acquisition were £1. There were no adjustments made to the book values of the assets and liabilities acquired. Goodwill arising on acquisition totalled £467,849.

## 28. RELATED PARTY TRANSACTIONS

Key management compensation is given in note 5.

Other related party transactions with the Company are as follows:

Dividends of £660,000 (2011: £790,000; 2012: £660,000) were paid to Hallco 1766 Limited, £71,667 (2011: £Nil; 2012: £60,000) to Mr J R Foley and £23,250 (2011: £Nil; 2012: £29,000) to Mr S R Shipley on the ordinary shares in the year ended 31 December 2013. PW Teasdale is a director of Hallco 1766 Limited.

Rent of £75,000 (2012: £17,500; 2011 £17,500) was paid in the year to Ensco 835 Limited. PW Teasdale and JR Foley are directors of Ensco 835 Limited.

On 25 September 2013 the Company acquired 90,000 ordinary shares and 1 D share from SR Shipley for a total consideration of £4,000,001. These shares were subsequently cancelled.

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

## **29. POST BALANCE SHEET EVENTS**

On 1 July 2014, the Company purchased the trade and assets of Acescott Management Services Limited, one of the leading high level cleaning, roof access and working at height companies based in Norbury, London. This acquisition enables the Group to extend its customer service offering within the High Level Cleaning Division and provides the Group's clients with the opportunity to further utilise the Group as its Niche Specialist Service Provider. The Company has not been able to complete the accounting for the business combination as the completion accounts have not yet been agreed with the vendor.

In connection with the Admission, the share capital of the Company was restructured as set out in Note 22.

## **30. EXPLANATION OF TRANSITION TO IFRS**

As stated in Note 2 this is the first special purpose consolidated historical financial information prepared in accordance with IFRS. The date of the Group transition to IFRS is 1 January 2011 (the "Transition Date").

The accounting policies described in Note 2 were applied when preparing the special purpose consolidated historical financial information for the years ended 31 December 2011, 2012 and 2013 and the Consolidated Statement of Financial Position as at the Transition Date.

In preparing its opening IFRS Consolidated Statement of Financial Position and adjusting amounts reported previously in the financial statements prepared in accordance with UK GAAP (Generally Accepted Accounting Practice in the UK, previous GAAP), the Group has applied IFRS 1 First-Time Adoption of International Financial Reporting Standards, which contains a number of voluntary exemptions and mandatory exceptions from the requirement to apply IFRS retrospectively.

### **Exceptions and Exemptions used during transition to IFRS**

The Group has applied the following mandatory exception required by IFRS 1 in the conversion from UK GAAP to IFRS:

#### **Estimates**

Hindsight is not used to create or revise estimates. The estimates previously made by the Company under UK GAAP were not revised for application of IFRS except where necessary to reflect any difference in accounting policies.

### **Adjustments Made in Connection with Transition to IFRS**

(a) The following material adjustments were made to the UK GAAP financial statements in connection with the transition to IFRS:

- Removal of the amortisation of Goodwill
- Removal of deferred consideration from the acquisition accounting where there is a link to continuing employment of the vendor
- Reclassification of the deferred tax assets and overdraft balance.

(b) Other adjustments

Other adjustments include all other individually insignificant adjustments required to make the special purpose consolidated historical financial information compliant with IFRS and adjustments to deferred taxes necessary as a consequence of previous adjustments.

Reconciliations to IFRS of data provided under previous GAAP are provided in the tables below.

### Impact on the cash flow statements

The Group has made a number of reclassifications to the numbers reported under UK GAAP in order to present its cash flows in accordance with IFRS. These reclassification adjustments have no significant impact on the results presented for each type of the Group's activities.

Below the reconciliations of Statement of financial position as of 1 January 2011, 31 December 2011, 31 December 2012 and 31 December 2013, and comprehensive income for the year ended 31 December 2013 are provided.

### Reconciliation of shareholders' equity as of 1 January 2011

	Adjustments					Under IFRS £
	Under previous UK GAAP £	Removal of amortisation of goodwill £	Offsetting cash £	Reclassi- fication of deferred tax asset £	Total impact of change to IFRS £	
<b>Assets</b>						
<b>Non-current assets</b>						
Goodwill	1,387,896	81,524	–	–	81,524	1,469,420
Intangible assets	29,131	–	–	–	–	29,131
Property, plant and equipment	550,630	–	–	–	–	550,630
Deferred tax asset	–	–	–	18,368	18,368	18,368
<b>Total non-current assets</b>	<b>1,967,657</b>	<b>81,524</b>	<b>–</b>	<b>18,368</b>	<b>99,892</b>	<b>2,067,549</b>
<b>Current assets</b>						
Inventories	121,521	–	–	–	–	121,521
Trade and other receivables	2,844,380	–	–	(18,368)	(18,368)	2,826,012
Cash and cash equivalents	9,288	–	–	–	–	9,288
<b>Total current assets</b>	<b>2,975,189</b>	<b>–</b>	<b>–</b>	<b>(18,368)</b>	<b>(18,368)</b>	<b>2,956,821</b>
<b>Liabilities</b>						
<b>Current liabilities</b>						
Trade and other payables	898,060	–	–	–	–	898,060
Finance leases	170,317	–	–	–	–	170,317
Borrowings	306,211	–	–	–	–	306,211
Deferred consideration	250,000	–	–	–	–	250,000
Current tax liabilities	288,879	–	–	–	–	288,879
<b>Total current liabilities</b>	<b>1,913,467</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>1,913,467</b>
<b>Net current assets</b>	<b>1,061,722</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>1,043,354</b>
<b>Non-current liabilities</b>						
Borrowings	–	–	–	–	–	–
Finance leases	168,301	–	–	–	–	168,301
Deferred consideration	–	–	–	–	–	–
<b>Total non-current liabilities</b>	<b>168,301</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>168,301</b>
<b>Net assets</b>	<b>2,861,078</b>	<b>81,524</b>	<b>–</b>	<b>–</b>	<b>81,524</b>	<b>2,942,602</b>
<b>Equity attributable to the owners of the parent</b>						
Share capital	900,010	–	–	–	–	900,010
Capital redemption reserve	–	–	–	–	–	–
Retained earnings	1,960,889	81,524	–	–	81,524	2,042,413
	<b>2,860,899</b>	<b>81,524</b>	<b>–</b>	<b>–</b>	<b>81,524</b>	<b>2,942,423</b>
<b>Non-controlling interests</b>	<b>179</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>179</b>
<b>Total equity</b>	<b>2,861,078</b>	<b>81,524</b>	<b>–</b>	<b>–</b>	<b>81,524</b>	<b>2,942,602</b>

## Reconciliation of shareholders' equity as of 31 December 2011

	Adjustments					Under IFRS £
	Under previous UK GAAP £	Removal of amortisation of goodwill £	Offsetting cash £	Reclassi- fication of deferred tax asset £	Total impact of change to IFRS £	
<b>Assets</b>						
<b>Non-current assets</b>						
Goodwill	1,638,997	172,473	–	–	172,473	1,811,470
Intangible assets	29,167	–	–	–	–	29,167
Property, plant and equipment	612,816	–	–	–	–	612,816
Deferred tax asset	–	–	–	59,366	59,366	59,366
<b>Total non-current assets</b>	<b>2,280,980</b>	<b>172,473</b>	<b>–</b>	<b>59,366</b>	<b>231,839</b>	<b>2,512,819</b>
<b>Current assets</b>						
Inventories	76,658	–	–	–	–	76,658
Trade and other receivables	2,436,297	–	–	(59,366)	(59,366)	2,376,931
Cash and cash equivalents	232,883	–	(181,825)	–	(181,825)	51,058
<b>Total current assets</b>	<b>2,745,838</b>	<b>–</b>	<b>(181,825)</b>	<b>(59,366)</b>	<b>(241,191)</b>	<b>2,504,647</b>
<b>Liabilities</b>						
<b>Current liabilities</b>						
Trade and other payables	1,944,841	–	(181,825)	–	(181,825)	1,763,016
Finance leases	190,428	–	–	–	–	190,428
Borrowings	–	–	–	–	–	–
Deferred consideration	75,000	–	–	–	–	75,000
Current tax liabilities	178,921	–	–	–	–	178,921
<b>Total current liabilities</b>	<b>2,389,190</b>	<b>–</b>	<b>(181,825)</b>	<b>–</b>	<b>(181,825)</b>	<b>2,207,365</b>
<b>Net current assets</b>	<b>356,648</b>	<b>–</b>	<b>–</b>	<b>(59,366)</b>	<b>(59,366)</b>	<b>297,282</b>
<b>Non-current liabilities</b>						
Borrowings	–	–	–	–	–	–
Finance leases	143,924	–	–	–	–	143,924
Deferred consideration	–	–	–	–	–	–
<b>Total non-current liabilities</b>	<b>143,924</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>143,924</b>
<b>Net assets</b>	<b>2,493,704</b>	<b>172,473</b>	<b>–</b>	<b>–</b>	<b>172,473</b>	<b>2,666,177</b>
<b>Equity attributable to the owners of the parent</b>						
Share capital	900,010	–	–	–	–	900,010
Capital redemption reserve	–	–	–	–	–	–
Retained earnings	1,593,515	172,473	–	–	172,473	1,765,988
	<b>2,493,525</b>	<b>172,473</b>	<b>–</b>	<b>–</b>	<b>172,473</b>	<b>2,665,998</b>
<b>Non-controlling interests</b>	<b>179</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>179</b>
<b>Total equity</b>	<b>2,493,704</b>	<b>172,473</b>	<b>–</b>	<b>–</b>	<b>172,473</b>	<b>2,666,177</b>

## Reconciliation of shareholders' equity as of 31 December 2012

	Adjustments						
	Under previous UK GAAP £	Deferred consideration £	Removal of amortisation of goodwill £	Offsetting cash £	Reclassi- fication of deferred tax asset £	Total impact of change to IFRS £	Under IFRS £
<b>Assets</b>							
<b>Non-current assets</b>							
Goodwill	2,828,004	(725,000)	283,778	–	–	(441,222)	2,386,782
Intangible assets	29,167	–	–	–	–	–	29,167
Property, plant and equipment	943,723	–	–	–	–	–	943,723
Deferred tax asset	–	–	–	–	48,059	48,059	48,059
<b>Total non-current assets</b>	<b>3,800,894</b>	<b>(725,000)</b>	<b>283,778</b>	<b>–</b>	<b>48,059</b>	<b>(393,163)</b>	<b>3,407,731</b>
<b>Current assets</b>							
Inventories	103,959	–	–	–	–	–	103,959
Trade and other receivables	3,644,786	–	–	–	(48,059)	(48,059)	3,596,727
Cash and cash equivalents	1,513,280	–	–	(871,557)	–	(871,557)	641,723
<b>Total current assets</b>	<b>5,262,025</b>	<b>–</b>	<b>–</b>	<b>(871,557)</b>	<b>(48,059)</b>	<b>(919,616)</b>	<b>4,342,409</b>
<b>Liabilities</b>							
<b>Current liabilities</b>							
Trade and other payables	3,235,900	–	–	(871,557)	(871,557)	–	2,364,343
Finance leases	277,457	–	–	–	–	–	277,457
Borrowings	–	–	–	–	–	–	–
Deferred consideration	150,000	(50,000)	–	–	–	(50,000)	100,000
Current tax liabilities	604,891	–	–	–	–	–	604,891
<b>Total current liabilities</b>	<b>4,268,248</b>	<b>(50,000)</b>	<b>–</b>	<b>(871,557)</b>	<b>–</b>	<b>(921,557)</b>	<b>3,346,691</b>
<b>Net current assets</b>	<b>993,777</b>	<b>50,000</b>	<b>–</b>	<b>–</b>	<b>(48,059)</b>	<b>1,941</b>	<b>995,718</b>
<b>Non-current liabilities</b>							
Borrowings	–	–	–	–	–	–	–
Finance leases	296,165	–	–	–	–	–	296,165
Deferred consideration	675,000	(675,000)	–	–	–	(675,000)	–
<b>Total non-current liabilities</b>	<b>971,165</b>	<b>(675,000)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(675,000)</b>	<b>296,165</b>
<b>Net assets</b>	<b>3,823,506</b>	<b>–</b>	<b>283,778</b>	<b>–</b>	<b>–</b>	<b>283,778</b>	<b>4,107,284</b>
<b>Equity attributable to the owners of the parent</b>							
Share capital	900,010	–	–	–	–	–	900,010
Capital redemption reserve	–	–	–	–	–	–	–
Retained earnings	2,923,317	–	283,778	–	–	283,778	3,207,095
	<b>3,823,327</b>	<b>–</b>	<b>283,778</b>	<b>–</b>	<b>–</b>	<b>283,778</b>	<b>4,107,105</b>
<b>Non-controlling interests</b>	<b>179</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>179</b>
<b>Total equity</b>	<b>3,823,506</b>	<b>–</b>	<b>283,778</b>	<b>–</b>	<b>–</b>	<b>283,778</b>	<b>4,107,284</b>

## Reconciliation of shareholders' equity as of 31 December 2013

	Adjustments					Under IFRS £
	Under previous UK GAAP £	Deferred consideration £	Removal of amortisation of goodwill £	Reclassi- fication of deferred tax asset £	Total impact of change to IFRS £	
<b>Assets</b>						
<b>Non-current assets</b>						
Goodwill	5,116,691	(2,032,500)	455,066	–	(1,577,434)	3,539,257
Intangible assets	–	–	–	–	–	–
Property, plant and equipment	1,075,740	–	–	–	–	1,075,740
Deferred tax asset	–	–	–	33,408	33,408	33,408
<b>Total non-current assets</b>	<b>6,192,431</b>	<b>(2,032,500)</b>	<b>455,066</b>	<b>33,408</b>	<b>(1,544,026)</b>	<b>4,648,405</b>
<b>Current assets</b>						
Inventories	145,476	–	–	–	–	145,476
Trade and other receivables	5,450,524	–	–	(33,408)	(33,408)	5,417,116
Cash and cash equivalents	372,917	–	–	–	–	372,917
<b>Total current assets</b>	<b>5,968,917</b>	<b>–</b>	<b>–</b>	<b>(33,408)</b>	<b>(33,408)</b>	<b>5,935,509</b>
<b>Liabilities</b>						
<b>Current liabilities</b>						
Trade and other payables	2,650,432	–	–	–	–	2,650,432
Finance leases	369,956	–	–	–	–	369,956
Borrowings	1,250,000	–	–	–	–	1,250,000
Deferred consideration	552,500	(452,500)	–	–	(452,500)	100,000
Current tax liabilities	400,467	–	–	–	–	400,467
<b>Total current liabilities</b>	<b>5,223,355</b>	<b>(452,500)</b>	<b>–</b>	<b>–</b>	<b>(452,500)</b>	<b>4,770,855</b>
<b>Net current assets</b>	<b>745,562</b>	<b>452,500</b>	<b>–</b>	<b>(33,408)</b>	<b>419,092</b>	<b>1,164,654</b>
<b>Non-current liabilities</b>						
Borrowings	3,750,000	–	–	–	–	3,750,000
Finance leases	349,241	–	–	–	–	349,241
Deferred consideration	1,819,375	(1,319,375)	–	–	(1,319,375)	500,000
<b>Total non-current liabilities</b>	<b>5,918,616</b>	<b>(1,319,375)</b>	<b>–</b>	<b>–</b>	<b>(1,319,375)</b>	<b>4,599,241</b>
<b>Net assets</b>	<b>1,019,377</b>	<b>(260,625)</b>	<b>455,066</b>	<b>–</b>	<b>194,441</b>	<b>1,213,818</b>
<b>Equity attributable to the owners of the parent</b>						
Share capital	771,437	–	–	–	–	771,437
Capital redemption reserve	128,573	–	–	–	–	128,573
Retained earnings	119,188	(260,625)	455,066	–	194,441	313,629
	<b>1,019,198</b>	<b>(260,625)</b>	<b>455,066</b>	<b>–</b>	<b>194,441</b>	<b>1,213,639</b>
<b>Non-controlling interests</b>	<b>179</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>179</b>
<b>Total equity</b>	<b>1,019,377</b>	<b>(260,625)</b>	<b>373,542</b>	<b>–</b>	<b>212,917</b>	<b>1,213,818</b>

