the autins group

CANTOR Fitzgerald

Nominated Adviser and Broker

Admission Document

Placing and Admission to AIM

# Autins Group plc

**THIS ADMISSION DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or what action you should take you are recommended to seek your own financial advice immediately from your stockbroker, solicitor, accountant or other independent adviser authorised under the Financial Services and Markets Act 2000, as amended ("FSMA"), who specialises in advising on the acquisition of shares and other securities, if you are in the United Kingdom, or any appropriately authorised person under applicable laws, if you are located in any other jurisdiction.**

This document, which is an admission document prepared in accordance with the AIM Rules for Companies, has been issued in connection with the application for Admission. Admission will not constitute an offer to the public requiring an approved prospectus under section 85 of FSMA or the Prospectus Rules published by the Financial Conduct Authority ("FCA") (as amended) and accordingly this document does not constitute a prospectus for these purposes and has not been pre-approved by the United Kingdom Listing Authority pursuant to section 85 of FSMA.

The Company (whose registered office appears on page 7 of this document) and the Directors (whose names appear on page 7 of this document) accept responsibility, both individually and collectively, for the information contained in this document, including individual and collective responsibility for compliance with the AIM Rules. 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. 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 representations must not be relied upon as having been so authorised.

**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.**

Application has been made to the London Stock Exchange for the Enlarged Share Capital to be admitted to trading on AIM. It is expected that Admission will be effective and that dealings in the Ordinary Shares will commence on 22 August 2016.

# AUTINS GROUP PLC

*(incorporated and registered in England and Wales under the Companies Act 2006 with registered number 08958960)*

## Placing of 15,833,334 Ordinary Shares at 168 pence per Ordinary Share

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

***Nominated Adviser and Broker***

## Cantor Fitzgerald Europe

**Ordinary share capital immediately following Admission**

| | *Number* | *Nominal Amount* |
|---|---|---|
| Ordinary Shares of £0.02 each issued and fully paid | 22,100,984 | £442,019.68 |

Cantor Fitzgerald Europe, which is regulated in the UK by the FCA, is acting as the Company's nominated adviser and broker, respectively, in connection with the proposed Admission. Cantor Fitzgerald Europe's responsibilities as the Company's nominated adviser under the AIM Rules for Nominated Advisers and Cantor Fitzgerald Europe's responsibilities as the Company's broker under the AIM Rules for Companies 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 his decision to acquire Ordinary Shares in reliance on any part of this document without limiting the statutory rights of any person to whom this document is issued. No representation or warranty, express or implied, is made by Cantor Fitzgerald Europe as to, and no liability whatsoever is accepted by Cantor Fitzgerald Europe 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. Cantor Fitzgerald Europe will not be offering advice and will not otherwise be responsible for providing customer protections to recipients of this document in respect of any acquisition of Ordinary Shares.

Copies of this document will be available free of charge during normal business hours on any weekday (except Saturdays and public holidays) at the offices of Freeths LLP, 1 Vine Street, Mayfair, London, W1J 0AH from the date of this document and shall remain available for a period of one month from Admission.

# PRESENTATION OF INFORMATION

## General

This document does not constitute an offer to sell or an invitation to subscribe for, or the solicitation of an offer to buy or to subscribe for, Ordinary Shares in any jurisdiction in which such an offer or solicitation is unlawful and this document is not for distribution in or into any jurisdiction where action to that purpose is required. The Ordinary Shares have not nor will they be registered under the US Securities Act or with any securities regulatory authority or under the applicable securities laws of any state or other jurisdiction and, unless an exemption under such act or laws is available, may not be offered for sale or subscription or sold or subscribed directly or indirectly within any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations for the account or benefit of any national, resident or citizen of such jurisdictions. The distribution of this document may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of such jurisdictions.

Investors should rely only on the information in this document. No person has been authorised to give any information or to make any representations or warranties in connection with the Placing other than those contained in this document and, if given or made, such information, representations or warranties must not be relied upon as having been authorised by or on behalf of the Company, the Directors or Cantor Fitzgerald Europe. No representation or warranty, express or implied, is made by Cantor Fitzgerald Europe or any selling agent as to the accuracy or completeness of such information, and nothing contained in this document is, or shall be relied upon as, a promise or representation by Cantor Fitzgerald Europe or any selling agent as to the past, present or future. Neither the delivery of this document nor any sale made under this document shall, under any circumstances, create any implication that there has been no change in the business or affairs of the Company or of the Group taken as a whole since the date hereof or that the information contained herein is correct as of any time subsequent to the earlier of the date hereof and any earlier specified date with respect to such information.

The Company does not accept any responsibility for the appropriateness, accuracy or completeness of any information reported by the press or other media, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media or any other person regarding the Placing, the Company or the Group. The Company makes no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication.

As required by the AIM Rules for Companies, the Company will update the information provided in this document by means of a supplement to it if a significant new factor that may affect the evaluation by prospective investors of the Placing occurs prior to Admission or if it is noted that this document contains any mistake or substantial inaccuracy. This document and any supplement thereto will be made public in accordance with the AIM Rules for Companies.

The contents of this document are not to be construed as legal, business or tax advice. Each prospective investor should consult his or her own lawyer, financial adviser or tax adviser for legal, financial or tax advice in relation to any purchase or proposed purchase of Ordinary Shares. Each prospective investor should consult with such advisers as needed to make its investment decision and to determine whether it is legally permitted to hold shares under applicable legal investment or similar laws or regulations. Investors should be aware that they may be required to bear the financial risks of an investment in Ordinary Shares for an indefinite period of time.

No person has been authorised to give any information or make any representation other than those contained in this document and, if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of the Company, the Directors or Cantor Fitzgerald Europe. This document is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Company, the Directors, Cantor Fitzgerald Europe or any of their representatives that any recipient of this document should subscribe for or purchase any of the Placing Shares.

Prior to making any decision as to whether to subscribe for or purchase any Ordinary Shares, prospective investors should read the entirety of this document and, in particular, the section headed "Risk Factors". Investors should ensure that they read the whole of this document and not just rely on key information or information summarised within it. In making an investment decision, prospective investors must rely upon their own examination of the Company and the terms of this document, including the risks involved. Any decision to purchase Ordinary Shares should be based solely on this document.

Investors who subscribe for or purchase Placing Shares in the Placing will be deemed to have acknowledged that: (i) they have not relied on Cantor Fitzgerald Europe or any person affiliated with Cantor Fitzgerald Europe in connection with any investigation of the accuracy of any information contained in this document for their investment decision; and (ii) they have relied only on the information contained in this document, and no person has been authorised to give any information or to make any representation concerning the Company or the Ordinary Shares (other than as contained in this document) and, if given or made, any such other information or representation should not be relied upon as having been authorised by or on behalf of the Company, the Directors or Cantor Fitzgerald Europe.

None of the Company, the Directors, Cantor Fitzgerald Europe or any of their representatives is making any representation to any subscriber or purchaser of Ordinary Shares regarding the legality of an investment by such subscriber or purchaser.

In connection with the Placing, Cantor Fitzgerald Europe and any of its affiliates, acting as investors for their own accounts, may acquire Ordinary Shares, and in that capacity may retain, purchase, sell, offer to sell or otherwise deal for their own accounts in such Ordinary Shares and other securities of the Company or related investments in connection with the Placing or otherwise. Accordingly, references in this document to the Ordinary Shares being offered, subscribed, acquired, placed or otherwise dealt with should be read as including any offer to, or subscription, acquisition, dealing or placing by, Cantor Fitzgerald Europe and any of its affiliates acting as investors for their own accounts. Cantor Fitzgerald Europe does not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligations to do so. Cantor Fitzgerald Europe and any of its respective affiliates may have engaged in transactions with, and provided various investment banking, financial advisory and other services to the Company, for which they would have received customary fees.

Cantor Fitzgerald Europe and any of its respective affiliates may provide such services to the Company and any of its affiliates in the future.

### Presentation of Financial Information

The report on financial information included in Section A of Part III of this document has been prepared in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom and includes the related consent to its inclusion in this document as required by the AIM Rules for Companies and solely for that purpose.

Unless otherwise indicated, financial information in this document, including Autins' combined financial statements for the three years ended 30 September 2013, 2014 and 2015, the consolidated unaudited interim financial information of Autins for the six months to 31 March 2016 and the notes to those financial statements, has been prepared in accordance with IFRS.

### Rounding

Certain figures and percentages in this document have been subject to rounding adjustments. Accordingly, any apparent discrepancies in tables between the totals and the sums of the relevant amounts are due to rounding.

## Currencies

Unless otherwise indicated in this document, all references to:

- "pounds sterling" or "£" are to the lawful currency of the UK;
- "euro" or "€" are to the lawful currency of the European Union's member states; and
- "U.S. dollars", "dollars" or "$" are to the lawful currency of the United States.

Unless otherwise indicated, the financial information contained in this document has been expressed in pounds sterling. For all members of the Group in the UK, the functional currency is pounds sterling and the Group presents its financial statements in pounds sterling.

## Forward-Looking Statements

Some of the statements in this document include forward looking statements which reflect the Directors' current views with respect to financial performance, business strategy, plans and objectives of management for future operations (including development plans relating to the Group's products and services). These statements include forward looking statements both with respect to the Group and the sectors and industries in which the Group operates. Statements which include the words "expects", "intends", "plans", "believes", "projects", "anticipates", "will", "targets", "aims", "may", "would", "could", "continue" and similar statements are of a future or forward looking nature.