## Reconciliation of comprehensive income for the year ended 31 December 2013

	<i>Adjustments</i>				<i>Under IFRS</i> £
	<i>Under previous UK GAAP</i> £	<i>Deferred consideration</i> £	<i>Removal of amortisation of goodwill</i> £	<i>Total impact of change to IFRS</i> £	
Revenue	13,886,853	–	–	–	13,886,853
Cost of sales	(5,485,852)	–	–	–	(5,485,852)
<b>Gross profit</b>	<b>8,401,001</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>8,401,001</b>
Net operating costs	(5,666,525)	(260,625)	171,288	(89,337)	(5,755,862)
– Adjusted operating profit	3,159,912	–	–	–	3,159,912
– Amortisation of intangible assets	(200,455)	–	171,288	171,288	(29,167)
– Exceptional items	(224,981)	–	–	–	(224,981)
– Contingent payable in relation to acquisitions	–	(260,625)	–	(260,625)	(260,625)
<b>Total operating profit</b>	<b>2,734,476</b>	<b>–</b>	<b>–</b>	<b>(89,337)</b>	<b>2,645,139</b>
Finance costs	(130,794)	–	–	–	(130,794)
<b>Profit before taxation</b>	<b>2,603,682</b>	<b>(260,625)</b>	<b>171,288</b>	<b>(89,337)</b>	<b>2,514,345</b>
Taxation	(614,322)	–	–	–	(614,322)
<b>Profit attributable to owners of the parent</b>	<b>1,989,360</b>	<b>(260,625)</b>	<b>171,288</b>	<b>(89,337)</b>	<b>1,900,023</b>
<b>Total comprehensive income for the year attributable to owners of the parent</b>	<b>1,989,360</b>	<b>(260,625)</b>	<b>171,288</b>	<b>(89,337)</b>	<b>1,900,023</b>

**C: UNAUDITED INTERIM FINANCIAL INFORMATION OF THE GROUP FOR THE SIX MONTHS ENDED 30 JUNE 2014**

**Unaudited Consolidated Income Statement and Statement of Comprehensive Income**

	Six months ended 30 June 2014		Six months ended 30 June 2013		Year ended 31 December 2013	
	Before adjusting items	Adjusting items (Note 5)	Before adjusting items	Adjusting items (Note 5)	Before adjusting items	Adjusting items (Note 5)
	£	£	£	£	£	£
<b>Revenue</b>	8,401,613	-	7,044,148	-	13,886,853	-
Cost of sales	(3,372,982)	-	(2,669,294)	-	(5,485,852)	-
<b>Gross profit</b>	5,028,631	-	4,374,854	-	8,401,001	-
Net operating costs	(2,914,756)	(353,065)	(2,504,224)	(125,000)	(5,241,089)	(514,773)
<b>Operating profit</b>	2,113,875	(353,065)	1,870,630	(125,000)	3,159,912	(514,773)
Finance costs	(163,794)	-	(25,972)	-	(130,794)	-
<b>Profit before tax</b>	1,950,081	(353,065)	1,844,658	(125,000)	3,029,118	(514,773)
Taxation	(384,963)	-	(414,396)	-	(665,241)	50,919
<b>Total comprehensive income for the period attributable to owners of the parent</b>	1,565,118	(353,065)	1,430,262	(125,000)	2,363,877	(463,854)
<b>Basic and diluted earnings per share (Pence)</b>						
	157.12		145.03		217.78	

## Unaudited Consolidated Cash Flow Statement

For the six months ended 30 June 2013 and 2014 and the year ended 31 December 2013

	30 June 2014 £	30 June 2013 £	31 December 2013 £
<b>Cash flows from operating activities:</b>			
Profit after taxation	1,212,053	1,305,262	1,900,023
Finance income	–	–	–
Finance costs	163,794	25,972	130,794
Amortisation of intangibles assets	–	25,000	29,167
Depreciation charge	334,358	287,099	596,972
Profit on disposal of property, plant and equipment	(69,000)	–	(136,625)
Income tax charge	384,963	414,396	614,322
Payment of deferred consideration	–	–	60,625
<b>Operating cash inflow before changes in working capital</b>	<u>2,026,168</u>	<u>2,057,729</u>	<u>3,195,278</u>
Decrease/(increase) in inventories	(82,997)	(41,893)	(30,167)
(Increase)/decrease in trade and other receivables	(1,043,527)	(919,568)	(1,569,487)
(Decrease)/Increase in trade and other payables	<u>(218,605)</u>	<u>119,858</u>	<u>242,016</u>
<b>Cash generated from operations</b>	681,039	1,216,126	1,837,640
Interest paid	(163,794)	(25,972)	(130,794)
Tax paid	<u>(143,823)</u>	<u>1,079</u>	<u>(872,178)</u>
<b>Net cash inflow from operating activities</b>	373,422	1,191,233	834,668
<b>Cash flows from investing activities:</b>			
Purchases of property, plant and equipment	(464,831)	(150,375)	(348,995)
Net proceeds from sale of property, plant and equipment	69,000	–	264,616
Payment of deferred consideration	–	–	(60,625)
Acquisition of businesses	<u>–</u>	<u>(73,552)</u>	<u>(788,776)</u>
<b>Net cash used in investing activities</b>	(395,831)	(223,927)	(933,780)
<b>Cash flows from financing activities:</b>			
Proceeds from borrowings	–	–	5,000,000
Repayments of borrowings	(750,000)	–	–
Capital element of finance lease payments	108,881	(160,281)	(376,204)
Purchase of own shares	–	–	(4,038,573)
Dividends paid	<u>(395,000)</u>	<u>(375,500)</u>	<u>(754,917)</u>
<b>Net cash outflow from financing activities</b>	(1,036,119)	(535,781)	(169,694)
<b>Net (decrease)/increase in cash and cash equivalents</b>	(1,058,528)	431,525	(268,806)
Cash and cash equivalents at beginning of period	<u>372,917</u>	<u>641,723</u>	<u>641,723</u>
<b>Cash and cash equivalents at end of period</b>	<u><u>(685,611)</u></u>	<u><u>1,073,248</u></u>	<u><u>372,917</u></u>

## Unaudited Consolidated Statement of Changes in Equity

	<i>Attributable to owners of parent</i>				<i>Non-controlling interest</i>	<i>Total</i>
	<i>Share capital</i>	<i>Capital redemption</i>	<i>Retained earnings</i>	<i>Total</i>		
	£	£	£	£	£	£
<b>As at 1 January 2013</b>	900,010	–	3,207,095	4,107,105	179	4,107,284
Profit for the year	–	–	1,900,023	1,900,023	–	1,900,023
<b>Total comprehensive income</b>	–	–	1,900,023	1,900,023	–	1,900,023
Transactions with owners:						
Share buy back	(128,573)	128,573	(4,038,572)	(4,038,572)	–	(4,038,572)
Ordinary dividends paid	–	–	(754,917)	(754,917)	–	(754,917)
<b>As at 31 December 2013</b>	<u>771,437</u>	<u>128,573</u>	<u>313,629</u>	<u>1,213,639</u>	<u>179</u>	<u>1,213,818</u>
As at 1 January 2014	771,437	128,573	313,629	1,213,639	179	1,213,818
Profit for the 6 months ended 30 June 2014	–	–	1,212,053	1,212,053	–	1,212,053
<b>Total comprehensive income</b>	–	–	1,212,053	1,212,053	–	1,212,053
Transactions with owners:						
Ordinary dividends paid	–	–	(395,000)	(395,000)	–	(395,000)
<b>As at 30 June 2014</b>	<u>771,437</u>	<u>128,573</u>	<u>1,130,682</u>	<u>2,030,692</u>	<u>179</u>	<u>2,030,871</u>
<b>As at 1 January 2013</b>	900,010	–	3,207,095	4,107,105	179	4,107,284
Profit for the 6 months ended 30 June 2013	–	–	1,305,262	1,305,262	–	1,305,262
<b>Total comprehensive income</b>	–	–	1,305,262	1,305,262	–	1,305,262
Transactions with owners:						
Ordinary dividends paid	–	–	(375,500)	(375,500)	–	(375,500)
<b>As at 30 June 2013</b>	<u>900,010</u>	<u>–</u>	<u>4,136,857</u>	<u>5,036,867</u>	<u>179</u>	<u>5,037,046</u>

**Unaudited Consolidated Balance Sheet**  
**As at 30 June 2013 and 2014 and 31 December 2013**

	30 June 2014 £	30 June 2013 £	31 December 2013 £
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	3,539,257	2,661,188	3,539,257
Intangible assets	–	4,167	–
Property, plant and equipment	1,206,213	1,097,999	1,075,740
Deferred tax assets	33,408	48,059	33,408
	<u>4,778,878</u>	<u>3,811,413</u>	<u>4,648,405</u>
<b>Current assets</b>			
Inventories	228,473	145,852	145,476
Trade and other receivables	6,460,644	4,607,295	5,417,116
Cash and cash equivalents	–	1,073,248	372,917
	<u>6,689,117</u>	<u>5,826,395</u>	<u>5,935,509</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Finance leases	399,525	342,027	349,241
Deferred consideration	675,000	100,000	500,000
Borrowings	3,250,000	–	3,750,000
	<u>4,324,525</u>	<u>442,027</u>	<u>4,599,241</u>
<b>Current liabilities</b>			
Trade and other payables	2,256,826	2,678,213	2,650,432
Finance leases	428,554	362,314	369,956
Deferred consideration	100,000	100,000	100,000
Bank loan and overdraft	1,685,611	–	1,250,000
Current tax liabilities	641,608	1,018,208	400,467
	<u>5,112,599</u>	<u>4,158,735</u>	<u>4,770,855</u>
<b>Net assets</b>	<u><u>2,030,871</u></u>	<u><u>5,037,046</u></u>	<u><u>1,213,818</u></u>
<b>Equity attributable to the owners of the parent</b>			
Share capital	771,437	900,010	771,437
Capital redemption reserve	128,573	–	128,573
Retained earnings	1,130,682	4,136,857	313,629
	<u>2,030,692</u>	<u>5,036,867</u>	<u>1,213,639</u>
<b>Non-controlling interests</b>	179	179	179
<b>Total equity</b>	<u><u>2,030,871</u></u>	<u><u>5,037,046</u></u>	<u><u>1,213,818</u></u>

## **NOTES TO THE UNAUDITED FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2014**

### **1. General information**

Premier Technical Services Group plc (the “Company”) is a company incorporated in England and Wales 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.

### **2. Basis of preparation**

The interim financial information for the six month period ended 30 June 2014 has not been audited and does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006. The interim financial information for the period ended 30 June 2013 is also unaudited. The comparative figures for the year ended 31 December 2013 are the same as those included in the special purpose consolidated historical financial information for the three years ended 31 December 2013 set out in section B of Part III of this document.

This unaudited consolidated interim financial information (“interim financial information”) has been prepared on a going concern basis under the historical cost convention and is in accordance with AIM Rule 18 in relation to half year reports. This interim financial information has been prepared for the purposes of the admission of the Group to AIM.

The Group’s deemed transition date to IFRS is 1 January 2011. The principles and requirements for first time adoption of IFRS are set out in IFRS 1. IFRS 1 provides the option to apply IFRS 3, Business Combinations, retrospectively or prospectively from the transition date. The retrospective basis would require restatement of all business combinations that occurred prior to the transition date. The Company elected not to retrospectively apply IFRS 3 to the business combinations that occurred prior to its transition date and such business combinations have not been restated. Any goodwill arising on such business combinations before the transition date has not been adjusted from the carrying value previously determined under UK GAAP as a result of applying these exemptions.

### **3. 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. For these reasons they continue to adopt the going concern basis in preparing the interim financial information.

### **4. Significant accounting policies**

In preparing the unaudited Interim Financial Information, the significant accounting policies, critical accounting estimates and judgements, and financial risk management disclosures, are the same as those applied to special purpose consolidated historical financial information for the three years ended 31 December 2013 set out in section B of Part III of this document.

## 5. Segmental analysis

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

The Board considers the business to be split into two main types of business generating revenue; Access and Safety and Electrical Services.

### 6 months to 30 June 2014

	<i>Access and Safety</i> £	<i>Electrical Services</i> £	<i>Group</i> £	<i>Total</i> £
Revenue	5,281,571	3,120,042	–	8,401,613
Total revenue from external customers	5,281,571	3,120,042	–	8,401,613
Operating profit before adjusting items	1,201,918	911,957	–	2,113,875
Exceptional items	–	–	(91,190)	(91,190)
Contingent payable in relation to acquisitions	–	(261,875)	–	(261,875)
Operating profit	1,201,918	650,082	(91,190)	1,760,810
Finance expense	–	–	(163,794)	(163,794)
Profit before tax	1,201,918	650,082	(254,984)	1,597,016
Income tax expense				(384,963)
Profit for the period from continuing operations				<u>1,212,053</u>

### 6 months to 30 June 2013

	<i>Access and Safety</i> £	<i>Electrical Services</i> £	<i>Group</i> £	<i>Total</i> £
Revenue	4,916,955	2,127,193	–	7,044,148
Total revenue from external customers	4,916,955	2,127,193	–	7,044,148
Operating profit before adjusting items	1,231,110	639,520	–	1,870,630
Contingent payable in relation to acquisitions	–	(125,000)	–	(125,000)
Operating profit	1,231,110	514,520	–	1,745,630
Finance expense	–	–	(25,972)	(25,972)
Profit before tax	1,231,110	514,520	(25,972)	1,719,658
Income tax expense				(414,396)
Profit for the period from continuing operations				<u>1,305,262</u>

**Year ended 31 December 2013**

	<i>Access and Safety</i> £	<i>Electrical Services</i> £	<i>Group</i> £	<i>Total</i> £
Revenue	9,728,660	4,158,193	–	13,886,853
Total revenue from external customers	9,728,660	4,158,193	–	13,886,853
Operating profit before adjusting items	1,953,646	1,206,266	–	3,159,912
Restructuring and rebranding costs	(212,693)	(12,288)	–	(224,981)
Amortisation of intangible assets	(29,167)	–	–	(29,167)
Contingent payable in relation to acquisitions	–	(260,625)	–	(260,625)
Operating profit	1,711,786	933,353	–	2,645,139
Finance expense	–	–	(130,794)	(130,794)
Profit before tax	1,711,786	933,353	(130,794)	2,514,345
Income tax expense	–	–	–	(614,322)
Profit for the year from continuing operations	–	–	–	<u>1,900,023</u>

**6. Earnings per share**

The calculation of basic earnings per share for the half year to 30 June 2014 was based on the profit attributable to ordinary shareholders of £1,212,053 (six months ended June 2013: £1,305,262; year ended 31 December 2013: £1,900,023) and a weighted average number of ordinary shares in issue of 771,437 (six months ended 30 June 2013: 900,010; year ended 31 December 2013: 872,437).