All forward looking statements address matters that involve risks and uncertainties. Accordingly, there are or will be important factors that could cause the Company's actual results to differ materially from those indicated in these statements. These factors include but are not limited to those described in Part II of this document entitled "Risk Factors", which should be read in conjunction with the other cautionary statements that are included in this document. Any forward looking statements in this document reflect the Directors' current views with respect to future events and are subject to these and other risks, uncertainties and assumptions relating to the Company's operations, results of operations and growth strategy.

These forward looking statements speak only as of the date of this document. The Company undertakes no obligation to publicly update or review any forward looking statement, whether as a result of new information, future developments or otherwise. All subsequent written and oral forward looking statements attributable to the Group or individuals acting on behalf of the Group are expressly qualified in their entirety by this paragraph. Prospective investors should specifically consider the factors identified in this document which could cause actual results to differ before making an investment decision.

## No Incorporation of Website Information

The contents of the Company's website do not form part of this document and prospective investors should not rely on them.

# CONTENTS

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

| | *Time and date* |
|---|---|
| Publication of this document | 17 August 2016 |
| Admission effective and dealings in the Ordinary Shares commence on AIM | 8.00 a.m. on 22 August 2016 |
| CREST accounts credited in respect of Placing Shares in uncertificated form | 8.00 a.m. on 22 August 2016 |
| Despatch of definitive share certificates (where applicable) | by 6 September 2016 |

*Each of the times and dates above and mentioned elsewhere in this document may be subject to change at the absolute discretion of the Company and Cantor Fitzgerald Europe.*

## PLACING STATISTICS

| | |
|---|---|
| Placing Price | 168 pence |
| Number of Existing Ordinary Shares in issue at the date of this document | 13,469,650 |
| Number of Ordinary Shares issued pursuant to the Placing | 8,333,334 |
| Number of Vendor Shares sold pursuant to the Placing | 7,500,000 |
| Total number of Placing Shares | 15,833,334 |
| Number of Ordinary Shares in issue immediately following the Placing and Admission | 22,100,984 |
| Percentage of Enlarged Share Capital subject to the Placing | 71.6 per cent. |
| Number of Options in issue following the Placing and Admission | 454,761 |
| Fully diluted number of Ordinary Shares immediately following Admission* | 22,555,745 |
| Gross proceeds of the Placing (excluding sale proceeds of the sale of the Vendor Shares) | £14.0 million |
| Gross proceeds receivable by the Vendors in respect of the sale of the Vendor Shares | £12.6 million |
| Market capitalisation upon Admission at the Placing Price | £37.1 million |
| ISIN | GB00BD37ZH08 |
| SEDOL | BD37ZH0 |
| TIDM | AUTG |

* assuming exercise in full of the Options

## DIRECTORS, SECRETARY, REGISTERED OFFICE AND ADVISERS

| | |
|---|---|
| **Directors** | Adam Attwood, *Non-Executive Chairman*<br>Jim Griffin, *Chief Executive Officer*<br>James Larner, *Chief Financial Officer*<br>Terry Garthwaite, *Non-Executive Director*<br>Ian Griffiths, *Non-Executive Director*<br>Karen Holdback*<br>Kevin Westwood*<br><br>* will step down from the Board, with effect from Admission |
| **Company Secretary** | James Larner |
| **Registered Office** | Central Point One<br>Central Park Drive<br>Rugby<br>Warwickshire<br>CV23 0WE |
| **Telephone Number** | +44 (0)1788 578 300 |
| **Website** | www.autins.co.uk |
| **Nominated Adviser and Broker** | Cantor Fitzgerald Europe<br>One Churchill Place<br>Canary Wharf<br>London<br>E14 5RB |
| **Solicitors to the Company** | Freeths LLP<br>1 Vine Street<br>Mayfair<br>London<br>W1J 0AH |
| **Solicitors to the Nominated Adviser and Broker** | Gateley Plc<br>One Eleven<br>Edmund Street<br>Birmingham<br>B3 2HJ |
| **Auditors and Reporting Accountant** | BDO LLP<br>Two Snowhill<br>Birmingham<br>B4 6GA |
| **Public Relations** | Newgate Communications<br>50 Basinghall Street<br>London<br>EC2V 5DE |
| **Registrars** | Capita Registrars Limited<br>The Registry<br>34 Beckenham Road<br>Beckenham<br>Kent<br>BR3 4TU |

## DEFINITIONS

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

| | |
|---|---|
| **"Admission"** | admission of the issued and to be issued share capital of the Company to trading on AIM and such admission becoming effective in accordance with the AIM Rules; |
| **"AIL"** | Automotive Insulations Limited, a subsidiary of the Company; |
| **"AIM"** | AIM, a market operated by the London Stock Exchange; |
| **"AIM Rules"** | together, the AIM Rules for Companies and the AIM Rules for Nominated Advisers, as amended from time to time; |
| **"AIM Rules for Companies"** | the AIM Rules for Companies, together with the guidance notes set out in Part Two thereof, issued by the London Stock Exchange, as amended from time to time; |
| **"AIM Rules for Nominated Advisers"** | the AIM Rules for Nominated Advisers issued by the London Stock Exchange, as amended from time to time; |
| **"AITC"** | Autins Technical Centre; |
| **"Articles"** | the articles of association of the Company as at the date of this document, a summary of which is set out in paragraph 5 of Part V of this document; |
| **"Broker"** | Cantor Fitzgerald Europe; |
| **"Cantor Fitzgerald Europe"** or **"CFE"** | Cantor Fitzgerald Europe, the Company's Nominated Adviser and Broker; |
| **"certified"** or **"in certificated form"** | the description of a share or other security that is not in uncertificated form (that is, not in CREST); |
| **"City Code"** | the UK City Code on Takeovers and Mergers, as amended from time to time; |
| **"Company"** or **"Autins"** | Autins Group plc, a public limited company incorporated in England and Wales with registration number 08958960; |
| **"CREST"** | the computerised settlement system to facilitate the holding of and transfer of title to or interests in securities in uncertificated form, operated by Euroclear; |
| **"CREST Regulations"** | the UK Uncertificated Securities Regulations 2001 (as amended) including any modification or re-enactment thereof for the time being in force and such other regulations as are applicable to Euroclear and/or CREST; |
| **"Directors"** or **"Board"** | the board of directors of the Company as at the date of this document, whose names are set out on page 7 of this document; |
| **"Disclosure and Transparency Rules"** or **"DTRs"** | The UK disclosure and transparency rules made pursuant to section 73A of the FSMA; |
| **"Enlarged Share Capital"** | the issued share capital of the Company immediately following Admission; |
| **"Euroclear"** | Euroclear UK and Ireland Limited, the operator of CREST; |

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|---|---|
| **"Existing Ordinary Shares"** | the Ordinary Shares of the Company in issue as at the date of this document, comprising 13,469,650 Ordinary Shares; |
| **"FCA"** | the UK Financial Conduct Authority; |
| **"FSMA"** | the Financial Services and Markets Act 2000, as amended from time to time; |
| **"GBP"** or **"£"** | pounds Sterling, being the lawful currency of the UK; |
| **"Group"** or **"Autins Group"** | the Company and its subsidiaries at Admission, or at another time as the context requires; |
| **"HORIBA MIRA"** | HORIBA MIRA Limited; |
| **"HMRC"** | Her Majesty's Revenue and Customs; |
| **"IFRS"** | International Financial Reporting Standards as endorsed by the European Union; |
| **"IKsung"** | IKsung Co. Ltd, a South Korean manufacturer; |
| **"Indica Automotive"** | Indica Automotive Limited, a company in which the Company has a 50 per cent. shareholding; |
| **"Lock-in Agreement"** | the lock-in and orderly market agreement dated 17 August 2016 between the Company and Cantor Fitzgerald Europe and the Locked-in Persons, details of which are set out in paragraph 11.2 of Part V of this document; |
| **"Locked-in Persons"** | together the Directors and the Vendors; |
| **"London Stock Exchange"** | London Stock Exchange plc; |
| **"LTIP"** | The Autins Group plc Long Term Incentive Plan; |
| **"MAR"** | Market Abuse Regulation 2016; |
| **"Nominated Adviser"** | Cantor Fitzgerald Europe in its capacity as nominated adviser of the Company; |
| **"NVH"** | noise, vibration and harshness; |
| **"Official List"** | the Official List of the UKLA; |
| **"Options"** | the share options described in paragraph 15 of Part V of this document; |
| **"Ordinary Shares"** | ordinary shares of £0.02 each in the capital of the Company; |
| **"Placee"** | a subscriber or purchaser of Placing Shares; |
| **"Placing"** | the conditional placing by Cantor Fitzgerald Europe of the Placing Shares at the Placing Price pursuant to the terms and conditions of the Placing Agreement; |
| **"Placing Agreement"** | the conditional agreement dated 17 August 2016 between Cantor Fitzgerald Europe, the Company, the Directors and the Vendors relating to the Placing, further details of which are set out in paragraph 11.1 of Part V of this document; |
| **"Placing Price"** | 168 pence per Placing Share; |