## **PART IV**

### **UNAUDITED PRO FORMA STATEMENT OF NET ASSETS OF THE GROUP**

The following unaudited consolidated pro forma statement of net assets of the Group as at 30 June 2014 is based on the unaudited interim financial information of the Group as at 30 June 2014 as set out in Section C of Part III ("*Historical Financial Information on The Group*") of this document. The unaudited consolidated pro forma statement of net assets has been prepared in a manner consistent with the accounting policies adopted by the Group in preparing the consolidated historical financial information set out in Section B of Part III ("*Historical Financial Information on The Group*").

The unaudited consolidated pro forma statement of net assets set out below has been prepared to illustrate the effect of the Placing of New Ordinary Shares as if it had taken place as at 30 June 2014. The information, which has been produced for illustrative purposes only, by its nature addresses a hypothetical situation and, therefore, does not represent the Group's actual financial position or results. The unaudited pro forma statement of net assets is compiled on the basis set out in the notes below and in accordance with the requirements of Annex II of the Prospectus Rules.

Shareholders should read the whole of this document and not rely solely on the on the summarised financial information contained in this Part IV.

	<i>The Group as at 30 June 2014 £'000 (Note 1)</i>	<i>Unaudited adjustments to net assets following Placing of New Ordinary Shares £'000 (Note 2)</i>	<i>Pro forma net assets of the Group as at 30 June 2014 £'000</i>
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	3,539	–	3,539
Property, plant and equipment	1,206	–	1,206
Deferred tax asset	33	–	33
Total non-current assets	<u>4,778</u>	<u>–</u>	<u>4,778</u>
<b>Current assets</b>			
Inventories	228	–	228
Trade and other receivables	6,461	–	6,461
Cash and cash equivalents	–	3,150	3,150
Total current assets	<u>6,689</u>	<u>3,150</u>	<u>9,839</u>
<b>Total assets</b>	<u>11,467</u>	<u>3,150</u>	<u>14,617</u>
<b>Current liabilities</b>			
Trade and other payables	(2,257)	–	(2,257)
Finance leases	(428)	–	(428)
Borrowings and overdraft	(1,685)	685	(1,000)
Deferred consideration	(100)	–	(100)
Current tax liabilities	(642)	–	(642)
Total current liabilities	<u>(5,112)</u>	<u>685</u>	<u>(4,427)</u>
<b>Non-current liabilities</b>			
Borrowings	(3,250)	–	(3,250)
Finance leases	(400)	–	(400)
Deferred consideration	(675)	–	(675)
Total non-current liabilities	<u>(4,325)</u>	<u>–</u>	<u>(4,325)</u>
<b>Total liabilities</b>	<u>(9,437)</u>	<u>685</u>	<u>(8,752)</u>
<b>Net Assets</b>	<u>2,030</u>	<u>3,835</u>	<u>5,865</u>

#### Notes

1. The financial information on the Group has been extracted, without material adjustment, from the “Unaudited interim financial information of the Group for the six months ended 30 June 2014” set out in Section C of Part III of this document.
2. This column reflects the net proceeds of the Placing of New Ordinary Shares receivable by the Company of approximately £3.835 million, which are calculated on the basis that the Company issues 9,615,384 New Ordinary Shares at 52 pence per share, and incurs £1.17 million of estimated expenses in connection with the Placing. The net proceeds of the Placing are conditional upon Admission. The initial £0.685 million of the net proceeds of the Placing of New Ordinary Shares receivable by the Company is offset against the overdraft balance of £0.685 million as at 30 June 2014. The remaining £3.15 million is included as cash and cash equivalents.
3. The unaudited pro forma statement of net assets does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006.
4. No adjustment has been made to take account of trading results or transactions of the Group since 30 June 2014.

**PART V**  
**ADDITIONAL INFORMATION**

**1. Responsibility Statement**

- 1.1 The Directors, whose names appear on page 8 of this document, and the Company, accept individual and collective responsibility for the information contained in this document and for compliance with the AIM Rules. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 1.2 The business address of each Director and their respective functions are set out on page 8 of this document.
- 1.3 In connection with this document, no person is authorised to give any information or make any representations other than as contained in this document and, if given or made, such information or representation must not be relied upon as having been so authorised.

**2. The Company**

- 2.1 The Company was incorporated and registered in England and Wales on 21 November 2006 under the Companies Act 1985 as a private limited company with registered number 06005074 and with the name Hallco 1404 Limited. On 18 August 2008, the name of the Company was changed to Premier Technical Services Group Limited.
- 2.2 On 30 January 2015, the Company was re-registered as a public limited company under the Act and its name was changed to Premier Technical Services Group plc. Upon re-registration the Company adopted the Articles in substitution for its then existing articles of association.
- 2.3 The liability of the members of the Company is limited.
- 2.4 The Company's principal activity is that of a holding company of the Group with the principal activity of the Group being to provide façade access and fall arrest equipment services, electrical testing and high-level cleaning in the United Kingdom.
- 2.5 The principal legislation under which the Company operates is the Act and the regulations made thereunder.
- 2.6 The Company's registered office is at 13-14 Flemming Court, Whistler Drive, Castleford, West Yorkshire WF10 5HW. The telephone number of the Company is +44(0) 1977 668 771.
- 2.7 The accounting reference date of the Company is 31 December.
- 2.8 The Company's website is [www.ptsg.co.uk](http://www.ptsg.co.uk).

**3. Subsidiaries**

- 3.1 The Company is the holding company of the Group. At the date of this document the Company has the following Subsidiaries:

<i>Name of Subsidiary</i>	<i>Company Number</i>	<i>Date and place of incorporation</i>	<i>Principal activity</i>
PTSG Access and Safety Limited	03233894	5 August 1996, England and Wales	Trading

<i>Name of Subsidiary</i>	<i>Company Number</i>	<i>Date and place of incorporation</i>	<i>Principal activity</i>
PTSG Electrical Services Limited	02811979	23 April 1993, England and Wales	Repair of other equipment
Guardian Cradle Maintenance Ltd	04948690	30 October 2003, England and Wales	Non-trading company
Protectis Limited	03204173	28 May 1996, England and Wales	Non-trading company
C.J.S. (Eastern) Limited	03374593	21 May 1997, England and Wales	Other business support services
Cardinal Specialist Services Limited	02792592	22 February 1993, England and Wales	Non-trading company
Test Strike UK Limited	06861151	27 March 2009, England and Wales	Other business support services
Access Equipment Specialists Limited	06473821	15 January 2008, England and Wales	Non-trading company
A.E.S. Installations Limited	06330511	1 August 2007, England and Wales	Non-trading company
Cradle Runways Maintenance Limited	06603375	27 May 2008, England and Wales	Non-trading company
Cradle Runways Installations Limited	06603460	27 May 2008, England and Wales	Non-trading company
Centuryan Safety Systems Limited	06603449	27 May 2008, England and Wales	Non-trading company
Centuryan Safety Services Limited	06603396	27 May 2008, England and Wales	Non-trading company
National Cradle Maintenance Limited	08493354	17 April 2013, England and Wales	Non-trading company
Thor Lightning Protection Limited	08493328	17 April 2013, England and Wales	Non-trading company
PTSG High Level Cleaning Limited	08493424	17 April 2013, England and Wales	Non-trading company
PTSG Specialist M and E Limited	08493281	17 April 2013, England and Wales	Non-trading company
PTSG Management Services Limited	08493298	17 April 2013, England and Wales	Non-trading company
Kobi Limited	08558606	6 June 2013, England and Wales	Non-trading company
PTSG Limited	08737754	17 October 2013, England and Wales	Non-trading company
PTSG Electrical Testing Services Limited	08798837	2 December 2013, England and Wales	Holding company
Ohmega Testing Services Ltd	08089054	30 May 2012, England and Wales	Other business support services
Acescott Specialist Services Ltd	08950738	20 March 2014, England and Wales	Non-trading company

<i>Name of Subsidiary</i>	<i>Company Number</i>	<i>Date and place of incorporation</i>	<i>Principal activity</i>
Fall Arrest Services Ltd	08501362	23 April 2013, England and Wales	Other business support services
Acescott Management Services Limited	09128186	14 July 2014 England and Wales	Other business support services

3.2 All of the Subsidiaries listed at paragraph 3.1 above are wholly-owned, other than ASL and PTSG Electrical Services Limited (“ESL”). There are no other companies within the Group.

3.3 The Company owns all of the ordinary share capital of ASL and Hallco owns one A ordinary share of £1. The holder of the A ordinary share in ASL is not entitled to vote or attend or speak at any general meeting; and, on a return of capital has the right to a share equal to the subscription price for such share in any surplus assets once the holders of the ordinary shares have received £10 million per ordinary share. ASL may, on the recommendation of the directors, pay a dividend to the holders of such class of share as the directors determine. The A ordinary share may be purchased by ASL at its election for a price equal to the subscription price for such share. From Admission it is intended that, subject to ASL having sufficient distributable profits, it will pay a dividend of up to £400,000 in each year on the A ordinary share. Under the terms of the Relationship Agreement the Company has agreed to use all reasonable efforts to procure that such dividend shall not exceed £400,000 in any year without the consent of the Company’s remuneration committee.

3.4 The share capital of ESL is divided into 2,864 A ordinary shares of £0.25 each (held by the Company) and 716 B ordinary shares of £0.25 each (held as to 179 B ordinary shares by each of Samantha Barnett, Anthony Colley, Paul Colley and Craig Finney). The salient provisions of the articles of association of ESL are as follows:

- *dividends*: the B ordinary shares do not entitle the holders thereof to receive any dividends or other distributions;
- *return of capital*: on a return of capital, whether on liquidation, capital reduction or otherwise (but excluding a purchase of own shares by ESL or redemption of shares in accordance with the provisions of ESL’s articles of association), any surplus assets remaining after the payment of its liabilities shall be applied such that the holders of B ordinary shares shall be entitled to return of the subscription price of the B ordinary shares provided that the subscription price together with all arrears of dividends (if any) in respect of the ordinary shares in ESL has been repaid to the holders of such ordinary shares;
- *redemption*: ESL shall redeem the B ordinary shares immediately prior to, and conditionally upon, the occurrence of a realisation (“Realisation”), which means either:
  - the transfer of any interest in any shares in ESL to a third party purchaser which results in a change of control (being the right to exercise more than 50 per cent. of the total voting rights normally exercisable at any general meeting of ESL);
  - a disposal of the whole or substantially the whole of the business and assets of ESL to a third party purchaser; or
  - a change of control of the Company (i.e. the acquisition by a third party of shares in the capital of the Company that entitles such third party to exercise more than 50 per cent. of the total voting rights normally exercisable at any general meeting of the Company).

ESL shall pay on the B ordinary shares redeemed an amount equal to the subscription price of such shares plus the relevant redemption premium calculated as follows:

$$\frac{((A \times 5) \times 20 \text{ per cent.}) \times B}{C}$$

Where:

A = the net profit (if any) of ESL after making any provision or reserve for or in respect of any taxation levied upon or assessed by reference to profits earned or gains realised during that accounting period, as shown in the last available audited accounts of ESL approved by the directors of ESL as at the Redemption Date);

B =  $\frac{\text{number of B ordinary shares immediately prior to the Redemption Date}}{\text{number of B ordinary shares immediately following the Adoption Date}}$ ;

C = number of B ordinary shares immediately prior to the Redemption Date.

Where:

“Adoption Date” means 10 December 2010.

“Redemption Date” means the date upon which the B ordinary shares are redeemed.

By way of illustration, the profit on ordinary activities before taxation of ESL for the financial year ended 31 December 2013 was £114,729 (under UK GAAP).

- *Transfers*: no interest in any B ordinary share may be transferred without the consent of more than 50 per cent. of the holders of ordinary shares in ESL. The articles of association also contain ‘drag’ provisions in favour of the holders of ordinary shares of ESL;

B ordinary shares are to be compulsorily transferred on the occurrence of events usually associated with divided ownership. In particular, where a B ordinary shareholder, who is an employee or director of or consultant to ESL, ceases to be such employee, director or consultant in circumstances in which he is a bad leaver, or where such shareholder breaches his/her restrictive covenants, his/her B ordinary shares are to be transferred in accordance with the articles of association of ESL and the consideration payable to such shareholder for them shall only become due and payable upon a Realisation. There are provisions in ESL’s articles of association that deem such shareholder to serve a transfer notice in respect of his/her B ordinary shares in such circumstances and the value of such compulsorily transferred B ordinary shares shall be:

- where the holder of such shares is a bad leaver, the lower of their market value and their subscription price; and
- in all other circumstances, their market value.

For the purposes of calculating the consideration payable to the transferor in respect of compulsorily purchased shares, “market value”:

- where the holder of such shares is a bad leaver, is the lower of (a) the subscription price for the shares plus any redemption premium payable in respect of them (calculated as at the date of the deemed transfer notice) and (b) the subscription price for the shares plus any redemption premium payable in respect of them as calculated as stated above); and
- where the holder of such shares is not a bad leaver, is the subscription price for the shares together with the redemption premium calculated by reference to the date of the compulsory transfer notice served in respect of such shares.

#### **4. Share Capital of the Company**

4.1 The Company has no authorised share capital and, subject to the Act, the number of shares the Company may issue is unlimited.