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|---|---|
| **"Placing Shares"** | both (i) the 8,333,334 Ordinary Shares to be issued conditional on Admission by the Company pursuant to the Placing and (ii) the Vendor Shares; |
| **"Prohibited Territories"** | Australia, Canada, Japan, the Republic of Ireland, the Republic of South Africa and the US; |
| **"Registrar"** | Capita Registrars Limited; |
| **"Rheinland"** | RI Rheinland Insulations GmbH, a subsidiary of the Company; |
| **"Scandins"** | Scandins AB, a subsidiary of the Company; |
| **"Share Scheme"** | the Company's share option scheme, details of which are set out in paragraph 18 of Part I and paragraph 15 of Part V of this document; |
| **"Shareholder"** | a holder of Ordinary Shares; |
| **"Significant Shareholder"** | a Shareholder of 3 per cent. or more of the Ordinary Shares, current details of whom are set out in paragraph 7 of Part V of this document; |
| **"Solar Nonwovens"** | Solar Nonwovens Limited; |
| **"Subsidiary"** | a subsidiary of the Company on Admission; |
| **"TIDM"** | tradable instrument display mnemonic; |
| **"UK"** or **"United Kingdom"** | the United Kingdom of Great Britain and Northern Ireland; |
| **"UKAS"** | The United Kingdom Accreditation Service; |
| **"UK Companies Act"** | the Companies Act 2006 of the United Kingdom, as amended; |
| **"UK Corporate Governance Code"** | the code published by the Financial Reporting Council which sets out standards of good practice for listed companies on board composition and development, remuneration, shareholder relations, accountability and audit; |
| **"UK Listing Authority"** or **"UKLA"** | the United Kingdom Listing Authority, being the FCA acting in its capacity as the competent authority for the purposes of FSMA; |
| **"uncertificated"** or **"in uncertificated form"** | recorded on the register of Ordinary Shares as being held in uncertificated form in CREST, entitlement to which, by virtue of the CREST Regulations, may be transferred by means of CREST; |
| **"VAT"** | value added tax; |
| **"Vendors"** | the sellers of the Vendor Shares, being Jim Griffin, Karen Holdback, Kevin Westwood and Adam Attwood; and |
| **"Vendor Shares"** | the 7,500,000 existing Ordinary Shares being sold in the Placing by the Vendors. |

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 the masculine gender shall include the feminine or neuter gender.

## GLOSSARY OF TECHNICAL TERMS

| | |
|---|---|
| **"2D" and "3D"** | two dimensional and three dimensional respectively; |
| **"composite"** | made by combining two or more dissimilar materials to create a product, typically with improved properties over the original materials; |
| **"sheet material"** | a large rectangular piece of material; |
| **"hydrophobic"** | repels water; |
| **"lightweighting"** | concept of reducing weight of vehicles; |
| **"moisture shedding composite"** | multiple layered material that has hydrophobic properties; |
| **"Neptune"** | brand name for ultra-microfibre material; |
| **"NVH"** | noise, vibration and harshness; |
| **"OEM"** | original equipment manufacturer; |
| **"oleophobic"** | repels oil; |
| **"Ozone"** | brand name for trilaminate material; |
| **"powertrain"** | the main components that generate power and deliver it to the road surface, water, or air; this includes the engine, transmission, drive shafts, differentials, and the final drive; |
| **"PU"** or **"PUR"** | Polyurethane; |
| **"Q1, Q2, Q3 and Q4"** | means the first, second, third and fourth quarters respectively in any given year, as the context requires; |
| **"thermoplastic"** | denotes substances (especially synthetic resins) that become plastic on heating and harden on cooling, and are able to repeat these processes; |
| **"Tier One"** | the immediate or primary suppliers to OEMs; |
| **"Tier Two"** | suppliers to the immediate or primary suppliers to the OEMs. |

# PART I

## INFORMATION ON THE GROUP

### 1. Introduction

Autins Group specialises in the design, manufacture and supply of acoustic and thermal insulation solutions primarily in the automotive sector but with an increasing focus on other sectors, including white goods, power generation, marine, apparel, rail, commercial vehicles and industrial sectors.

The Directors believe that the Group is one of the leading UK suppliers of noise and heat management products in the automotive market, producing and supplying over two million parts per month to customers including some of the world's leading vehicle manufacturers, including Jaguar Land Rover, Bentley and Honda.

The management team, led by Jim Griffin who has been with Autins Group since 1989, has overseen significant growth in the business in a challenging macro-economic climate and is committed to leading further growth as a public company. The Directors believe there is significant opportunity for ongoing organic growth through product development and broadening relationships through further international expansion, against a backdrop of a strong and growing market. The Group has made significant investment in new technology in recent years, alongside improvements in product capability and a growing reputation for providing innovative solutions to meet the needs of its customers.

The Group has a strong market presence and is a profitable, cash generative and financially stable business with Group revenues for the year ended 30 September 2015 of £19.78 million and operating profit of £1.20 million.

The Directors believe that the net proceeds from the Placing will provide the Group with equity finance to support its growth strategy, as described in this document, and that Admission will, *inter alia*, increase the Company's corporate profile and provide the ability to incentivise key employees.

The Company is seeking to raise approximately £14.0 million (before expenses) pursuant to the Placing. In addition, Admission will provide the Vendors (including Jim Griffin and Adam Attwood) with the opportunity to dispose of some of their Ordinary Shares in the Placing. Their remaining Ordinary Shares will be retained pursuant to the Lock-in Agreement. Further details of the Placing and Vendor Placing are outlined in paragraph 15 of Part I of this document.

### 2. History and background

AIL, founded in 1966 and headquartered in Rugby, has a long trading history as a manufacturer and supplier of parts for the automotive industry including the original Mini and Jaguar vehicles.

In 2006, AIL was acquired by way of a management buyout by a team of existing employees of Autins, including Jim Griffin, the Group's Chief Executive Officer. Following the management buyout, the Group repositioned itself from a UK-only, commodity automotive component supplier to a European provider of complete solutions for the acoustic and thermal manufacturing needs of customers across a wider range of sectors, including automotive, marine, commercial, industrial, interior design and construction.

Major milestones in the Group's developments following the management buyout in 2006 are summarised as follows:

- In 2011, AIL opened a second manufacturing facility in Rugby totaling 12,000 square foot.
- In 2012, AIL entered into a joint venture with KBK Engineering AB, a Swedish design and manufacturing business specialising in the production of acoustic and thermal products for the automotive industry, to form Scandins AB. The joint venture, based in Hamneviksvägen, Gothenburg, Sweden, was established to act as a conduit into the local automotive manufacturers and for the manufacture of PU foam. Scandins currently has 19 employees and produces approximately 70,000 parts per month.

- RI Rheinland Insulation GmbH was set up in 2013 as an entry point into the German automotive industry. Rheinland currently operates a 17,351 square foot factory in Hilden, North Rhine-Westfalia, Germany, which employs 20 employees producing approximately 25,000 parts per month.
- In March 2014, the Company was established as the holding company of the Group.
- In May 2014, the Group entered into a joint venture with Indica Industries Limited, an established Indian manufacturer of foam and technical materials, to form Indica Automotive Limited. Indica Automotive, which is a supplier into AIL, operates from Brackmills, Northampton, started manufacturing a range of acoustic and thermal foam products in October 2014 to complement the Group's current portfolio of materials. The joint venture is also intended to facilitate the expansion of the Group into new markets, including construction and interior design.
- The AIL business was relocated to a 61,000 square foot factory and offices located adjacent to the M6 in Rugby, a process that was completed in July 2014. At that time, this new facility allowed the Group to bring a wide range of testing and manufacturing processes in house and to increase capacity to meet growing demand.
- In December 2015, the Group signed a royalty agreement with IKsung, a South Korean supplier, for the manufacturing and distribution rights for Neptune. This will allow the Group to manufacture and sell the Neptune product, a new low density, lightweight material which the Directors anticipate will be significantly cheaper to produce, exclusively into European markets and non-exclusively into Russia, Morocco, Algeria and Tunisia for a minimum period of ten years. A £3.3 million (US$4.4 million) investment was made by the Group in order to establish the Neptune production line in Tamworth. It is expected that production on the new line will commence in Q3 2016. Further information on Neptune is set out in paragraph 5 below.
- In April 2016, the Group opened a new 3,000 square foot premises at Europe's largest automotive research and development facility at MIRA Technology Park in Nuneaton in order to be able to offer materials testing commercially to companies from a range of industries. The Group will initially carry out testing on its products produced at its sites in the UK, Sweden and Germany and will look to start carrying out research on new lightweight materials with thermal and acoustic properties.
- In April 2016, AIL acquired the remaining 51 per cent. stake in Scandins AB and 10 per cent. in Rheinland, thereby securing ownership of the operations and net assets of the Group's operations in Europe.

### 3. Investment case

The Directors believe that the Group's business model has a number of competitive advantages which differentiate it in its market place and establish it as an attractive investment opportunity.

These include the following:

- ***Proven business model***

  The Group is cash generative and profitable and has shown significant growth over the last 4 years. It has excellent order visibility and the Board has a clear strategy for continued profitable growth, including diversification into non-automotive sectors.

- ***Strong customer relationships***

  The Group is a strategic supplier to Jaguar Land Rover, having first supplied Land Rover in 1966, and is a Tier One supplier to major automotive OEMs, including VW Group, Honda, Porsche, and Bentley. The Group's expertise and consistent delivery of high quality products and solutions has built beneficially long-term relationships and continues to provide opportunities to expand its customer base. These customer relationships also underpin the Board's confidence in the growth potential of the Group and the forward order visibility.

- ***Differentiated solutions and a commitment to innovation***

  The Group has made substantial investment in facilities for its UK, German and Swedish businesses and its UK based joint venture Indica Automotive, providing exposure to key geographies within the European automotive market and for the development of new opportunities and capabilities in alternative higher margin sectors.

  There has also been investment in new technology that has underpinned the Group's shift from its origins as a producer of commodity products. This can be demonstrated by the increase in average sales per vehicle from £15.18 in 2013 to £23.39 in 2015 with the expectation of further increases to £23.48 in 2016 and £31.91 in 2017.

  The Board believes that the Group has significant capacity for growth and product innovation, allied to patent protection wherever possible, providing a further competitive advantage.

  The Group's strategy is to become the premium European NVH and insulation solutions provider across the automotive, white goods, power generation, marine, apparel, rail, commercial vehicles and industrial sectors.

- ***Strong and growing market***

  In October 2015, the Society of Motor Manufacturers and Traders published a report titled *The Future of UK Automotive Manufacturing in 2025 and Beyond* which highlighted that the UK automotive industry is on course to break manufacturing records by the end of the decade with a key factor being a 'shift to premium'; in other words, the increasing value of the vehicles made in and exported by British manufacturers. In 2010, 37 per cent. of UK car production was by premium manufacturers; this is projected to rise to 54 per cent. by 2020.

  The Board believes that Autins is well placed to benefit from this anticipated market growth, particularly as the NVH market is being driven by factors such as increased legislation on vehicle noise, vehicle lightweighting and consumer demand. The Board also anticipates significant scope for growth across vehicle platforms.

- ***Experienced and expanding management team***

  The Group's senior management team, led by Jim Griffin, has extensive experience of NVH products and the automotive industry. Furthermore, following Admission the Board intends to recruit additional personnel, including a head of European sales, in order to support the strategic development of the Group and the diversification into high margin non-automotive sectors.

## 4. Manufacturing capabilities, processes and products

### *Manufacturing capabilities*

Operating from a number of sites in the UK, Germany and Sweden, Autins specialises in the design and manufacture of innovative NVH, acoustic and thermal materials, solutions and associated products that are predominantly utilised in the automotive industry.

These materials and components have widespread application in the automotive sector and their use is increasing as manufacturers seek to improve the level of vehicle refinement and to comply with increasingly stringent government regulations limiting automotive noise levels. NVH materials work through insulating or absorbing noise, vibration and harshness, and reflecting heat where required; for example, within the engine bay.

The automotive sector presents significant challenges for designers as there are many sources of potential discomfort ranging from engine, road and wind noise to that from fans and climate control systems. There are additional requirements for hydrophobic and oleophobic components, and an ability to manufacture complex shapes with varying thickness and functions, whilst minimising product weight.

Vehicle refinement is an important differentiator for consumers and the trend towards alternative powertrains and lightweighting also serves to increase the NVH challenge, particularly for volume production.

In order to position Autins as a preferred solutions provider, the Group has built up a considerable body of design and manufacturing knowhow alongside a number of patents, including a composite sheet material, a moisture shedding composite, a method for producing an insulation component from sheet material and a method and apparatus for producing insulation components.

The Group has developed its capabilities over the last few years through its investment in innovation and manufacturing technology.

The Board believes that the Group, having invested in innovation and manufacturing technology, has a portfolio of materials and processes that enables it to meet the most challenging acoustic and thermal NVH specifications. In the Board's view, the ability to respond quickly to customer enquiries and to deliver cost effective solutions, from individual applications to high volume mass production, have underpinned the rapid growth of the business.

***Manufacturing processes***

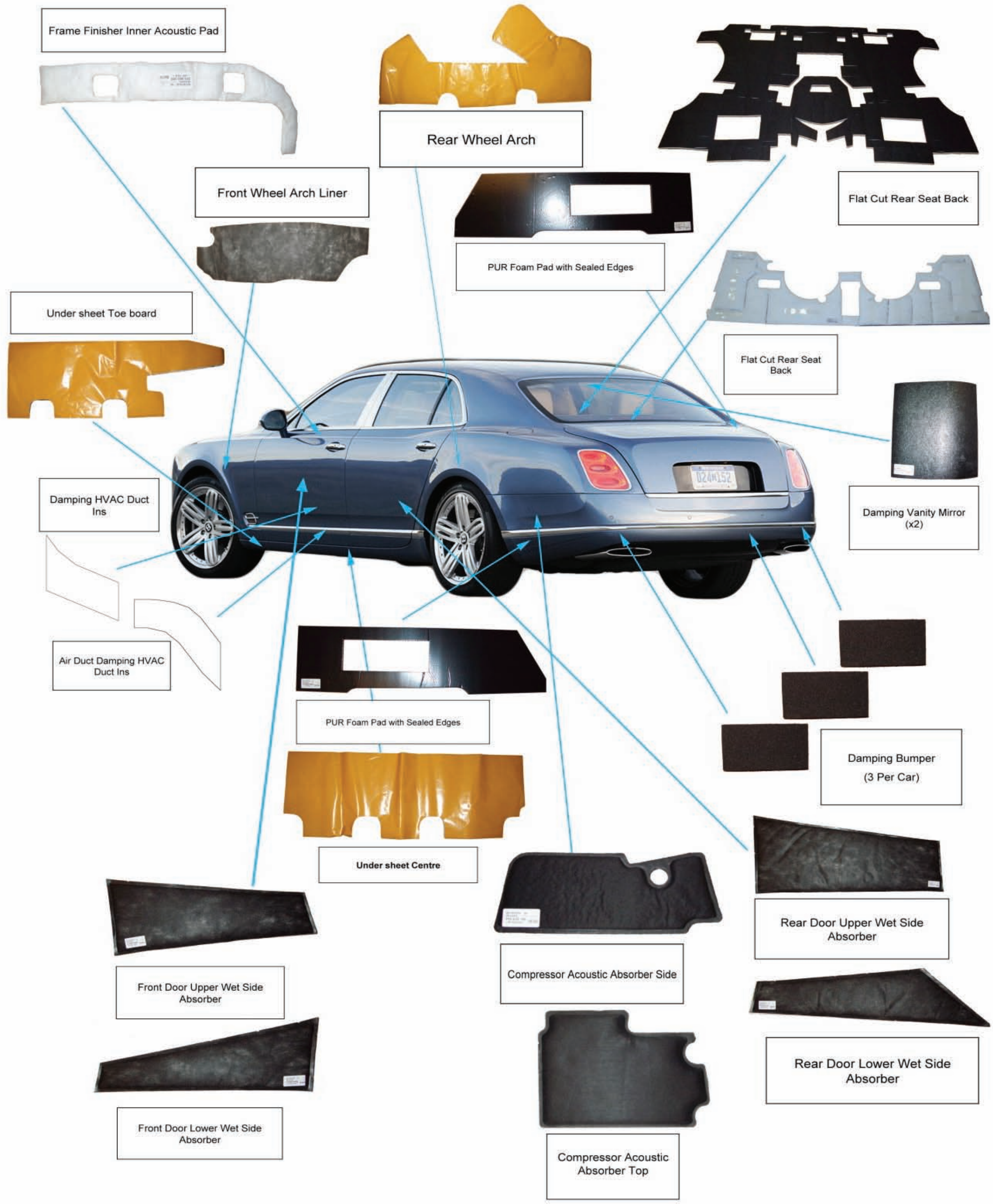
The Group employs a number of key manufacturing processes that include:

- Thermoforming, a process of heating a thermoplastic material and shaping it in a mould, is used to produce parcel shelf, instrument panel closures and wheel arch liners;
- Reaction injection moulded PUR, a moulding process to manufacture plastic moulded parts, is used for sill, under bonnet, tunnel, seatbelt and bumper applications in a growing number of vehicles;
- Die cut, sonic sew and cut and seal, a fast manufacturing process, with cut and seal using patented tooling; and
- Vacuum forming and waterjet cutting, the most recent addition to the Group's manufacturing capabilities, introduced to facilitate the mass production of components beginning in late 2014.

***Products***

| *Example Products* | *Description* | *Performance attributes* |
|---|---|---|
| **Bonnet liner**<br> | • Manufactured in a mould press using heated tooling<br>• Made of Autins own blended PU light foam, produced at its Sweden facility<br>• First introduced in 2016 as a bonnet liner but previously supplied to Bentley and Range Rover since 2013 for other engine bay applications. The move to supply bonnet liners has increased sales potential | • A lightweight, high performance acoustic product with high heat resistance<br>• The use of Autins' own raw materials results in a cost effective product solution for customers<br>• A profitable product line for the Group and an improved gross margin, due to the high Autins content |
| **PU Foam Moulding**<br> | • PU foam moulding<br>• Currently produced at its satellite manufacturing facility in Rugby, UK but also shortly in Sweden<br>• Previously, an outsourced component that has now been brought in-house through investment in a semi-automated line 18 months ago | • High performance acoustic absorption product<br>• High temperature resistance<br>• Specialist formulation<br>• High quality components |
| **Engine Bulkhead Insulator**<br> | • Cut and seal process<br>• Unique process using patented tooling design<br>• First produced for the Range Rover Evoque | • According to management parts are lighter than standard competitor parts<br>• Parts are 2D shaped that subsequently fold to form 3D shapes of the body when installed<br>• Savings to customers in weight, part cost and tooling cost |

The following diagram shows example of Autins' product variants:




***Research and development***

In April 2016, the Group took on a lease of a 3,000 square foot facility at HORIBA MIRA, Europe's largest research and development facility, located in the Midlands. The facility, which will house the AITC, has been taken on to extend the Group's research and commercial testing facilities. Management believes that HORIBA MIRA is continuing to gain global recognition as the premier location in Europe for automotive research and development, engineering and testing. Companies based at the MIRA Technology Park benefit from direct access to the comprehensive HORIBA MIRA test facilities and engineering, research and test services. The site currently has a suite of 37 major test facilities as well as 100 kilometres of specialised proving ground tracks.