4.2 As at 31 December 2010 the Company had an issued share capital of £900,010 comprising 900,000 ordinary shares of £1 each, 3 A ordinary shares of £1 each, 3 B ordinary shares of £1 each, 3 C ordinary shares of £1 each and 1 D ordinary share of £1, all of which were fully paid. In the period from that date to 31 December 2013 (being the period to which the historical financial information set out in Part III of this document relates) the following changes to the share capital of the Company occurred:

- 4.2.1 on 26 September 2013, the Company acquired and cancelled 90,000 ordinary shares and the one issued D ordinary share;
- 4.2.2 on 28 November 2013, the Company acquired and cancelled 38,572 ordinary shares.
- 4.3 Accordingly, on 31 December 2013, the Company's issued share capital was £771,437 divided into 771,428 ordinary shares of £1 each, 3 A ordinary shares of £1 each, 3 B ordinary shares of £1 each and 3 C ordinary shares of £1 each.
- 4.4 On 22 January 2015, the Company acquired the issued A, B and C ordinary shares in the capital of the Company at par and cancelled such shares.
- 4.5 On 28 January 2015, the Company's share capital was restructured such that each existing ordinary share of £1 in the capital of the Company was divided into 100 Ordinary Shares of one penny each.
- 4.6 The issued ordinary share capital of the Company as at the date of this document and as it is expected to be immediately following Admission is as follows:

<i>Prior to Placing and Admission</i>		<i>Immediately following Placing and Admission</i>	
<i>Number of Ordinary Shares</i>	<i>Nominal Value</i>	<i>Number of Ordinary Shares</i>	<i>Nominal Value</i>
77,142,800	771,428	86,758,184	£867,581.84

All such shares are fully paid.

- 4.7 The Ordinary Shares have attached to them full voting, dividend and capital distribution (including on winding up) rights, but do not confer any rights of redemption, and are subject to the rights and restrictions set out in the Articles, which are summarised in paragraph 5 below.
- 4.8 The Company had not used more than 10 per cent. of the issued share capital for the purchase of assets other than cash during the period of the financial information set out in Part III of this document.
- 4.9 As at the date of this document Options are outstanding over up to 10,000 E Shares. The number of Ordinary Shares subject to the outstanding Options will remain the same immediately following the Placing and Admission. Subject to Admission, Warrants over a total of 867,581 Ordinary Shares will be issued to N+1 Singer on Admission. The current holders of E Shares are Adam Coates, Sally Bedford, Mark Davison, Scott Hawtrey and Paul Evans, all employees of the Company.
- 4.10 The rights attaching to the E Shares are as follows:

*Voting:* the E Shares do not carry any entitlement to attend, speak or vote at any general meeting of the Company;

*Dividends:* holders of the E Shares have no right to participate in distributions by way of dividends declared, made or paid;

*Return of capital:* on a return of capital, whether on liquidation, capital reduction or otherwise (but excluding a purchase of own shares) any surplus assets of the Company remaining after the payment of its liabilities are to be applied first in paying £100,000 per Ordinary Share to the holder thereof, second, in paying the subscription price of each E Share to the holder thereof and third, any surplus assets available shall be paid pro rata to the holders of the Ordinary Shares.

*Sale:* if one or more agreements are entered into which result in the transfer of the entire issued share capital of the Company to a third party purchaser then the proceeds of such sale (the "Equity Returns") shall be allocated, as between the Company's shareholders, first as to a sum equal to PBT to the holders of the E Shares and second, the balance to the holders of the Ordinary Shares. For these purposes, "PBT" is, subject to a maximum that is equal to 10 per cent. of the Equity Returns, a sum equal to the profit on ordinary activities before taxation of the Company's subsidiary, PTSG Access and Safety Limited (company number 03233894) as shown in the statutory accounts for the financial period ending prior to the date of the sale.

If the holders of Ordinary Shares wish to sell the entire issued ordinary share capital of the Company to a third party purchaser on arm's length terms then, subject to the purchaser offering to acquire the entire issued share capital of the Company, they may require all the holders of E Shares to sell such E Shares and the Equity Returns shall be divided as set out above.

In the event that any person (either alone or together with other persons acting in concert (as defined in the City Code) (the "Acquirer")) acquires, after the date of adoption of the Articles, an interest or interests, in shares carrying in aggregate not less than 50 per cent. or more of the voting rights in the capital of the Company (a "Controlling Interest") and the Acquirer has made an offer for all of the shares in the capital of the Company then in issue and not held by him or anyone acting in concert with him, then the Acquirer shall have the right at any time that it holds such Controlling Interest to require all holders of E Shares to sell all their E Shares with full title guarantee to the Acquirer or as the Acquirer may direct at a price per E Share which reflects the amount per E Share that would be received if such offer was a sale of the entire issued share capital of the Company as set out above.

4.11 On 4 February 2015, resolutions on the following terms were duly passed:

4.11.1 the Company adopted the Articles in substitution for, and to the exclusion of, all existing articles of association of the Company;

4.11.2 the Directors were generally and unconditionally authorised in accordance with section 551 of the Act to allot shares:

- (a) up to an aggregate nominal amount of £96,153.84 in connection with the Placing, expiring (unless previously renewed, revoked, varied or extended) on 11 March 2015;
- (b) up to an aggregate nominal amount of £8,675.81 in connection with the issue of the Warrants, expiring on 11 March 2015; and
- (c) otherwise than pursuant to paragraphs (a) and (b) above, up to a maximum aggregate nominal amount of £289,193.95 (being approximately a third of the Enlarged Share Capital), expiring on the earlier of (a) the conclusion of the next annual general meeting of the Company and (b) the date which is 15 months from the date of the resolution;

4.11.3 the Directors were given the power to allot equity securities (as defined by section 560 of the Act) of the Company in addition to the authorities granted by paragraph 4.7.2(c) above as if section 561 of the Act did not apply to any such allotment, such power being limited to:

- (a) the allotment of 9,615,384 New Ordinary Shares in connection with the Placing;
- (b) the issue of the Warrants; and
- (c) the allotment (otherwise than pursuant to the powers referred to in paragraphs (a) and (b) above) of equity securities up to an aggregate nominal value of £86,758.18 (being approximately ten per cent. of the Enlarged Share Capital),

and expiring (unless previously renewed, revoked, varied or extended) on the earlier of (a) the conclusion of the next annual general meeting of the Company and (b) the date which is 15 months from the date of the resolution.

4.12 Save as disclosed in this document, since 1 January 2014:

4.12.1 no share or loan capital of the Company or the Group has been issued, or is now proposed to be issued, fully or partly paid, either for cash or other consideration to any person;

4.12.2 no share or loan capital in the Company or the Group has been placed under option or been made the subject of an agreement, conditional or unconditional, to be put under option;

4.12.3 no person has any preferential subscription rights for any share capital of the Company;

4.12.4 no commissions, discounts, brokerages or other special terms, have been granted by the Company in connection with the issue or sale of any share or loan capital of the Company;

4.12.5 the Company does not hold any of its own Ordinary Shares and none of the Company's subsidiaries hold any of the Ordinary Shares;

4.12.6 the Company has no securities not representing share capital, convertible debt securities, exchangeable debt securities or debt securities with warrants in issue; and

- 4.12.7 there are no acquisition rights or obligations over the unissued share capital of the Company and there is no undertaking to increase the share capital of the Company.
- 4.13 The Ordinary Shares have been created under the Act.
- 4.14 The Ordinary Shares are in registered form and may be held either in certificated form or in uncertificated form through CREST. The Articles permit the Company to issue shares in uncertificated form.
- 4.15 No shares of the Company are currently in issue with a fixed date on which entitlement to a dividend arises and there are no arrangements in force whereby future dividends are waived or agreed to be waived.
- 4.16 Save for the Options and the Warrants, the Company does not have in issue any securities not representing share capital.
- 4.17 There are no issued but not fully paid Ordinary Shares.
- 4.18 None of the Ordinary Shares have been marketed or are being made available to the public in whole or in part in conjunction with the application for Admission.
- 4.19 The Existing Ordinary Shares have not been admitted to dealing on any recognised investment exchange or other trading facility, nor has any application for such admission been made and it is not intended to make any arrangements for dealings in the Ordinary Shares on any such exchange other than the application to be made in connection with Admission.
- 4.20 The Company has the contractual capacity of a natural person and is empowered to borrow, guarantee and give security.

## **5. Articles of Association**

The Articles include provisions to the following effect:

### **5.1 Objects**

The Articles contain no restriction on the objects of the Company.

### **5.2 Capital structure**

The share capital of the Company is represented by an unlimited number of Ordinary Shares and an unlimited number of E Shares having the rights described in the Articles. Under the Articles, any share may be issued with such rights or restrictions as the Company may by ordinary resolution determine, or in the absence of such determination, or so far as any such resolution does not make specific provision, as the board may determine. The rights attaching to the E Shares are set out in paragraph 4.10 above.

### **5.3 Variation of class rights**

Whenever the capital of the Company is divided into different classes of shares, the rights attached to any class of the shares in issue may from time to time be varied or abrogated, whether or not the Company is being wound up, with the sanction of a special resolution passed at a separate meeting of holders of the issued shares of the class held in accordance with the Articles.

The special rights conferred on the holders of any shares or class of shares shall, unless otherwise provided by the Articles or the terms of issue of the shares concerned, be deemed to be varied by a reduction of capital paid up on those shares but shall be deemed not to be varied by the creation or issue of further shares ranking *pari passu* with them or subsequent to them. The rights conferred on the holders of ordinary shares shall not be deemed to be varied by the creation or issue of any further shares ranking in priority to them nor shall any consent or sanction of the holders of Ordinary Shares be required to any variation or abrogation effected by a resolution on which only the holders of ordinary shares are entitled to vote.

#### 5.4 **Voting rights**

Subject to any rights or restrictions attached to any shares, on a show of hands every member who (being an individual) is present in person or by proxy or (being a corporation) is present by a duly authorised representative, not being himself a member entitled to vote, shall have one vote, and on a poll every member shall have one vote for every Ordinary Share of which he is the holder.

#### 5.5 **Dividends**

Subject to the Act and as set out in the Articles, the Company may by ordinary resolution declare dividends but no dividend shall exceed the amount recommended by the board. No dividend may be paid otherwise than in accordance with the Act. The board may at any time declare and pay such interim dividends as appears to be justified by the position of the Company.

Except as otherwise expressly provided by the Articles or the rights attached to the shares, all dividends shall be declared and paid according to the amounts paid up on the nominal amount of the shares on which the dividend is paid but no amount paid on a share in advance of calls shall be treated as paid on the share. All dividends shall be apportioned and paid proportionately to the amounts paid up on nominal amount of the shares during any portion or portions of the period in respect of which the dividend is paid; but, if any share is issued on terms providing that it shall rank for dividend as from a particular date, that share shall rank for dividend accordingly.

Any dividend or other moneys payable in respect of a share may be paid:

- (a) in cash;
- (b) by cheque or warrant sent by post to the address in the register of the person entitled to the moneys or, if two or more persons are the holders of the share or are jointly entitled to it by reason of the death or bankruptcy of the holder or otherwise by operation of law, to the address in the register of that one of those persons who is first named in the register in respect of the joint holding or to such person and to such address as the person or persons entitled to the moneys may in writing direct. Every such cheque or warrant shall be made payable to the person or persons entitled to the moneys or to such other person as the person or persons so entitled may in writing direct and shall be sent at the risk of the person or persons so entitled. Any such cheque or warrant may be crossed "account payee" although the Company shall not be obliged to do so;
- (c) by bank transfer to such account (of a type approved by the board) as the person or persons entitled to the moneys may in writing direct; or
- (d) by such other method of payment approved by the board as the person or persons entitled to the moneys may agree in writing.

#### 5.6 **Form and transfer of shares**

The board may issue shares as certificated or uncertificated shares, subject to any restrictions on transfers described below:

A share held in certificated form may be transferred by an instrument of transfer in any usual form or in any other form which the board may approve, which shall be executed by or on behalf of the transferor and, unless the share is fully paid, by or on behalf of the transferee.

A share held in uncertificated form may be transferred by means of a relevant system. CREST is a relevant system. The transferor shall be deemed to remain the holder of the share until the transferee is entered on the register as its holder.

The board may, in the case of shares held in certificated form, in its absolute discretion refuse to register the transfer of a share which is not fully paid provided that, where any such shares are admitted to the Official List of the UKLA or admitted to trading on AIM, such discretion may not be exercised in such a way as to prevent dealings in the shares of that class from taking place on an open and proper basis.

The board may also refuse to register a transfer of shares held in certificated form unless the instrument of transfer is:

- (a) duly stamped or duly certified or otherwise shown to the satisfaction of the board to be exempt from stamp duty, lodged at the transfer office or at such other place as the board may appoint and (save in the case of a transfer by a person to whom no certificate was issued in respect of the shares in question) accompanied by the certificate for the shares to which it relates, and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer and, if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do;
- (b) in respect of only one class of shares; and
- (c) in favour of not more than four transferees.

If the board refuses to register a transfer of shares held in certificated form, it shall as soon as practicable and in any event within two months after the date on which the transfer was lodged with the Company send to the transferee notice of the refusal together with its reasons for the refusal.

No fee shall be charged for the registration of any instrument of transfer or other document relating to or affecting the title to any share or for making any entry in the register affecting the title to any share.

The Company shall be entitled to retain any instrument of transfer which is registered, but (except in the case of fraud) any instrument of transfer which the board refuses to register shall be returned to the person lodging it when notice of the refusal is given.

For all purposes of the Articles relating to the registration of transfers of shares, the renunciation of the allotment of any shares by the allottee in favour of some other person shall be deemed to be a transfer and the board shall have the same powers of refusing to give effect to such a renunciation as if it were a transfer.

If a member dies the survivor or survivors where he was a joint holder, and his personal representatives where he was a sole holder or the only survivor of joint holders, shall be the only persons recognised by the Company as having any title to his interest; but nothing contained in the Articles shall release the estate of a deceased member from any liability in respect of any share which had been held (whether solely or jointly) by him.

## 5.7 **Directors**

Unless otherwise determined by the board, the number of directors shall be not less than two.

The directors may be paid all travelling, hotel and other expenses as they may incur in connection with their attendance at meetings of the board or of committees of the board or general meetings or separate meetings of the holders of any class of shares or debentures of the Company or otherwise in connection with the discharge of their duties.

The board may provide benefits, whether by the payment of gratuities or pensions or by insurance or otherwise, for any director, employee or former employee who has held but no longer holds any office or employment with the Company or with any body corporate which is or has been a subsidiary undertaking or a predecessor in business of the Company or of any subsidiary undertaking, and for any member of his family (including a spouse and a former spouse) or any person who is or was dependent on him and may (as well before as after he ceases to hold such office or employment) contribute to any fund and pay premiums for the purchase or provision of any such benefit. The power conferred by the Act to make provision for the benefit of persons employed or formerly employed by the Company or any of its subsidiaries, in connection with the cessation or the transfer to any person of the whole or party of the undertaking of the Company or any subsidiary shall be exercised by the board.

## 5.8 **Directors' interests**

A director who to his knowledge is in any way directly or indirectly interested in a contract or arrangement or proposed contract or arrangement with the Company shall disclose the nature of his interest at a meeting of the board.

Subject to the provisions of the Act, and provided that he has disclosed to the board the nature and extent of any interest, a director notwithstanding his office:

- (a) may be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise interested;
- (b) may be a director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any body corporate promoted by the Company or in which the Company is otherwise interested; and
- (c) shall not, by reason of his office, be accountable to the Company for any benefit which he derives from any such office or employment or from any such transaction or arrangement or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit.