The AITC is expected to be fully up and running during summer 2016 and accreditation to UKAS standards is then expected during the course of 2017. Once accredited, the facility will be able to offer materials testing commercially to companies from a range of industries, including the automotive sector. It is intended that the new facility, headed by Dr. Kathryn Beresford, Autins' Chief Technical Officer, will be the hub for all group research on new lightweight materials for thermal and acoustic NVH insulation. The AITC will also provide on-going testing of products made at the Group's factories in the UK, Sweden and Germany.

### 5. Neptune and Ozone

***Neptune***

In December 2015, Autins acquired the exclusive European rights to a new proven, lightweight, high performance material from IKsung Co., a South Korean manufacturer. IKsung has successfully manufactured this material and derivative products for a number of years. Products are currently sold by IKsung under its Noiselite and Heatlution brands into an established customer base in the automotive, aerospace, buildings, medical, rail, and textile sectors.

The Group is the sole UK and European manufacturer and distributor of Neptune, a material processed using Hexaflower, a unique blend of hollow 'hexagonal grooved' polyester and polypropylene microfibres, which will be sold under its new Neptune brand.

Investment to date totals some £2.1 million and production facilities have been established at its newly leased 47,000 square foot Birch Coppice site in Tamworth. Following successful full testing at IKsung, the first Neptune production line was shipped to the UK in April 2016 and the Board believes that the Group is on schedule to begin production and sales during in Q3 2016 which should see the line operating at breakeven within the first year of operation. Neptune has already received important approvals from several customers, including six automotive OEMs.

Neptune offers a superior, lighter weight, acoustic and thermal NVH solution when compared to existing products and at a much lower cost. Another important feature of Neptune is that it can be sonically welded to various substrates and this removes the need for expensive adhesive tapes.

The Directors believe that Neptune has excellent growth prospects across a diverse range of industrial sectors, including white goods, marine, rail and apparel. In addition, the Board considers that Neptune fits well with the Group's diversification strategy to drive sales into complementary markets where there is the prospect of higher margins.

***Ozone***

Under the terms of the Group's licence with IKsung it has first right of refusal for any other IKsung products that they wish to bring to the European markets. Ozone is a high performance, three layer material which can be used as a lightweight acoustic barrier material. Ozone is a very effective product that offers considerable weight savings, which is particularly important for manufacturers looking to meet emission standards and improve fuel economy whilst matching the performance of existing products available in the market. The Board considers that Ozone will allow the Group to offer a range of complex new products and components at improved margins, particularly for inner bulkhead and wheel arch liners. In addition, the Board expects that the Ozone line will be used to produce heavy layer and which should bring additional benefits to the Group.

There is a twelve month lead time from the order of the production equipment from IKsung until commissioning and the Group has allocated £3.0 million from the net proceeds of the Placing to establish an Ozone production line.

The Board believes that there will be opportunities to acquire other patented products from IKsung, including, for example, those with electromagnetic suppression qualities, which is becoming increasingly important with the proliferation of electronic equipment and the introduction of electric vehicles. In addition, the Board expects that current spare capacity at the Group's Tamworth facility will be sufficient to allow for up to three specialist materials lines to be installed.

## 6. Key customers

The Group's key customers are set out below and include OEMs, Tier One suppliers and building materials and flooring suppliers.

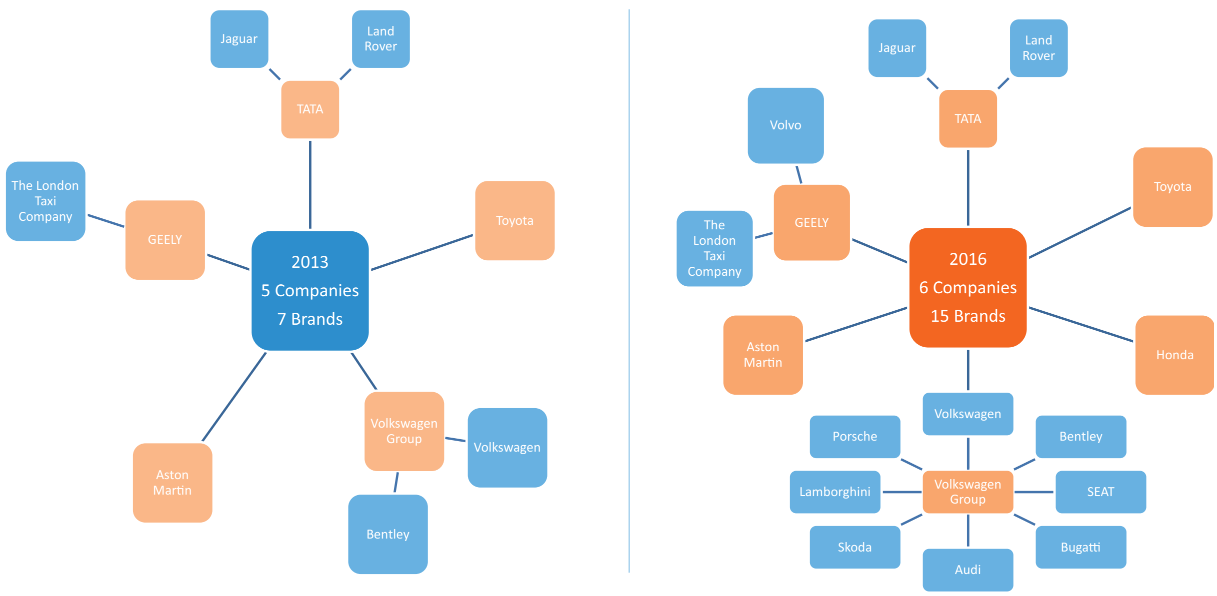
| | | |
|---|---|---|
| Jaguar Land Rover | GKN plc | EcoTechnilin |
| Porsche | International Automotive Components | Gerflor |
| Bentley | Mecaplast Group | Rosti |
| Audi | Grupo Antolin | Tarkett |
| VW Group | Kongsberg Automotive | Base Flooring Solutions |
| Bentley | | Maier |
| Honda | | Orangebox |
| Volvo | | |
| The London Taxi Company | | |

### *Automotive*

Autins started trading in 1966 as a supplier of parts to British Motor Holdings (including Mini and Jaguar vehicles), becoming a strategic supplier to Jaguar Land Rover in 2013. This relationship has provided and continues to provide significant benefit to the Group, with Jaguar Land Rover direct sales representing approximately 58 per cent. of the Group's automotive sales during the year ended 30 September 2015.

Autins has experienced significant growth over the last few years having invested in manufacturing technology, increased focus on product innovation and commitment to customer service. This, together with the Group's focus on growth with additional OEMs and customers, has been highly successful and since 2015 Autins has been appointed as a Tier One supplier to VW Group Companies. In addition, the Group has successfully been contracted to a number of new, to Autins, automotive brands, including Audi, Honda and Porsche, as outlined in the OEM and brand reach charts below. The Board are also in advanced discussions with a number of other potential automotive customers.

### *OEM and Brand reach, 2013 to 2016*




### *Buildings materials and flooring*

In addition to the automotive sector, Autins has extended its product range to provide other materials and components to non-automotive sectors, such as acoustic flooring, acoustic pods, marine and commercial vehicles. The Groups key customers include EcoTechnilin, Gerflor, Tarkett, Base Flooring Solutions and Orangebox.

## 7. Vision, strategy and opportunities for growth

### *Vision*

The Board intends to establish the Group as one of Europe's premium acoustic and thermal insulation materials and components manufacturers. This is intended to be achieved by delivering sustainable growth through product and process innovation, together with higher gross margins through a commitment to continuous improvement and customer recognition of the Group as a supplier of choice with a highly skilled, motivated and engaged workforce.

### *Strategy*

The Group's strategy is focussed and built upon its three pillars of expertise:

- Specialist component manufacturing;
- Specialist materials manufacturing; and
- Innovation and research.

### *The Groups' three pillars of expertise*

**Specialist Component Manufacturing Division**

- Developing new processes – 3D and drape moulding, robotic waterjet cutting
- High value specialist components – heat shields, dash insulators
- Investment to broaden product portfolio for new customers and markets
- Auto industry disciplines deployed into new sectors

**Specialist Materials Manufacturing Division**

- Specialist blended non-woven materials
- Proprietary blend of light foam (Sweden)
- Acoustic flooring material (Sweden and Germany)
- Solar Nonwovens Ltd (Neptune) – production expected to commence in Q3 2016

**Innovation and Research**

- Growth driven by new high margin NVH solutions
- Track record of successful innovation – strategic supplier status with Jaguar Land Rover
- Autins Technical Centre established – independent research and development and testing based at MIRA Technology Park

The Board intends to pursue this strategy in order to:

- diversify revenues to minimise the reliance on any one customer or sector;
- reduce regional dependencies and deepen customer relationships and service levels;
- deliver improved gross margins through innovative new products, lean manufacturing processes and growth of higher margin non-automotive markets;
- enhance operating margins with the benefit of positive operational leverage;
- grow material sales into wholesale markets and supply third party converters to drive volumes and returns;
- achieve the highest quality manufacturing accreditations;
- develop the business through acquisitions to gain geographical footprint, new technologies and capabilities, and greater representation with customers as a broader solutions provider; and
- extend the number of Tier One and strategic supplier relationships.

## 8. Sales and marketing

The Group's sales and marketing function is controlled from its offices at MIRA Technology Park.

The Directors and senior management regularly attend exhibitions, trade shows, demonstrations and road-shows and the Group regularly publishes press releases, articles and advertisements in journals and magazines.

Examples of trade shows include Automechanika, held at the NEC in Birmingham, which is a leading trade fair for the automotive industry, IZB which is held in Germany and is also an important automotive event and Techtextil, an international trade fair for technical textiles and non-woven materials, held in parallel with Texprocess, with a focus on processing textile and flexible materials.

Following Admission the Board intends to recruit a head of European sales, in order to support the strategic development of the Group and the diversification into high margin non-automotive sectors.

## 9. Automotive market overview

***Global overview***

Globally the automotive industry has bounced back better than most markets following the economic crisis with industry profits significantly higher than pre-2007 levels. The automotive market has demonstrated some robust growth across some of the key markets with the U.S. achieving record sales in 2015. Falling oil costs, strong employment gains and low interest rates helped drive the American market above the highs set in 2000 with 17.5 million cars and light trucks sold, a 5.7 per cent. increase on the previous year. Uncertainty on a global macroeconomic scale did however result in a slowdown of some of the emerging markets, resulting in a flat year overall. Despite a tougher than expected year for emerging markets, global profits are expected to double by 2020 with emerging markets representing a key portion of the new profits. To a lesser extent continued strong growth in the US, Europe, Japan and South Korea are also expected to help drive profits over the next five years.

***The UK Market***

Alongside a strong global market, the UK is set for further growth across both the production and local sourcing of component sub-sectors. By 2020 the UK is expected to be producing two million vehicles a year, up 33 per cent. on current levels and representing a 5.9 per cent. compound annual growth rate over the next five years. In addition, UK sourced components are expected to increase from 41 per cent. to 50 per cent. over the same period. Research from the Department for Business, Innovation and Skills (BIS) reports that vehicle manufacturers want to source an additional £6.0 billion from Tier One and Tier Two suppliers in the UK. Companies like Jaguar Land Rover have demonstrated strong commitments to UK sourcing with the likes of the Discovery Sport, Jaguar XE, and F-PACE models achieving UK sourcing ratios of around 55 per cent.. Given the Discovery Sport and Jaguar XE are expected to generate around £3.5 billion each of UK sourcing throughout their useful lives, there is a significant market to be won for UK based suppliers.

Since the economic crisis the UK government has developed a strong relationship with the UK automotive industry, supporting a number of initiatives to help drive the sector forwards. A number of strategies that have come from the creation of the Automotive Council such as the Advanced Propulsion Centre are unique to the UK within Europe. In 2013, the government's automotive strategy was published which, alongside the launch of the Automotive Investment Organisation, has put the automotive industry in a very strong position to receive further inwards investment.

***The NVH market***

The global Automotive NVH materials market size, in terms of value, is projected to reach $11.6 billion by 2020, growing at a compound annual growth rate of 5.4 per cent. between 2015 and 2020. The increased necessity to reduce noise and vibration from vehicles and governments' regulations to make quieter and safer vehicles are key factors driving the growth of the global automotive NVH materials market.

The passenger car segment of the NVH market is the largest end-user of automotive NVH materials and accounted for the major share of the market. The NVH market growth is stronger than the market as a whole as result of several factors but particularly increased legislation on vehicle noise, lightweighting of vehicles and consumer demand for a more comfortable and sophisticated environment, not just within the premium segment. Downsized engines and alternative powertrains also present greater NVH challenges and an increasing need for high performance electromagnetic shielding.

### 10. Competition

The Group faces competition from a number of companies who provide NVH management solutions and products to, amongst others, the automotive sector. These companies are predominantly European and operate on a global scale. These include, for example, Autoneum Holding AG, International Automotive Components, 3M Company, Grupo Antolin and Pritex Limited.

### 11. Use of proceeds and reasons for admission

The Directors believe that Admission will assist the Group in its development by:

- raising its profile in the sector in which it operates;
- providing investment to accelerate the growth of the business;
- increasing access to capital as and when further finance is required to expand the business of the Group;
- providing opportunities for the Board to use the Ordinary Shares as acquisition capital; and
- providing a market on which the Ordinary Shares can be traded, which will give increased liquidity and a market valuation for the Company's equity which, in conjunction with the proposed share option schemes, will assist the Group in attracting, retaining and incentivising high calibre employees.

The net proceeds of the Placing receivable by the Company are approximately £13.0 million and are expected to be used as follows:

- repayment of £6.2 million bank facilities which were incurred historically to fund the development and expansion of the Group;
- repayment of £1.3 million of outstanding loan notes to the former owners of the Group;
- £1.6 million ($2.2 million) will be used to meet the final payment to IKsung in respect of the equipment acquired to produce Neptune;
- an investment of £3.0 million to install a second production line at the Group's facility in Tamworth to enable production of Ozone; and
- £1.0 million to augment working capital in support of anticipated future growth.

The Vendor Placing will also provide the Vendors with a partial realisation of their holding in the Company, which will help to provide additional liquidity for the Ordinary Shares following Admission. Further details of the Vendor Placing are set out in paragraph 15 below.

### 12. Financial information

The combined historical financial information of Autins Group for each of the three years ended 30 September 2013, 2014 and 2015, and the consolidated unaudited interim financial information of Autins Group for the six months to 31 March 2016, are set out in Parts III and IV respectively of this document.

The following summary financial information on the Group has been extracted without material adjustment from the combined financial information contained in Section B of Part III of this document and should be read in conjunction with the full text of this document. Investors should not rely solely on this summarised financial information.

| | *Year ended 30-Sep 2013 £'000* | *Year ended 30-Sep 2014 £'000* | *Year ended 30-Sep 2015 £'000* | *Unaudited period Six months to 31-Mar 2016 £'000* |
|---|---|---|---|---|
| **Revenue** | 11,551 | 13,616 | 19,781 | 10,680 |
| Cost of sales | (8,300) | (9,457) | (13,737) | (7,810) |
| **Gross profit** | 3,251 | 4,159 | 6,044 | 2,870 |
| Net operating expenses | (2,411) | (3,999) | (4,846) | (2,515) |
| **Operating profit** | 840 | 160 | 1,198 | 355 |
| Net finance expenses | (99) | 215 | (386) | (261) |
| Share of Joint Venture results | (43) | 40 | 87 | 80 |
| **Profit before tax** | 698 | 415 | 899 | 174 |
| Tax expense | (163) | (122) | (182) | (23) |
| **Profit after tax for the period and comprehensive income** | 535 | 293 | 717 | 151 |

### 13. Current trading and future prospects

The Directors are pleased with the Group's performance during the current year to date, which is in line with expectations and shows continued new business wins and increasing demand for the Group's products, particularly following attendance at the Automechanica trade show at the NEC in June.

With a strategy to diversify both customers and markets the Group has won new work within industrial sectors as well as new automotive manufacturers across several geographical locations. Interest in the Group's new material, Neptune, continues to grow with new opportunities and markets forthcoming, and OEM approval for Neptune increasing to six companies with three more in development. Similarly, interest in the Ozone product has grown with enquiries and trials taking place with two OEMs already.

In addition, on 20 April 2016, Scandins AB formed a new wholly owned subsidiary entity DBX Acoustics AB. DBX Acoustics AB subsequently acquired the wholesale acoustic flooring trade made up of a trading name, website, supply chain and marketing knowhow from KBKE i Göteburg AB, a Swedish company, to enhance the sales of acoustic flooring solutions through the Group.

The Board expects that trading will continue in line with expectations for the year ending 30 September 2016 and is confident in the Group's prospects.

### 14. Directors, Senior Management and Employees

On Admission, the Directors and senior management of the Group will be comprised as follows:

***Directors***

**Adam Richard Attwood***, Non-Executive Chairman* (aged 48)

Adam originally trained as a solicitor with Norton Rose (now Norton Rose Fulbright), before spending five years at Charterhouse Bank working in quoted company advisory and European M&A. He then spent seven years with ISIS Equity Partners (now Livingbridge) as an Investment Director. Over this period, Adam held a series of non-executive roles for companies operating within both the consumer products and IT industries. For the past ten years, he has worked in a non-executive capacity with a variety of private businesses. He has acted as Chairman of the Mills CNC Group for the past eight years and formally joined the Autins' board in January 2016 as non-executive Chairman, having previously provided strategic guidance to the Board since April 2013. Adam will chair the Company's Nominations Committee.

**James (Jim) Anthony Griffin***, Chief Executive Officer* (aged 51)

Jim has over 25 years' experience in the automotive and manufacturing sector and has worked at Autins since 1989, initially as a production manager and subsequently driving the move into LEAN manufacturing and gaining quality control standards, including ISO9001 and TS16949. He led the management buyout of Autins in 2006 as managing director and under Jim's leadership, the Company has set up sites in Germany and Sweden as well as two additional sites in the UK for manufacturing and research and development activity. In 2012 Jim participated in the Goldman Sachs 10,000 Small Businesses Program, was on the shortlist for the Guardian Small Business Leader of the Year in 2014 and was named EEF Manufacturing Champion for the Midlands in 2016. Jim was recently awarded a Visiting Industrial Fellowship by Aston Business School in recognition of his contribution in the area of business growth and entrepreneurship and is Vice Chairman of the West Midlands branch of the EEF.