A director may not vote (or be counted in the quorum) in respect of any resolution of the directors or committee of the directors concerning a contract, arrangement, transaction or proposal to which the Company is or is to be a party and in which he has an interest which (together with any interest of any person connected with him) is, to his knowledge, a material interest (otherwise than by his interest in Ordinary Shares or debentures or other securities of or otherwise in or through the Company). This is subject to certain exceptions including (i) where the contract, arrangements, transaction or proposal concerns general employee privileges or insurance policies for the benefit of the directors or (ii) in circumstances where a director acts in a personal capacity in the giving of a guarantee, security or indemnity for the benefit of the Company or any of its subsidiary undertakings.

Any director may act by himself or his firm in a professional capacity for the Company, other than as auditor, and he or his firm shall be entitled to remuneration for professional services as if he were not a director.

#### 5.9 ***Borrowing powers***

The directors may exercise all the powers of the Company to borrow money and to give guarantees, hypothecate, mortgage, charge or pledge the assets, property and undertaking of the Company or any part thereof and to issue debentures and other securities whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

#### 5.10 ***Annual General Meetings and General Meetings***

An annual general meeting shall be held at such time and place as the board may determine. The board may call general meetings and, on the requisition of members pursuant to the provisions of the Act, shall forthwith convene a general meeting. If there are not sufficient directors capable of acting to call a general meeting, any director may call a general meeting. If there is no director able to act, any two members may call a general meeting for the purpose of appointing directors.

A meeting of the Company other than an annual general meeting shall be called by not less than 14 days' clear notice. An annual general meeting shall be called by not less than 21 days' clear notice. The notice shall specify the place, the day and the time of the meeting and, in the case of special business, the general nature of that business. A notice calling an annual general meeting shall specify the meeting as such and a notice for the passing of a special resolution shall specify the intention to propose the resolution as a special resolution and the terms of the resolution. Every member entitled to attend and vote is entitled to appoint one or more proxies to attend, vote and speak instead of him and that a proxy need not be a member.

The accidental omission to give notice of a meeting, or to send an instrument of proxy or invitation to appoint a proxy as provided by the Articles, to any person entitled to receive notice, or the non-receipt of notice of a meeting or instrument of proxy or invitation to appoint a proxy by such a person, shall not invalidate the proceedings at that meeting.

Every notice of meeting shall state with reasonable prominence that a member entitled to attend and vote is entitled to appoint one or more proxies to attend, vote and speak instead of him and that a proxy need not be a member.

### 5.11 **Annual Report and Financial Statements**

Save as provided in the Articles, a copy of the annual accounts of the Company together with a copy of the auditors' report and the directors' report and any other documents required to accompany or to be annexed to them shall, not less than 21 clear days' before the date of the general meeting at which copies of those documents are to be laid, be sent to every member and to every debenture holder of the Company and to every other person who is entitled to receive notices from the Company of general meetings.

Copies of the documents referred to in the Articles need not be sent:

- (a) to a person who is not entitled to receive notices of general meetings and of whose address the Company is unaware; or
- (b) to more than one of the joint holders of shares or debentures in respect of those shares or debentures,

provided that any member or debenture holder to whom a copy of such documents has not been sent shall be entitled to receive a copy free of charge on application at the registered office.

The Company may send a summary financial statement to any of the persons otherwise entitled to be sent copies of the documents referred to in the Articles instead of or in addition to those documents and, where it does so, the statement shall be delivered or sent to such person not less than 21 clear days' before the general meeting at which copies of those documents are to be laid.

### 5.12 **Winding up**

If the Company is wound up, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Act, divide among the members in specie the whole or any part of the assets of the Company and may, for that purpose, value any assets and determine how the division shall be carried out as between the members or different classes of members. The liquidator may, with the like sanction, vest the whole or any part of the assets in trustees upon such trusts for the benefit of the members as he with the like sanction determines, but no member shall be compelled to accept any assets upon which there is a liability.

### 5.13 **Untraceable shareholders**

The Company shall be entitled to sell at the best price reasonably obtainable any member's shares or the shares to which a person is entitled by virtue of transmission on death or bankruptcy or otherwise by operation of law if:

- (a) for a period of twelve years, no cash dividend payable in respect of the shares has been claimed, no cheque or warrant sent by the Company through the post in a pre-paid envelope addressed to the member or to the person entitled to the shares at his address on the register or (if different) the last known address given by the member or the person so entitled to which cheques and warrants are to be sent has been paid, each attempt to make a payment in respect of the shares by means of bank transfer or other method for the payment of dividends or other moneys in respect of shares has failed and no communication has been received by the Company from the member or the person so entitled (in his capacity as member or person entitled);
- (b) in such period of twelve years at least three dividends (whether interim or final) have become payable on the shares;
- (c) the Company has at the expiration of the said period of twelve years by advertisement in both a national newspaper and in a newspaper circulating in the area in which the address referred to in the Articles is located given notice of its intention to sell such shares; and
- (d) during the period of three months following the publication of the said advertisements the Company has received no communication in respect of such share from such member or person entitled.

If at any time during or after the said period of twelve years further shares have been issued in right of those held at the commencement of that period or of any issued in right during that period and,

since the date of issue, the requirements of the Articles have been satisfied in respect of such further shares, the Company may also sell the further shares.

To give effect to a sale the board may authorise any person to execute an instrument of transfer or otherwise affect the transfer of the shares to be sold. If the shares concerned are in uncertificated form, the Company may issue a written notification to the operator requiring conversion of the shares into certificated form. The purchaser shall not be bound to see to the application of the purchase monies and the title of the transferee to the shares shall not be affected by any irregularity in or invalidity of the proceedings relating to the sale. The net proceeds of sale shall belong to the Company which shall be obliged to account to the former member or other person previously entitled to the shares for an amount equal to the net proceeds, which shall be a debt of the Company, and shall enter the name of such former member or other person in the books of the Company as a creditor for such amount. No trust shall be created and no interest shall be payable in respect of the debt, and the Company shall not be required to account for any money earned on the net proceeds, which may be employed in the business of the Company or invested in such investments for the benefit of the Company as the board may from time to time determine.

## **6. Squeeze-out and Sell-out**

Under the Act, if an offeror were to acquire 90 per cent. of the Ordinary Shares within four months of making its offer, it could then compulsorily acquire the remaining 10 per cent. It would do so by sending a notice to outstanding Shareholders telling them that it will compulsorily acquire their shares and then, six weeks later, it would execute a transfer of the outstanding shares in its favour and pay the consideration to the Company, which would hold the consideration on trust for outstanding Shareholders.

The consideration offered to the Shareholders whose shares are compulsorily acquired under the Act must, in general, be the same as the consideration that was available under the takeover offer unless the Shareholders can show that the offer value is unfair.

The Act also gives minority Shareholders a right to be bought out in certain circumstances by an offeror who had made a takeover offer. If a takeover offer related to all of the Ordinary Shares and at any time before the end of the period within which the offer could be accepted the offeror held or had agreed to acquire not less than 90 per cent. of the Ordinary Shares, any holder of shares to which the offer relates who has not accepted the offer can by a written communication to the offeror require it to acquire those shares. The offeror would be required to give any Shareholder notice of his right to be bought out within one month of that right arising.

The offeror may impose a time limit on the rights of minority Shareholders to be bought out, but that period cannot end less than three months after the end of the acceptance period. If a Shareholder exercises its rights, the offeror is bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

## **7. Share Options**

The Company operates a share option plan which was adopted on 2 June 2014. The plan has a ten year term from the date of its adoption. The plan provides for the grant to selected Group employees of rights to acquire E Shares. The options may be granted as tax-favoured enterprise management incentive options or as options which do not benefit from any favourable tax treatment. Options are not transferrable and there is no entitlement to employer pension contributions in respect of them.

The Company has the discretion, at the time of grant of an option, to impose a vesting schedule and performance conditions. An option may also be granted subject to a condition that the employee bears the cost of any employer's national insurance contributions. Provided that an option is exercisable in accordance with any vesting schedule and performance conditions imposed, the right to exercise arises on the earliest of the following (a) any date or event specified in the relevant option agreement, (b) once listed, the Board recommending an offer made in accordance with the City Code and (c) such date as the Company may determine.

Options have been granted over up to 10,000 E Shares at an exercise price of £1 per share. The number of options which an option holder is entitled to exercise is calculated by multiplying the number of options

held by that employee by the management charge income of ASL divided by the profit before tax of that company and then multiplying the result by a fraction the numerator of which is 1 and the denominator is the number of option holders employed in the employing division. Further details of the E Shares are set out in paragraph 4.10 of this Part V of this document.

## 8. Warrants

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. Subject to Admission, the Warrants will be 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.

## 9. Directors' and other interests

9.1 The interests of each of the Directors in the Ordinary Shares which have been or will be required to be notified to the Company pursuant to section 5 of the DTRs or which will be required to be maintained under the provisions of section 808 of the Act, or which are interests of a person connected with any of the Directors (within the meaning of section 252 of the Act), which interests would be required to be disclosed pursuant to the DTRs, and the existence of which is known to the Directors as at 5 February 2015 (being the latest practicable date prior to the publication of this document) are as set out below:

	<i>Number of Existing Ordinary Shares</i>	<i>% of the Existing Ordinary Shares</i>	<i>Number of Ordinary Shares on Admission</i>	<i>% of the Enlarged Share Capital on Admission</i>
John Foley	27,000,000	35	25,076,923	28.9
Paul Teasdale	27,000,000	35	25,076,923	28.9
Roger Teasdale <sup>1</sup>	Nil	–	269,827	0.3
Mark Watford	Nil	–	57,692	0.1
Alan Howarth	–	–	–	–
Roger McDowell	–	–	269,828	0.3

<sup>1</sup> See paragraph 9.2 below.

9.2 Under the terms of his service agreement with the Company Roger Teasdale is entitled, provided that he is still employed by the Company on or after 16 November 2015, to require that the Company procures the transfer to him for nil consideration ownership of five per cent. in aggregate of the current issued share capital of the Company being approximately 4.4 per cent. of the Enlarged Share Capital. Paul Teasdale, John Foley and Hawk Investments have undertaken to deliver such shares to him in proportion to their existing shareholdings for nil consideration.

In addition under the terms of his service agreement, the Company shall issue to Roger Teasdale (also 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:

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

The relevant milestone targets represent a very significant increase over the Group's current level of profitability, and therefore the Directors anticipate that the dilutive effect of the issue of new Ordinary Shares if all or any of these hurdles are met would be more than offset by increased earnings.

The Board has appointed Roger Teasdale as Group Managing Director to strengthen the senior executive team in order to accelerate the rate of the Group's profitable growth. The Board recognises that the terms of his equity incentives will require regular review by the Remuneration Committee. This review will include setting mutually agreed long stop dates for the achievement of the milestone targets.

- 9.3 Save as disclosed in this paragraph 9, none of the Directors has or will have any interest in the share capital or loan capital of the Company following Admission nor does any person connected with the Directors (within the meaning of section 252 of the Act) have any such interest whether beneficial or non-beneficial.
- 9.4 Save as disclosed in this document, none of the Directors is or has been interested in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company and which was effected by the Company and remains in any respect outstanding or unperformed.
- 9.5 There are no outstanding loans made or guarantees granted or provided by the Company to or for the benefit of any Director.
- 9.6 There is no Director nor member of a Director's family (as defined in the AIM Rules) who has a related financial product (as defined in the AIM Rules) referenced to the Ordinary Shares.
- 9.7 Save for the Placing Agreement, the Lock-in Agreement and the Relationship Agreement there are no agreements, arrangements or understandings (including compensation agreements) between any or the Directors, recent directors, shareholders or recent shareholders of the Company connected with or dependent upon Admission or the Placing.
- 9.8 Hawk Investments currently holds 23,142,800 Ordinary Shares representing 30.0 per cent. of the current issued ordinary share capital and following Admission will hold 21,219,723 Ordinary Shares representing 24.5 per cent. of the enlarged ordinary share capital on Admission. Following Admission, Slater Investments Limited will hold 3,365,384 Ordinary Shares representing 3.9 per cent. of the enlarged ordinary share capital as a result of their participation in the Placing. Save as disclosed in this paragraph and in paragraph 9.1 above, the Directors are not aware of any person or persons who, directly or indirectly, have an interest in the Company which represents 3 per cent. or more of its issued share capital or voting rights who, directly or indirectly, jointly or severally, exercise or could exercise control over the Company.
- 9.9 Neither the Directors nor any Shareholders have different voting rights to other holders of the share capital of the Company.
- 9.10 On 5 February 2015, a relationship agreement was entered into between (1) the Company, (2) the Existing Shareholders being John Foley, Paul Teasdale and Hawk Investments, (3) Roger Teasdale and (4) N+1 Singer pursuant to which each Existing Shareholder agreed, inter alia, that, subject to Admission, it shall and, in relation to its associates, shall procure that each of its associates shall:
- (a) make and conduct all transactions and arrangements with the Company and any other member of the Group at arm's length and on normal commercial terms;
  - (b) not take any action that would have the effect of preventing the Company or any other member of the Group from complying with its obligations under the AIM Rules;
  - (c) not propose or procure the proposal of a shareholder resolution of the Company which is intended or appears to be intended to circumvent the proper application of the AIM Rules to the Company;
  - (d) not take any action which precludes or inhibits the Company or any member of its Group from carrying on its business independently of any of the Shareholders and/or their respective associates.

The Company has agreed to use all reasonable efforts to procure that the dividend paid on the A ordinary share in ASL which is currently held by Hallco shall not exceed £400,000 in any year without the consent of the Company's remuneration committee.

## 10. Directors' service contracts and remuneration

10.1 The following service agreements and letters of appointment have been entered into between the Company and the Directors:

10.1.1 John Robert Foley entered into a service agreement with the Company on 2 February 2015. His appointment is terminable on six months' notice by either party. Mr Foley's fee is £100,000 per annum and he is entitled to such bonus as the remuneration committee shall agree. Mr Foley is entitled to be reimbursed home broadband and telephone costs incurred for business use and to participate in the Group's private medical and travel insurance scheme for the benefit of himself, his spouse and any children under the age of 18. The Group also has the benefit of certain restrictive covenants.

10.1.2 Paul William Teasdale entered into a service agreement with the Company on 2 February 2015. His appointment is terminable on six months' notice by either party. Mr Teasdale's salary is £120,000 per annum and is entitled to be reimbursed for home broadband and telephone costs incurred for business purposes and participate in the Group's private medical and travel insurance scheme for the benefit of himself, his spouse and any children under the age of 18. The Group also has the benefit of certain restrictive covenants. Mr Teasdale is the owner of Hallco which is the holder of the A ordinary share in the capital of ASL. From Admission it is intended that, subject to ASL having sufficient distributable profits, it will pay a dividend of £400,000 in each year on the A ordinary share. Mr Teasdale has agreed that in the event that he ceased to be employed by the Company for any reason, he will procure that Hallco sells the A ordinary shares back to the Company for £1. Mr Teasdale is also entitled to an annual discretionary, performance-linked bonus, capped in respect of the 2015 financial year at £80,000.