**James David Larner**, *Chief Financial Officer and Company Secretary* (aged 39)

James has spent a significant portion of his career operating in finance roles within the Tata Steel Group. Following on from this he acted as Finance Director for Caparo Mill Products before taking up the role as UK Finance Director at Autins. James also held the role of Treasurer to Birmingham Rathbone, a Midlands based charity until becoming its Chairman in 2012. James started his career in an Audit role, qualifying with EY in 2001. James joined the Group Board as Chief Financial Officer in January 2016.

**Terence (Terry) Brian Garthwaite**, *Non-Executive Director* (aged 69)

Terry has over 35 years' experience as a director of both publically listed and private companies. He held a number of senior finance positions within Foseco plc including director of corporate finance, prior to spending 11 years as group finance director at Senior plc. He has also held non-executive positions at Wilmington Group plc, Brammer plc and Renishaw plc chairing the audit committee on each occasion. Terry qualified as a chartered accountant prior to joining Price Waterhouse. Terry joined the Board in April 2016 and will chair the Company's Audit Committee.

**Ian Roy Griffiths**, *Non-Executive Director* (aged 65)

Ian was appointed to the Board in April 2016 as a Non-Executive Director and is Chairman of the Remuneration Committee. He brings wide-ranging international experience of the engineering business-to-business sector at both strategic and operational levels, having spent nearly 30 years with GKN plc, latterly as an Executive Director of GKN plc where he was Group Managing Director of GKN Automotive and served on the Board of GKN plc from 2001 to 2006. Ian served as a Non-Executive Director on the Board of Ultra Electronics Holdings plc from 2003 to 2012. He has been a Non-Executive director of Renold plc since 2010 where he also chairs the Remuneration Committee and was Chairman of Hydro International plc, a Company admitted to trading on the AIM Market of the London Stock Exchange, which he joined as a Non-Executive Director and Chairman-elect in October 2014.

***Senior Management***

**Paul Walker** (*Managing Director*, AIL)

Paul has over 40 years' experience with Jaguar and Land Rover as Chief Engineer Prototype and Body Development, Chief Engineer Trim Engineering and then Chief Engineer, Vehicle and Chassis Engineering, including working in the USA on a joint Ford Lincoln and Jaguar car project. He then became Chief Programme Engineer for Range Rover, Range Rover Sport and Discovery vehicles. He joined the group in 2014 as Operations Director, responsible for Production, Logistics, Quality, New Projects, Purchasing, Materials and Acoustics research and development, Manufacturing Engineering and human resources. Paul has a BSc. Hons. in Mechanical Engineering and an MSc. in Automotive Noise and Vibration from the Institute of Sound and Vibration Research at Southampton University.

**Jonathan (Jon) Bell** (*Senior Project Manager*, AIL)

Jon has over 25 years' experience in Engineering and Programme Management within automotive and aerospace component manufacturers including British Aerospace, Magna Automotive and International Automotive Components. He joined the group in January 2016 to head the New Projects Introduction Department. Jon has a BEng. Hons. degree from Nottingham University.

**Matthias Migl** (*Managing Director*, Rheinland)

Matthias has 20 years' experience in the automotive industry including with the specialist NVH and soft trim component manufacturer HP Pelzer Group, with a particular focus on acoustics. Matthias has been Managing Director of Rheinland since 2013 and he holds a degree in Chemical Engineering from Friedrich – Alexander University, Erlangen, Germany.

**Stefan Janzen** (*Research and Development Manager*, Rheinland)

Stefan worked for HP Pelzer Group for over 20 years as a research and development engineer focused on automotive acoustic products and solutions, before joining Rheinland as Research and Development Manager in late 2013. Stefan has a degree in Biology from Westfälische Wilhelms University in Münster, Germany.

**Örjan Karlsson** (*Managing Director*, Scandins)

Örjan has over 20 years' experience in the automotive industry, having worked at Saab Automobile, Volvo Cars and Volvo AB and various suppliers to the automotive industry, with a focus on planning, implementing new projects and increasing capacity. Örjan has been Managing Director of Scandins since June 2012.

**Dr Kathryn Beresford** (*Group Chief Technical Officer*)

Kathryn has five years' experience with Surrey County Council in data analysis based on collation, analysis, performance and its interpretation. She joined the group in June 2015 to lead Research, Development and Innovation and to set up test facilities. Kathryn has a PhD in Multichannel Automotive Audio from the Institute of Sound Recording, University of Surrey.

**David Hobday** (*Group Manufacturing Engineering Manager*)

David is a 'time served' apprentice' and has held several senior manufacturing engineering roles in the UK and Continental Europe for over 20 years working for companies such as Grupo Antolin, Magna Automotive and Johnson Controls. He joined the group in October 2015 to lead the Manufacturing Engineering Department and to facilitate the new Solar Nonwovens site. David has the Higher National Diploma in Mechanical Engineering and Tool Design.

**Elizabeth (Liz) Northwood** (*Group HR Manager*)

Liz has over 25 years' experience within training and human resources both in the finance and the public service sectors working with staff numbers of approximately 350, involving strategy planning and day to day activities within both of these functions and including several restructures. She joined the group in 2013 to set up the human resource function, adding training to her responsibilities in 2014. Liz has a Postgraduate Diploma in Human Resource Management from De Montfort University, Leicester.

**Garry Faulkner** (*Group Continuous Improvement Manager*)

Garry joined the Group in 2000 and has spent time in all areas of the business. He took on the role of Continuous Improvement Manager in 2016, following that of Purchasing Manager, to improve efficiencies and assist in Group Process Integration. Garry has a National Diploma in Management.

The Group is headquartered in Rugby, UK and also has operations in Tamworth, UK, the MIRA Technology Park in Nuneaton, UK, and Hilden, North Rhine-Westfalia, Germany and Gothenburg, Sweden.

As at the date of this Document, the Group employs approximately 168 staff, of whom 129 are employed in the UK, 20 in Germany and 19 in Sweden. Please refer to paragraph 10 of Part V of this Document for further details.

It is agreed that Karen Holdback and Kevin Westwood, currently directors of the Company, will step down from the Board on Admission.

## 15. Placing, Vendor Placing and Placing Agreement

The Placing is being undertaken by Cantor Fitzgerald Europe and comprises:

1. 8,333,334 Ordinary Shares to be issued by the Company at the Placing Price to raise gross £14.0 million; and

2. 7,500,000 Ordinary Shares to be sold by the Vendors at the Placing Price for an aggregate amount of approximately £12.6 million. The Company will not receive any proceeds from the Vendor Shares being sold by the Vendors (all of which will be paid to the Vendors after the deduction of placing commission).

Pursuant to the Placing Agreement, Cantor Fitzgerald Europe has conditionally agreed to use its reasonable endeavours to place (a) as agent for the Company, 8,333,334 Ordinary Shares to be issued by the Company and (b) as agent for the Vendors, the 7,500,000 Vendor Shares, in each case at the Placing Price, with institutional and other investors. The Placing, which is not underwritten in whole or in part, is conditional, *inter alia,* upon:

- the Placing Agreement becoming unconditional and not having been terminated in accordance with its terms prior to Admission; and
- Admission taking place on 22 August 2016 or such later date as Cantor Fitzgerald Europe and the Company may agree, being not later than 26 August 2016.

Further details of the Placing Agreement are set out in paragraph 11.1 of Part V of this Document.

The 8,333,334 new Ordinary Shares to be issued pursuant to the Placing will represent approximately 37.7 per cent. of the Enlarged Share Capital of the Company immediately following Admission, will be issued credited as fully paid and will, on issue, rank *pari passu* with the Existing Issued Share Capital, including the right to receive all dividends and other distributions thereafter declared, made or paid. Immediately following Admission, approximately 62.5 per cent. of the Enlarged Share Capital will not be in public hands.

The Vendors comprise the following:

| *Name* | *Number of Vendor Shares* |
|---|---|
| Adam Attwood | 300,000 |
| Jim Griffin | 1,250,000 |
| Karen Holdback | 2,975,000 |
| Kevin Westwood | 2,975,000 |
| **Total** | 7,500,000 |

## 16. Admission, settlement and CREST

Application has been made to the London Stock Exchange for the Enlarged Share Capital to be admitted to trading on AIM. It is expected that Admission will be effective and that dealings in the Ordinary Shares will commence at 8.00 a.m. on 22 August 2016.

The Articles permit the Company to issue Ordinary Shares in uncertificated form in accordance with the CREST Regulations. CREST is a computerised share transfer and settlement system. The system allows shares and other securities to be held in electronic form rather than paper form, although a Shareholder can continue dealing based on share certificates and notarial deeds of transfer. For private investors who do not trade frequently, this latter course is likely to be more cost-effective. The Company has applied for the Ordinary Shares to be admitted to CREST with effect from Admission. Accordingly, settlement of transactions in Ordinary Shares held in uncertificated form following Admission will take place within the CREST system. For more information concerning CREST, Shareholders should contact their broker or Euroclear.

The ISIN number of the Ordinary Shares is GB00BD37ZH08. The TIDM is AUTG.