10.1.3 Roger Teasdale entered into a service agreement with the Company on 14 November 2014. His salary is £400,000 per annum. He is also entitled to a company car benefit and fuel and private medical insurance. His appointment is terminable on six months' notice by either party. Mr Teasdale is also entitled to an annual discretionary, performance-linked bonus, capped in respect of the 2015 financial year at 120 per cent. of base salary and capped in respect of subsequent financial years at 100 per cent. of base salary. Achievement of his maximum bonus entitlement is conditional upon stretching performance targets, including in respect of financial year 2015 that the Group as presently constituted delivers growth in consolidated EBITDA substantially in excess of the Board's aspirational organic CAGR of 15 per cent.. Under the terms of his service agreement, Mr Teasdale also has contingent rights to acquire five per cent. of the current issued share capital of the Company and up to ten per cent. of the then issued share capital of the Company, as more fully described in paragraph 9.2 of this Part V above.

10.1.4 The terms of Mark Ian Watford's employment with the Company are set out in a letter dated 4 May 2014. Mr Watford's salary is £120,000 per annum. He is also entitled to a company car and fuel and private medical insurance. His employment is terminable on three months' notice by either party. Mr Watford is also entitled to an annual discretionary, performance-linked bonus, capped in respect of the 2015 financial year at £30,000.

10.1.5 Alan Miles Howard entered into a letter of appointment with the Company on 2 February 2015 pursuant to which he is to be appointed as a Director on and with effect from Admission. His appointment will be for an initial term commencing on the date of Admission and continuing until the conclusion of the Company's annual general meeting occurring approximately three years from that date unless terminated earlier by either party giving to the other one month's prior written notice. The appointment is subject to the terms of the Articles. Mr Howard is expected to devote such time as is necessary for the proper performance of his duties and it is anticipated that he will spend a minimum of 15 days a year on work for the Company. Mr Howard is entitled to an annual fee of £30,000.

10.1.6 Roger Steven McDowell entered into a letter of appointment with the Company on 2 February 2015 pursuant to which he is to be appointed as a Director on and with effect from Admission. His appointment will be for an initial term commencing on the date of Admission and continuing until the conclusion of the Company's annual general meeting occurring approximately three years from that date unless terminated earlier by either party giving to the other one month's

prior written notice. The appointment is subject to the terms of the Articles. Mr McDowell is expected to devote such time as is necessary for the proper performance of his duties and it is anticipated that he will spend a minimum of 15 days a year on work for the Company. Mr McDowell is entitled to an annual fee of £30,000.

10.2 Save as disclosed in this document there are no contracts providing for benefits upon the termination of employment or engagement of any Director.

## 11. Additional information on the Directors

11.1 Other than directorships of the Company, the Directors have held the following directorships or been partners in the following partnerships within the five years prior to the date of this document:

<i>Name</i>	<i>Current Directorships and Partnerships</i>	<i>Former Directorships and Partnerships</i>
John Robert Foley	Penta Consulting Limited PTSG Access and Safety Limited Servoca plc Coomspeck Limited A.E.S. Installations Limited Access Equipment Specialists Limited Ensco 835 Limited Guardian Cradle Maintenance Limited	Hat Pin plc (in liquidation) Old Park Lane Capital plc Twenty20 Media Vision Limited Monex Europe Limited Elequip Holdings Limited River Taff Properties Limited WFCA plc
Paul William Teasdale	PTSG Access and Safety Limited Centuryan Safety Systems Limited Cradle Runways Installations Limited Cradle Runways Maintenance Limited Centuryan Safety Services Limited Hallco 1766 Limited PTSG Electrical Services Limited Ensco 835 Limited Guardian Cradle Maintenance Limited Protectis Limited C.J.S. (Eastern) Limited Cardinal Specialist Services Limited National Cradle Maintenance Limited PTSG High Level Cleaning Limited PTSG Management Services Limited PTSG Specialist M&E Limited Thor Lighting Protection Limited Kobi Limited PTSG Limited Test Strike UK Limited PTSG Electrical Testing Services Limited Acescott Specialist Services Limited Acescott Management Services Limited Fall Arrest Services Limited	
Roger Teasdale	None	Smith & Nephew Extruded Films Limited Smith & Nephew Healthcare Limited Smith & Nephew Medical Limited T.J.Smith And Nephew,Limited Smith & Nephew European Distribution Limited Smith & Nephew Surgical Limited Smith & Nephew Pharmaceuticals Limited Smith & Nephew Collagenase Limited

<i>Name</i>	<i>Current Directorships and Partnerships</i>	<i>Former Directorships and Partnerships</i>
Mark Watford	Watford Manufacturing (Wombwell) Limited What-For Limited Watfords of Wombwell Limited	
Alan Howarth	Alan Howarth & Associates Limited Essentia Limited Selection Services Limited Cerillion Technologies Limited Dr Foster Intelligence Limited	8 Solutions Limited Alja Pharmacy plc AMTEC Consulting plc AppDNA Group Limited BIW Technologies Limited CRF Inc Conject Limited Covalent Software Limited First Flight Non-Executive Directors Limited Jermyn Street Realisations Limited Peabod LegalOffice Limited Pharmacy Initiative 1 Limited Pharmacy Initiative 2 Limited Pharmacy Initiative 3 Limited Sift Limited Topco Alpha Limited WTG Technologies Group Limited
Roger McDowell	Corsair Techinvest Limited Fineguard Limited Augean Limited Disperse Limited Dovehoco 201 Limited Avingtrans plc I S Solutions plc Ultimate Finance Group plc Swallowfield plc Alkane Energy plc Renovo plc Servelec Group plc Proteome Sciences plc	One Advice Group Limited

- 11.2 John Foley was a director of Hat Pin plc which was placed into creditor's voluntary liquidation on 6 May 2009. The liquidation is now complete.
- 11.3 Mark Watford was a director of Watfords of Wombwell Limited which went into liquidation in February 2012 with an estimated deficiency of approximately £675,000.
- 11.4 Mr McDowell was the non-executive chairman and a director of Town Index Limited which was placed into creditors' voluntary liquidation on 23 January 2001. The liquidation is now closed. The preferential and secured creditors were repaid in full and the unsecured creditors received five pence in the pound. He was the non-executive chairman and a director of Wax Digital Limited which was placed into creditors' voluntary liquidation on 14 June 2001 with an estimated deficit of approximately £850,000. Mr McDowell was a non-executive director of Advanced Fluid Connections plc in respect of which administrative receivers were appointed on 24 March 2006: whilst the company went into administration the trading subsidiaries were sold to a trade buyer. He was also a non-executive director of IDMoS plc which went into administration on 16 April 2008.
- 11.5 Save as disclosed above, none of the Directors has:
- 11.5.1 any unspent conviction in relation to indictable offences;
- 11.5.2 had any bankruptcy order made against him or entered into any individual voluntary arrangement;

- 11.5.3 been a director of a company which has been placed in receivership, compulsory liquidation, creditors' voluntary liquidation, administration, been subject to a voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors, whilst he was a director of that company or within the 12 months after he had ceased to be a director of that company;
  - 11.5.4 been a partner in any partnership which has been placed in compulsory liquidation, administration or been the subject of a partnership voluntary arrangement, whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;
  - 11.5.5 owned or been a partner in a partnership which owned any asset which while he owned that asset or while he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership was placed in receivership;
  - 11.5.6 been publicly criticised by any statutory or regulatory authority (including recognised professional bodies); or
  - 11.5.7 been disqualified by a court from acting as a director of any company or from acting in the management or conduct of the affairs of a company.
- 11.6 Except as disclosed in this document, no Director has or has had any interest in any transaction which is or was significant in relation to the business of the Company and which was effected during the current or immediately preceding financial period or which was effected during an earlier financial period and remains outstanding or unperformed.
- 11.7 Save as referred to in this document there is no contracts providing for benefits upon the termination of the employment or engagement of any Director.

## 12. Material Contracts

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by members of the Group either (i) within the two years immediately preceding the date of this document and are, or may be material; or (ii) contain any provision under which a member of the Group has any obligation or entitlement which is material to the Company as at the date of this document:

- 12.1 On 19 September 2014, the Company and N+1 Singer entered into a letter agreement pursuant to which N+1 Singer agreed to act as the Company's nominated adviser in connection with Admission and thereafter and to act as the Company's broker following Admission as required by the AIM Rules. N+1 Singer shall provide, *inter alia*, such independent advice and guidance to the directors of the Company and the Company as they may require from time to time, as to the nature of their responsibilities and obligations to ensure compliance by the Company on a continuing basis with the AIM Rules. The Company has agreed to pay N+1 Singer a retainer fee of £50,000 per annum and to reimburse any out-of-pocket expenses reasonably incurred by N+1 Singer in the course of carrying out its duties as a nominated advisor and broker. N+1 Singer's appointment is for a term of 12 months after which either party may terminate the appointment on ten business days' notice in writing. The agreement also contains provisions for early termination in certain circumstances and an indemnity given by the Company to N+1 Singer in relation to the provision by N+1 Singer of its services.
- 12.2 On 5 February 2015 (being the same date as this document) the Company, the Directors, the Existing Shareholders and N+1 Singer entered into the Placing Agreement under the terms of which N+1 Singer has agreed, subject to the fulfilment of certain conditions, to use reasonable endeavours to procure subscribers and/or purchasers for the Placing Shares at the Placing Price. Such conditions include Admission taking place not later than 8.00 a.m. on 11 February 2015 (or such later date as the Company and N+1 Singer may agree, but in any event not later than 25 February 2015).

Subject to the terms and conditions of the Placing Agreement, the Company will pay N+1 Singer £450,000 exclusive of VAT in respect of advisory fees and commission relating to the Placing of the New Ordinary Shares and the Existing Shareholders will pay N+1 Singer in aggregate and exclusive of VAT £135,000 in respect of commission relating to the Placing of the Sale Shares.

The Company, the Directors and the Existing Shareholders have each given warranties in favour of N+1 Singer. The Company has agreed to pay all costs, charges and expenses of, or incidental to, the Placing and the application for Admission and related arrangements including N+1 Singer's lawyers fees subject to a maximum of £50,000.

N+1 Singer may terminate the Placing Agreement in specified circumstances, including for breach of warranty at any time prior to Admission and in the event of *force majeure* at any time prior to Admission.

12.3 The Existing Shareholders (who together in aggregate hold 71,373,569 Ordinary Shares representing 82.3 per cent. of the Enlarged Share Capital) and Roger Teasdale (who, pursuant to the terms of his service agreement may become entitled to up to 14.4 per cent. of the Enlarged Share Capital (before subsequent dilution), as more fully described at paragraph 9.2 of this Part V) have each entered into the Lock-In Agreement with N+1 Singer and the Company dated 5 February 2015, pursuant to which each Existing Shareholder has agreed with the Company and with N+1 Singer, subject to certain limited exceptions:

12.3.1 not to dispose of any Ordinary Shares owned by him or it (as the case may be) for a period of twelve months from Admission; and

12.3.2 only to dispose of such Ordinary Shares through N+1 Singer for a further twelve month period in order so as to ensure an orderly market for the issued share capital of the Company.

12.4 On 5 February 2015, the Company, the Existing Shareholders, Roger Teasdale and N+1 Singer entered into the Relationship Agreement as referred to in paragraph 9.10 of this Part V. The principal purpose of the Relationship Agreement is to ensure that the Company will be capable of carrying on its business independently of the Existing Shareholders and Roger Teasdale or so long as the Existing Shareholders and Roger Teasdale together hold 30 per cent. or more of the votes able to be cast on all or substantially all matters at a general meeting of the Company (a "Controlling Interest"). Pursuant to the agreement (and for as long as the Existing Shareholders and Roger Teasdale hold a Controlling Interest) the Existing Shareholders and Roger Teasdale shall (and shall procure that each of their associates shall), amongst other matters:

12.4.1 make and conduct all transactions and arrangements with the Company and any other member of the Group at arm's length and on normal commercial terms;

12.4.2 not take any action that would have the effect of preventing the Company or any other member of the Group from complying with its obligations under the AIM Rules;

12.4.3 not propose or procure the proposal of a shareholder resolution of the Company which is intended or appears to be intended to circumvent the proper application of the AIM Rules to the Company;

12.4.4 not take any action which precludes or inhibits the Company or any member of its Group from carrying on its business independently of that Shareholder and/or its associates;

12.4.5 not exercise any voting rights or other rights and powers to procure any amendment to the articles of association of the Company (as in force on the date of Admission) or procure that a general meeting of the Company is convened for the purpose of amending the articles of association of the Company in such a way as might reasonably be expected to adversely affect the independence of the Company or any member of its Group from the Shareholders or their respective associates or which would be inconsistent with or undermine or breach any provision of the agreement to the detriment of the Company or any member of its Group without the prior written consent of N+1 Singer;

12.4.6 not exercise any voting rights or other rights and powers to procure that the Ordinary Shares admitted to trading on AIM be removed from trading on AIM or procure that a general meeting of the Company is convened for the purpose of agreeing to apply to the London Stock Exchange for the Ordinary Shares to be removed from trading to AIM in either case without the prior written consent of N+1 Singer;

12.4.7 seek to procure that if an independent Director ceases to be either an independent Director or a director of the Company, one or more suitable new independent Directors will be appointed to the Board as soon as reasonably practicable.

Nothing in the Relationship Agreement shall fetter any existing shareholders actions as a director to the extent that such actions are consistent with his fiduciary and statutory duties.

- 12.5 On 30 January 2015, the Company and the Registrar entered into an agreement under which the Registrar has agreed to provide services connected with the maintenance of the Company's register, including where shares are issued or transferred and dividends declared by the Board.
- 12.6 On or about 9 December 2010, the Company entered into a shareholders' agreement with Paul Colley, Anthony Colley, Craig Finney and Samantha Bennett (the "Managers"). Under the terms of this agreement, the Company undertook to prepare statutory accounts for each member of the Group within set timeframes and to provide to the Managers information regarding any formal offer or approach which is approved by the board (or in relation to which heads of agreement are signed) for any sale or disposal of shares in PTSG Electrical Services Limited ("ESL") or any part of its business or assets. The shareholders' agreement also contains standard restrictions that require the Company not to enter into any contract otherwise than on arm's length commercial terms, dispose of or licence the whole or any substantial part of its undertaking (otherwise than in the ordinary course of business), make any gift or enter into a transaction at an undervalue or change the nature of the business of the Company, without the consent of the Managers.

In addition, the shareholders' agreement provides that where the board approves, or the Company's shareholders approve, a Realisation (as described below), or enters into heads of agreement in relation to a Realisation, and any of the Managers is dismissed during the period of ongoing negotiations relating to such Realisation by way of redundancy after such approval has been given, the Company will procure that such dismissed Manager will be paid the difference (if any) between:

- (a) the amount paid to such dismissed Manager by ESL, the Company or other party for the B shares of ESL held by such dismissed Manager; and
- (b) the amount of Redemption Premium (as defined below), pursuant to the articles of association of ESL, or Option Price (as defined below), pursuant to the Option Agreement (as defined below), that the dismissed Manager would have received had he retained ownership of the B shares at the time of the Realisation.

A "Realisation" is:

- the transfer of any interest in any shares in ESL to a third party purchaser which results in a change of control (being the right to exercise more than 50 per cent. of the total voting rights normally exercisable at any general meeting of ESL);
- a disposal of the whole or substantially the whole of the business and assets of ESL to a third party purchaser; or
- a change of control of the Company (i.e. the acquisition by a third party of shares in the capital of the Company) that entitles such third party to exercise more than 50 per cent. of the total voting rights normally exercisable at any general meeting of the Company);

The share capital of ESL is divided into 2,864 A ordinary shares of £0.25 each (held by the Company) and 716 B ordinary shares of £0.25 each (held as to 179 B ordinary shares by each of the Managers). The rights attaching to the B ordinary shares are summarised in paragraph 3.5 of this Part V of this document.

The Company also entered into an option agreement (the "Option Agreement") with the Managers in respect of the aggregate 716 B ordinary shares in ESL (the "Option Shares"). Under the terms of this agreement the Company was granted an irrevocable option to require the Managers to sell to the Company the Option Shares (the "call option"), and the Managers were granted an irrevocable option to require the Company to purchase the Option Shares (the "put option"). The call option may be exercised by the Company during the 10 business day period commencing on the date upon which ESL is or will be unable to redeem all or part of the Option Shares in accordance with article 4 of ESL's articles of association (i.e. the redemption provisions) (the "call option exercise period"). If the call option is not exercised, the put option may be exercised by the Managers during the 10 business day period commencing on the expiry of the call option exercise period.

12.7 On 21 October 2011, the Company entered into three agreements to effect the acquisition of the entire issued share capital of Guardian Cradle Maintenance Limited (“Guardian”), as set out below.

12.7.1 a share purchase agreement made between Guardian, the Company, Kevin Robert Walton (the “Seller”) and Coxgomyl Integral Limited (“CGI”) relating to shares representing 22.5 per cent. of the issued share capital of Guardian and pursuant to which:

- (i) the consideration for the shares was satisfied in cash; in part upon completion (as to £75,000) with the remainder (£10,000) paid within two business days of completion;
- (ii) the Seller gave warranties usual in a transaction of this nature to the purchaser and entered into restrictive covenants for a period of three years from completion;
- (iii) the Seller entered into a number of waivers in relation to claims against Guardian and agreed to indemnify the purchaser and Guardian for losses in connection with any such claim;
- (iv) each party to the agreement jointly and severally warranted to each of the others that it had no claim against the others in relation to project “One New Change” (a maintenance contract to which Guardian was party as at completion).
- (v) CGI assigned to Guardian the benefit of all contracts that did not require third party consent with the effect that Guardian received the benefits and assumed all obligations of CGI under such contracts;
- (vi) monies owed by CGI under the terms of a share purchase agreement dated 31 March 2011 were settled by the payment by CGI of £35,836.50 including VAT to Guardian following completion;
- (vii) monies owed by Guardian under the terms of the share purchase agreement noted in paragraph (vi) above were settled in two equal instalments paid by Guardian following completion;
- (viii) provision was included for the payment of referral commissions by Guardian to CGI in respect of maintenance contracts referred to Guardian or in respect of maintenance works undertaken by Guardian for customers or potential customers with whom CGI has had or has any dealings. Such commissions are based on Guardian’s margin. Where this is 50 per cent. or more, the commission is such sum as is equal to 25 per cent. of the secured contract value. Where the margin is less than 50 per cent., the commission is such sum as agreed in good faith between the parties provided that it shall not be less than 10 per cent. of the secured contract value; and
- (ix) with the exception of the “Abford House” project (a maintenance contract to which Guardian was party as at completion) referral commissions are payable for a limited period which ended three years following completion (the “Commission Period”). In relation to the Abford House project, for as long as such contract continues in full force and effect following any extension or renewal or for as long as Guardian, or any other company in Guardian’s group, continues to have the benefit of any contract relating to the maintenance of building maintenance units listed in the schedule to the share purchase agreement in question, the commission payments due and payable by Guardian are not limited in time to the Commission Period.

12.7.2 A share purchase agreement dated 21 October 2011 and made between the Company and Raymond Edward Jeffrey relating to shares representing 10 per cent. of the issued share capital of Guardian. The consideration for the shares was £25,000 and this was satisfied in cash upon completion. Mr Jeffrey gave warranties usual in a transaction of this nature and a limited indemnity in respect of any losses arising by reason of his failure (or that of any person connected with him) to waive any claim he had against Guardian or release Guardian from an obligation to him (or any such connected person).

12.7.3 A share purchase agreement dated 21 October 2011 and made between the Company and SCX Limited (“SCX”) relating to shares representing 67.5 per cent. of the issued share capital of Guardian. The consideration was £2,277 and this was satisfied in cash upon completion subject to adjustment by reference to the net asset value of Guardian as at completion. The Company also agreed to procure the settlement of an inter-company loan account between Guardian and SCX by way of instalment payments falling due if and to the extent that

equivalent sums were collected in respect of the debtors of Guardian as at 30 September 2011. SCX gave the general warranties usual in a transaction of this nature and specific tax and property warranties. It also agreed a number of business indemnities and, further, to indemnify both Guardian and the purchaser in respect of all losses arising pursuant to Guardian's participation as a guarantor under a "Composite Accounting System" operated by Barclays Bank plc in respect of SCX's group. There is no limitation on liability in respect of the indemnities given. The non-tax warranties are limited in time to 18 months following completion. Tax warranty claims are limited in time to seven years following completion. The share purchase agreement also required SCX to enter into restrictive covenants for three years from completion, i.e. until 20 October 2014. The Company has the benefit of a tax covenant from SCX in respect of, amongst other things, the following items: primary tax liabilities of Guardian arising in respect of pre-completion profits and events; secondary tax liabilities of Guardian arising by virtue of SCX failing to pay its tax liabilities after completion; liabilities of Guardian to income tax arising in respect of avoidance or deferment issues under Part 7A of the Income Tax (Earnings and Pensions) Act 2003 and issues arising from arrangements entered into on the instruction of SCX and employment related securities which were either acquired before completion or where the right to acquire arose prior to completion. The Company has the right to make a claim under the tax covenant until 20 October 2018. This limit does not apply in cases of fraud or negligence.

Pursuant to a business transfer agreement dated 15 July 2013 made between Guardian and ASL the entire business and assets of Guardian were transferred to ASL as part of an internal reorganisation.

- 12.8 On 9 October 2012, the Company entered into an agreement to purchase the entire issued share capital of Protectis Limited ("PL") from John Ashmore, Michael Wiltshire and Michael Sadiwnyk (the "PL Sellers"). The total consideration for the shares was approximately £460,000, part satisfied in cash upon completion (adjusted by reference to the net asset value of PL ascertained following the compilation of completion accounts) and part satisfied following resolution of a completion accounts adjustment. The completion accounts adjustment has been determined and all outstanding sums owing to the PL Sellers have been paid.

The PL Sellers gave warranties usual in a transaction of this nature and comprehensive indemnities relating to a range of risks identified prior to completion; they also entered into restrictive covenants for a period of three years from completion. The warranty period expired on 9 October 2014. The limitation period for the indemnities is either the same as the warranty period or is specifically unlimited in time or, in the case of tax, expires on 8 October 2019.

Pursuant to a business transfer agreement dated 15 July 2013 and made between PL and ESL, the entire business and assets of PL were transferred to ESL as part of an internal reorganisation.

- 12.9 On 30 November 2012, the Company entered into an agreement to purchase the entire issued share capital of C.J.S. (Eastern) Limited ("CJS Eastern") from Colin Sanders. The consideration for the shares was satisfied in part by way of cash upon completion (as to £275,000) plus: (i) an amount equal to the surplus cash in the business (adjusted by reference to the net asset value of CJS Eastern); (ii) fixed consideration payments totalling £125,000 ending in May 2015; and (iii) deferred consideration calculated by reference to a multiple of net profit which is payable following agreement, deemed agreement or determination of relevant accounts following the financial year end in 2015. The deferred consideration is estimated by the Company to be approximately £600,000.

Mr Sanders gave warranties usual for a transaction of this nature to the Company (the limitation period for which has now expired), an indemnity in relation to tax and entered into restrictive covenants for a period of three years from the later of the date upon which he ceases to be an employee or the date upon which he ceases to be a director of CJS Eastern. The Company may make a claim under the tax covenant against the seller of CJS until 29 November 2019.

Pursuant to a business transfer agreement dated 15 July 2013 and made between CJS Eastern and ESL the entire business and assets of CJS Eastern were transferred to ESL as part of an internal reorganisation.

12.10 On 4 April 2013, the Company entered into an agreement to purchase the entire issued share capital of Cardinal Specialist Services Limited (“CSS”) from Anne Hobster and Geoffrey Hobster (the “CSS Sellers”). The consideration for the shares was satisfied in part by way of cash upon completion (as to £90,000) adjusted by reference to the net asset value of CSS. The total consideration payable for the purchase of the shares was £100,000. The CSS Sellers gave warranties usual in a transaction of this nature and limited indemnities. The warranty limitation period expires on the second anniversary of completion (i.e. 4 April 2015). The indemnities were given on a time-unlimited basis. The Company has the benefit of a tax covenant from the CSS Sellers which expires on 3 April 2019.

Pursuant to a business transfer agreement dated 15 July 2013 and made between CSS and ESL, the entire business and assets of CSS were transferred to ESL as part of an internal reorganisation.

12.11 On 10 June 2013, PTSG Access and Safety Limited (“ASL”) (formerly National Cradle Maintenance Limited) entered into an agreement to purchase the business and assets of PIMCO 2931 Limited (formerly Kobi Limited (“Pimco”)) with Pimco (as seller) and John Strafford (“JS”) (as the seller’s guarantor). The cash consideration of £20,000 was subject to adjustment by reference to the net asset value of the business and assets. Pimco gave warranties usual in a transaction of this nature which have now expired save in relation to tax and certain limited indemnities. Both Pimco and JS entered into restrictive covenants for a period of three years following completion.

12.12 On 29 November 2013, the Company entered into an agreement to purchase the entire issued share capital of Test Strike UK Limited (“TSL”) from Justin Mooney, Gillian Whiteley and John Warren (the “TSL Sellers”). The consideration for the shares was satisfied in part by way of cash upon completion (as to £575,000 (adjusted by reference to the net asset value of TSL)), plus further fixed consideration payments totalling £127,500 (payable in equal instalments over the 12 month period following completion) and deferred consideration (not exceeding £1 million and all of which remains outstanding) which is payable over a three year period commencing on the anniversary of completion.

The deferred consideration is payable by reference to the net profits of TSL in each of the financial years ending 31 August 2014, 31 August 2015 and 31 August 2016. The threshold to qualify for deferred consideration increases year on year (starting at £202,500 and reaching £316,406). In each of years one and two the maximum sum payable is stated to be £300,000. In year three the maximum sum payable is stated to be £400,000.

The TSL Sellers gave warranties usual in a transaction of this nature and certain indemnities including an indemnity in respect of liabilities arising as a result of the removal of radioactive material from a site in 2009. The warranty period is three years from completion (i.e. it expires in November 2016). The indemnity period is unlimited in time (albeit limited financially to the consideration). The Company has the benefit of a tax covenant from the TSL Sellers which expires on 28 November 2020.

12.13 On 6 December 2013, PTSG Electrical Testing Services Limited (“ETSL”) entered into an agreement to purchase the entire issued share capital of Ohmega Testing Services Limited (“Ohmega”) from Paul Thomas Tooley (the “Ohmega Seller”). The consideration for the shares was satisfied by way of:

- (a) £160,000 by way of cash upon completion;
- (b) 36 payments of £5,000 payable every calendar month until December 2016 (inclusive); and
- (c) deferred consideration, payable on the sale of the entire issued share capital of the Company, equal to Net Profit multiplied by five x 15 per cent. (where “Net Profit” means the net profits of Ohmega or such other member of Ohmega’s group to which the business of Ohmega is transferred).

The Ohmega Seller gave ETSL non-tax indemnities (which are not limited in time) for all liabilities, costs, expenses, damages and losses incurred by Ohmega or ETSL prior to completion and entered into restrictive covenants for a period of three years from the earlier of: (i) the completion date; or (ii) the date upon which the Ohmega Seller ceases to be an employee of Ohmega or any other company within ETSL’s group.

The sale of Ohmega to ETSL was preceded by the transfer of the business and assets of Ohmega Mechanical and Electrical Services Limited (“OMESL”) to Ohmega pursuant to the terms of an agreement dated 28 November 2013 and made between OMESL and Ohmega. Under the terms of

this agreement the purchase price for the business and assets was £5,000 in cash plus five per cent. of the net profits of Ohmega for a period of one year following completion (subject to any recorded losses being offset against the future net profitability). The terms of the business transfer also saw OMESL indemnify Ohmega for all employment related claims whether arising in the period prior to or following completion.

ETSL has the benefit of a tax covenant from the Ohmega Seller which expires in December 2020.

12.14 On 1 July 2014, Acescott Specialist Services Limited (“ASSL”) entered into an agreement with the Company and Robin Dinmore (“RD”) to purchase the business and assets of Acescott Management Services Limited (“AMSL”). The consideration for the business and assets was a cash payment of £165,433.55 into escrow (which was retained and subject to adjustment (if any) by reference to the net asset value of the business and assets) and subsequent payments, over a further three year period, of guaranteed deferred consideration (as to £1,150,000) and contingent deferred consideration (up to a maximum of £1,500,000). The contingent consideration is payable by reference to the achievement of annual gross profit targets for the years ended 31 December 2015, 31 December 2016 and 31 December 2017, with a maximum of £600,000, £600,000 and £300,000 payable in respect of each of the respective years. The thresholds to qualify for the contingent consideration increase year on year (starting at £1,000,000 and reaching £2,600,000).

AMSL gave warranties usual in a transaction of this nature (limited to 12 months following completion for non-tax warranties and seven years following completion for tax warranties) and certain indemnities (unlimited in time and amount).

Both AMSL and RD entered into restrictive covenants for a period of three years following agreement of the final contingent deferred consideration payment. The obligations of ASSL and AMSL pursuant to the agreement are guaranteed by the Company and RD respectively.

12.15 By an agreement dated 26 September 2013, the Group entered into an arrangement with Stephen Shipley whereby the Company agreed to buy his entire holding of 90,000 ordinary shares of £1 each and one D ordinary share of £1 in the capital of the Company for a consideration of £4,000,001.

12.16 By an agreement dated 28 November 2013, the Group entered into an arrangement with Hawk Investments whereby the Company agreed to buy 38,572 ordinary shares of £1 each in the capital of the Company for a consideration of £38,572.

12.17 By an agreement dated 22 January 2015, the Company agreed with Hallco to redeem the 3 A ordinary shares of £1 each held by it in the Company at par.

12.18 By an agreement dated 22 January 2015, the Company agreed with John Foley to redeem the 3 B ordinary shares of £1 each held by him in the Company at par.

12.19 By an agreement dated 22 January 2015, the Company agreed with Hawk Investments to redeem the 3 C ordinary shares of £1 each held by it in the Company at par.

12.20 By an agreement dated 22 January 2015, Hallco subscribed for one A ordinary share in the capital of ASL at par. That A ordinary share has the rights set out in paragraphs 3.3 and 3.5 of this Part V of this document.

12.21 On 5 February 2015, the Company created the Warrant Instrument.

### **13. Related Party Transactions**

Save as referred to in this document, so far as the Directors are aware, there have not been nor are there any contemplated agreements or arrangements between any member of the Group and persons that may be deemed to be related partners for the five years prior to the date of this document.

Ensco 385 Limited, a company co-owned by June Foley (John Foley’s spouse) and Hallco (which is wholly owned by Paul Teasdale), is the landlord of various properties of which a Group company is the tenant. On 24 May 2011, Ensco entered into a lease with PTSG Electrical Services Limited in respect of Unit 43 Winpenny Road, Newcastle-under-Lyme for a term of 15 years. The current rent is £21,000 per annum. On 16 August 2013, Ensco entered into a sublease of units at H2O Business Park in Nottingham with ASL for a term of 15 years. The current rent is £54,000 per annum. On 4 November 2013 Ensco entered into a

lease with ASL in respect of Unit 12 Flemming Court, Castleford for a term of 15 years at a rent of £30,000 per annum with rent reviews in the fifth and tenth years of the term and the next review falling on 3 November 2018. On 29 September 2012 Ensco entered into a lease with ASL in respect of Units 13 and 14 Flemming Court, Castleford for a term of 15 years at a rent of £70,000 per annum with rent reviews in the fifth and tenth years of the lease and the next review falling on 28 September 2017. These transactions individually and as a whole were conducted on arm's length terms (or terms which were not on arm's length terms but more favourable terms from the Company's perspective).

#### **14. Employees**

- 14.1 Save for the Directors, the Group has 206 employees at the date of this document.
- 14.2 It is anticipated that following Admission, the Group will look to retain any relevant employees in line with the anticipated growth of the Group.
- 14.3 The Group currently offers its employees the opportunity to participate in a defined contribution pension scheme which is provided through Legal & General. A pension scheme has been established to comply with the auto enrolment duties under the Pensions Act 2008.

#### **15. United Kingdom Taxation**

##### **15.1 General**

- 15.1.1 The following paragraphs are intended as a general guide to current UK tax law and published practice of the UK HMRC department (both of which are subject to change at any time, possibly with retrospective effect) only and summarise advice received by the Directors about the UK tax position of Shareholders who are resident (and in the case of individuals only, domiciled) in the UK for UK tax purposes, legally and beneficially holding shares as investments and not as securities to be realised in the course of a trade. The Shares should not be held through New Individual Saving Accounts and Self Investment Personal Pension. We have not considered the implications for Shareholders who acquire any shares or rights over shares in connection with an employment contract.

These statements may not apply to certain classes of investors who are subject to different tax rules. Such persons may include (but are not limited to): dealers in securities, insurance companies, collective investment schemes and Shareholders who are exempt from UK taxation.

- 15.1.2 Prospective Investors should consult their own independent professional advisers on the potential tax consequences of subscribing for, purchasing, holding or selling Ordinary Shares under the laws of their country and/or state of citizenship, domicile or residence.
- 15.1.3 The information in these paragraphs is intended as a general summary of the UK tax position and, should not be construed as constituting advice.

##### **15.2 Taxation of dividends**

- 15.2.1 A UK resident individual Shareholder who receives a dividend paid by the Company on their ordinary shares will be liable to UK income tax on the gross amount of any such dividend. Dividend income from the Company will be treated as forming the highest part of an individual Shareholder's income. The tax rates on dividend income are 10 per cent., 32.5 per cent. or 37.5 per cent. for the 2014 – 2015 tax year depending on the total taxable income of the individual, but the individual should be entitled to a tax credit of one ninth of the dividend receipt which is equivalent to 10 per cent. of the gross dividend (the cash dividend plus the associated tax credit). The effect of the tax credit is to reduce the effective tax rates on the dividend to 0 per cent., 25 per cent. and approximately 30.6 per cent., respectively.
- 15.2.2 UK resident shareholders who do not pay income tax or whose liability to income tax on the dividend and related tax credit is less than the tax credit, including pension funds, charities and certain individuals are not generally entitled to claim repayment of any part of the tax credit associated with the dividend from HM Revenue & Customs.

- 15.2.3 A corporate Shareholder (within the charge to UK corporation tax) which is a 'small company' for the purposes of the UK taxation of dividends legislation will not generally be subject to UK corporation tax on dividends from the Company.
- 15.2.4 Other corporate Shareholders (within the charge to UK corporation tax) will not be subject to tax on dividends from the Company provided the dividends fall within an exempt class and certain conditions are met. In general, almost all dividends received by corporate Shareholders will fall within an exempt class. Examples of dividends that fall within exempt classes include dividends paid on shares that are non-redeemable ordinary shares, and dividends paid to a person holding less than 10 per cent. of the issued share capital of the Company (or any class of that share capital in respect of which the distribution is made).
- 15.2.5 The exemptions are not comprehensive and are subject to anti-avoidance rules. If the conditions for exemption are not, or cease to be, satisfied, or such a Shareholder elects for an otherwise exempt dividend to be taxable, the Shareholder will be subject to UK corporation tax on dividends received from the Company. Corporation tax is charged on dividends at the rate applicable to that company.
- 15.2.6 UK resident trustees of discretionary trusts receiving dividends from shares are also liable to account for income tax at the dividend trust rate, currently 10 per cent. or 37.5 per cent. for the 2014 – 2015 tax year depending on the taxable income of the trust.
- 15.2.7 Whether a shareholder who is not resident in the UK for tax purposes is entitled to a tax credit in respect of dividends paid by the Company will depend, in general, on the provisions of any double taxation convention which exists between the shareholder's country of residence and the UK. A non-UK resident shareholder may also be subject to foreign taxation on dividend income.
- 15.2.8 Persons who are not resident in the UK should consult their own tax advisers on the possible application of such provisions or what relief or credit may be claimed in the jurisdiction in which they are resident.

### 15.3 **Taxation of chargeable gains**

- 15.3.1 For the purpose of UK tax on chargeable gains, the issue of Ordinary Shares pursuant to the Placing will be regarded as an acquisition of a new holding in the share capital of the Company.
- 15.3.2 The Ordinary Shares so allotted will, for the purpose of tax on chargeable gains, be treated as acquired on the date of allotment. The amount paid for the Ordinary Shares will usually constitute the base cost of a shareholder's holding.
- 15.3.3 If a shareholder disposes of all or some of his or her Ordinary Shares, a liability to tax on chargeable gains may, depending on their circumstances and subject to any available exemptions or reliefs, arise.
- 15.3.4 An individual Shareholder who acquires Ordinary Shares whilst UK resident, ceases to be resident for tax purposes in the UK for a period of less than five complete years and disposes of all or part of his Ordinary Shares during the period in which he is non-UK resident may be liable to capital gains tax on his resumption of UK residence where that Shareholder was UK resident for at least four of the seven tax years immediately preceding the year of departure from the UK (subject to any available exemptions or reliefs). These 'temporary non-residence rules' changed for departures from the UK after 5 April 2013. Individuals who left the UK prior to that date will be subject to the old rules if they cease to be resident in the UK for a period of less than five complete tax years (6 April in a calendar year to 5 April in the following calendar year).
- 15.3.5 A UK resident corporate Shareholder disposing of its shares in the Company may be liable to corporation tax on chargeable gains arising on the disposal at the corporation tax rate applicable to its taxable profits (currently 20 to 21 per cent. (financial year 2014) according to the company's chargeable profits, but changing to 20 per cent. from 1 April 2015).

15.3.6 In computing the chargeable gain liable to corporation tax the corporate Shareholder is entitled to deduct from the disposal proceeds the cost to it of the shares together with incidental costs of acquisition, as increased by an indexation allowance to adjust for inflation, and disposal costs.

15.3.7 The UK operates a substantial shareholding exemption regime which may apply to the disposal by a UK Corporate Shareholder of shares in the Company subject to certain conditions regarding the amount of shareholding and length of ownership, the investing company and the company invested in are fulfilled. If the substantial shareholding exemption applies, gains are exempt from tax and losses do not accrue.

#### 15.4 **Inheritance tax (“IHT”)**

15.4.1 Individuals and trustees subject to IHT in relation to a shareholding in the Company may be entitled to business property relief of up to 100 per cent. after a holding period of two years providing that all the relevant conditions for the relief are satisfied at the appropriate time.

15.4.2 You should consult your taxation adviser if you are concerned with the potential IHT implications of your shares in the Company.

15.4.3 Individuals may be subject to IHT in relation to a share holding in the Company on the transfer of that share holding at an undervalue during lifetime or on death. Trustees may be subject to IHT on the transfer of their share holding at an undervalue or at certain points during the trust's existence.

### 16. **Stamp Duty and Stamp Duty Reserve Tax**

16.1 No stamp duty or stamp duty reserve tax (SDRT) will generally be payable on the issue of the New Ordinary Shares.

16.2 AIM qualifies as a recognised growth market for the purposes of the stamp duty and SDRT legislation and so, therefore, for so long as the New Ordinary Shares are admitted to trading on AIM and are not listed on any market (and being admitted to trading on AIM will not constitute a listing for these purposes) no charge to stamp duty or SDRT will arise on their subsequent transfer. If the New Ordinary Shares do not qualify for this exemption their transfer on sale will be subject to ad valorem stamp duty (payable by the purchaser and generally at the rate of 0.5 per cent. of the consideration given) save in respect of shares held in a clearance service or in a depositary receipt arrangement in respect of which other provisions may apply.

16.3 No stamp duty or SDRT will arise on the transfer of the shares provided they are not already listed on AIM or any other market.

### 17. **Principal Investments**

17.1 Save as disclosed in this document, the Company had no principal investments during the period covered by the financial information contained in Part III of this document and up to 5 February 2015 (being the latest practicable date prior to the publication of this document).

17.2 There are no principal investments of the Company that are in progress or in relation to which the Company has made any firm commitment.

### 18. **Litigation**

The Group is not involved, nor has it been involved, in any governmental, legal or arbitration proceedings in the previous 12 months which have, or may have had in the recent past, a significant effect on the Group's financial position or profitability, nor, so far as the Directors are aware, are any such proceedings pending or threatened against the Company or any member of the Group.

## **19. Significant change**

- 19.1 Save as disclosed in paragraph 2(c) and paragraph 6 of Part I of this document, in respect of the acquisition of Acescott, there has been no significant change in the financial or trading position of the Group since 30 June 2014, the date to which the latest unaudited interim financial information set out in Section C of Part III of this document has been prepared.

## **20. General**

- 20.1 The gross proceeds of the Placing of New Ordinary Shares receivable by the Company are anticipated to be £5.0 million. The total costs and expenses payable by the Company in connection with the Placing and Admission are estimated to amount to approximately £1.17 million (including VAT). The net proceeds of the Placing are anticipated to be £3.83 million.
- 20.2 PricewaterhouseCoopers LLP has given and not withdrawn its written consent to the inclusion in this document of the report set out in Section A of Part III in the form and context in which it appears and has authorised the contents of its report for the purposes of Schedule Two to the AIM Rules.
- 20.3 N+1 Singer has given and not withdrawn its consent to the inclusion in this document to its name in the form and context in which they are included.
- 20.4 PricewaterhouseCoopers LLP which is a member of the Institute of Chartered Accountants in England and Wales, and whose registered office is at 1 Embankment Place, London, WC2N 6RH, were appointed as auditors on 24 January 2014 and have audited the consolidated accounts of the Group for the year ended 31 December 2013. The audit report was unqualified and did not contain a statement under section 498 (2) or (3) of the Act.
- 20.5 Armstrong Watson, which is a member of the Institute of Chartered Accountants in England and Wales, and whose registered office is at 15 Victoria Place, Carlisle, CA1 1EW, were appointed as the Company's auditor on incorporation in 2007 and have audited the consolidated accounts of the Group until their resignation in January 2014.
- 20.6 As far as the Directors are aware, there are no environmental issues that may affect the Group's utilisation of its tangible fixed assets.
- 20.7 Save for the Company's share option scheme described in this document, there are no employee share incentive arrangements involving a share in the capital of the Company in place at the date of this document.
- 20.8 Save as set out in this document, the Directors are not aware of any patents or intellectual property rights, licences or industrial, commercial or financial contracts or new manufacturing or technological processes which are or may be of material importance to the Company's business, operations or profitability.
- 20.9 Save as set out in this document, no person (excluding professional advisers otherwise disclosed in this document and trade suppliers) has:
- 20.9.1 received, directly or indirectly, from the Company within the 12 months preceding the date of this document; or
- 20.9.2 entered into any contractual arrangements (not otherwise disclosed in this document) to receive, directly or indirectly, from the Company on or after Admission any of the following:
- (a) fees totalling £10,000 or more;
  - (b) securities of the Company where these have a value of £10,000 or more calculated by reference to the Placing Price; or
  - (c) any other benefit with the value of £10,000 or more at the date of this document.
- 20.10 The Placing Shares have not been sold, nor are they available, in whole or in part, to the public in connection with the application for Admission or the Placing.

- 20.11 Save as disclosed in this document, the Directors are not aware of any exceptional factors which have influenced the Group's activities.
- 20.12 Save as disclosed in this document, so far as the Directors are aware, there are no known trends, uncertainties, demands, commitments or events that have or may have had in the last 12 months preceding the publication of this document a significant effect on the financial position of the Group or which are likely to have a material effect on the Group's prospects for the next 12 months.
- 20.13 To the extent that information in this document has been sourced from third parties, such information has been accurately reproduced and, as far as the Company is aware and has been able to ascertain from information published by the relevant third party, no facts have been omitted which render the reproduced information inaccurate or misleading.
- 20.14 Save as disclosed in this document, the Company is not aware of any arrangements which may at a subsequent date result in a change of control of the Company.
- 20.15 Save as disclosed in this document, there are no provisions in the Articles which would have the effect of delaying, deferring or preventing a change of control of the Company.
- 20.16 Save as disclosed in this document, no public takeover bids have been made by third parties in respect of the Company's issued share capital since its incorporation up to the date of this document.
- 20.17 Insofar as the Directors are aware, the percentage of Ordinary Shares not in public hands (as that expression is defined in the AIM Rules) on Admission is expected to be approximately 82.9 per cent.

## **21. AVAILABILITY OF THIS DOCUMENT**

- 21.1 Copies of this document will be available free of charge during normal business hours on any week day (Saturdays, Sundays and public holidays excepted) until the date following one month after the date of Admission at the registered office of the Company and at the offices of N+1 Singer being 1 Bartholomew Lane, London EC2N 2AX. Copies of these documents are also available from the website [www.ptsg.co.uk](http://www.ptsg.co.uk).

Dated 5 February 2015