## 17. Lock-in and orderly market arrangements

Each Director and each member of the senior management team listed in paragraph 14 of this Part I who hold Ordinary Shares, and certain other Shareholders, who will together be beneficially interested in a total of 6,267,650 Ordinary Shares on Admission (representing approximately 28.4 per cent. of the Enlarged Share Capital), have undertaken pursuant to the Lock-in Agreements to Cantor Fitzgerald Europe that, except in limited circumstances, they will not dispose of any Ordinary Shares during the period of 12 months from Admission and that, during the period of 12 months from the first anniversary of the date of Admission, they will not (other than in agreed circumstances) dispose of any Ordinary Shares unless such disposal is made on an orderly market basis through Cantor Fitzgerald Europe from time to time.

Accordingly, on Admission, a total of 6,267,650 Ordinary Shares will be subject to the lock-in and orderly market arrangements described above representing approximately 28.4 per cent. of the Enlarged Share Capital.

Further details of the Lock-in Agreements are set out in paragraph 11.2 of Part V of this document.

## 18. Share options

The Board considers employee share ownership to be an important part of its strategy for employee incentivisation and has established a long term incentive plan which allows for the grant of enterprise management incentive share options which qualify for certain favourable tax treatment, further details of which are set out in paragraph 15 of Part V of this document.

Awards of options have been made conditional upon Admission to certain Directors and members of the Group's senior management team. Directors and employees may be granted further awards under the Share Schemes in the future at the discretion of the Remuneration Committee.

Awards granted under the LTIP will be limited to 10 per cent. of the Company's issued share capital from time to time.

Further details of the awards are set out below and in paragraph 15 of Part V of this document.

The following awards have been made to members of the Board:

| *Name* | *Number of Options* |
|---|---:|
| Jim Griffin | 130,208 |
| James Larner | 89,268 |

In addition, a further 235,267 options have been awarded to certain members of the Group's senior management.

Subject to certain exceptions, awards will generally vest on the third anniversary of the date of grant to the extent that the performance targets have been met. Vested awards may generally be exercised between the third and tenth anniversaries of the date of grant.

## 19. Dividend policy

The declaration and payment by the Company of any future dividends on the Ordinary Shares will depend on the results of the Group's operations, its financial condition, cash requirements, future prospects, profits available for distribution and other factors deemed to be relevant at the time.

The Board recognises the importance of dividend income to Shareholders and intends to adopt, at the appropriate time, a progressive dividend policy to reflect the expectation of future cash flow generation and long term earnings potential of the Group.

The Board intends to declare a second interim dividend for the financial year ending 30 September 2016 which will likely be paid to Shareholders in April 2017. Thereafter, the Board expects to adopt the traditional policy of declaring interim and final dividends.

## 20. Corporate governance

Companies that are admitted to trading on AIM are not required to comply with the UK Corporate Governance Code. However, the Directors intend to comply with the provisions of the Corporate Governance Guidelines for Smaller Quoted Companies, published from time to time by the Quoted Companies Alliance, to the extent that they believe it is appropriate in light of the size, stage of development and of the Company.

The Company has adopted, and will operate a share dealing code for Directors and other applicable employees under the equivalent terms to those provided by Rule 21 of the AIM Rules for Companies.

With effect from Admission, the Board has established an audit committee, a remuneration committee and a nomination committee.

***Audit Committee***

The audit committee will normally meet not less than three times a year. The committee will consist of the Company's two independent non-executive directors, with Terry Garthwaite as Chairman. The audit committee has responsibility for, amongst other things, the planning and review of the Company's annual report and accounts and half-yearly reports and the involvement of the Company's auditors in that process. The committee focuses in particular on compliance with legal requirements, accounting standards and on ensuring that an effective system of internal financial control is maintained. The ultimate responsibility for reviewing and approval of the annual report and accounts and the half-yearly reports remain with the Board.

The terms of reference of the audit committee cover such issues as membership and the frequency of meetings, as mentioned above, together with the role of the secretary and the requirements of notice of and quorum for the right to attend meetings. The duties of the audit committee covered in the terms of reference are: financial reporting, internal financial controls and risk management systems, whistleblowing internal audit, external audit and reporting responsibilities. The terms of reference also set out the authority of the committee to exercise its duties.

***Remuneration Committee***

The remuneration committee will normally meet not less than twice a year. The committee will consist of the Company's two independent non-executive directors, with Ian Griffiths as Chairman. The remuneration committee has responsibility for making recommendations to the Board on the Company's policy on the remuneration of certain senior executives (including the Group's senior management), including annual bonuses, the eligibility requirements for benefits under long-term incentive schemes and for the determination, within agreed terms of reference, of specific remuneration packages for each of the executive Directors, including pension rights, contracts of employment and any compensation payments.

The terms of reference of the remuneration committee cover such issues as membership and frequency of meetings, as mentioned above, together with the role of secretary and the requirements of notice of and quorum for and the right to attend meetings. The duties of the remuneration committee covered in the terms of reference relate to the following: determining and monitoring policy on and setting level of remuneration, contracts of employment, early termination, performance-related pay, pension arrangements, authorising claims for expenses from the Chief Executive Officer and Chairman, reporting and disclosure, and remuneration consultants. The terms of reference also set out the reporting responsibilities and the authority of the committee to exercise its duties.

***Nomination Committee***

The nomination committee will normally meet at least two times a year. The committee will consist of Adam Attwood (as Chairman), and the Company's other two independent non-executive directors, Ian Griffiths and Terry Garthwaite. The committee has responsibility for regularly reviewing the structure and composition of the Board (including as to skills, knowledge, experience and diversity) and making recommendations with regard to any changes. The committee will review the leadership function and strategic needs of the Company. The committee will also deal with identifying candidates and filling vacancies on the Board as and when they arise. The role of the committee will also extend to dealing with any removals from the Board (including if necessary the suspension or termination of service of an executive director or senior employee).

## 21. Share dealing code

The Company will, with effect from Admission, adopt a share dealing code for the Directors and certain employees, which is appropriate for a company whose shares are admitted to trading on AIM (particularly relating to dealing during close periods in accordance with the MAR) and the Company will take all reasonable steps to ensure compliance by the Directors and any relevant employees, including all Persons Discharging Managerial Responsibilities (as defined in MAR).

## 22. City Code

The City Code applies to the Company. Under the City Code, if an acquisition of Ordinary Shares or interests therein were to increase the aggregate holding of the acquirer and its concert parties to interests in shares carrying 30 per cent. or more of the voting rights in the Company, the acquirer and, depending on circumstances, its concert parties would be required (except with the consent of the Panel) to make a cash offer for the outstanding shares in the Company at a price not less than the highest price paid for interests in shares by the acquirer or its concert parties during the previous 12 months.

This requirement would also be triggered by any acquisition of Ordinary Shares or interests therein by a person holding (together with its concert parties) shares carrying between 30 per cent. and 50 per cent. of the voting rights in the Company if the effect of such acquisition were to increase that person's percentage of the total voting rights in the Company.

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

## 23. Taxation

Your attention is drawn to paragraph 18 of Part V of this Document. These details are intended only as a general guide to the current tax position under UK taxation law and practice. If an investor is in any doubt as to his or her tax position he or she should immediately consult his or her own independent financial adviser.

## 24. Further information and risk factors

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

# PART II

# RISK FACTORS

**In addition to all other information set out in this Document, the following specific risk factors should be considered carefully by potential investors in evaluating whether to make an investment in the Company. The investment described in this Document may not be suitable for all of its recipients. Before making a final decision, investors in any doubt are advised to consult their stockbroker, bank manager, solicitor, accountant or other independent professional adviser authorised pursuant to FSMA if resident in the United Kingdom or, if not, another appropriately authorised independent financial adviser.**

**You should carefully consider the risks described below and ensure that you have read this Document in its entirety before making a decision to invest in the Company.**

**Prospective investors should be aware that an investment in the Company is speculative and involves a high degree of risk. In addition to the other information contained in this Document, the Directors believe that the following risk factors are the most significant for potential investors and should be considered carefully in evaluating whether to make an investment in the Company. If any of the risks described in this Document actually occurs, the Company may not be able to conduct its business as currently planned and its financial condition, operating results and cash flows could be seriously harmed. In that case, the market price of the Ordinary Shares could decline and all or part of an investment in the Ordinary Shares could be lost. However, the risks listed do not necessarily comprise all those associated with an investment in the Company. Additional risks and uncertainties not presently known to the Directors, or which the Directors currently deem immaterial, may also have an adverse effect on the Company. In particular, the Company's performance may be affected by changes in market or economic conditions and in legal, regulatory and tax requirements. The risks listed below are not set out in any particular order of priority.**

## 1. Risks Relating to the Business and Operations of the Group

***Global economic conditions and risks could adversely affect the Company's business and operations.***

In recent years the financial and commercial markets have been impacted by a sustained period of global economic fragility. Many of the Group's potential customers are international OEMs based in the United Kingdom or in Europe. Whilst the global economy has stabilised to a degree it remains fragile and any deterioration in economic conditions could negatively impact the Company's ability to access additional funding, or the Company's ability to commercialise or otherwise realise value from its products due to downward pressures on potential prices. A weakening of global economic conditions may also put pressure on the Group's supply chain that may lead to interruptions in production. There can be no guarantee that a period of economic hardship will not affect international markets which may impact the Group's future results. Moreover, changes in foreign currency exchange rates could affect the value of the Group's assets and liabilities, and the amount of its revenue and expenses.

***The determination by the United Kingdom to exit its relationship with the European Union could have an impact on the Company's business, financial condition and results of operations.***

On 23 June 2016, the United Kingdom held a referendum on the United Kingdom's continued membership of the European Union. This resulted in a vote for the United Kingdom to exit the European Union. There are significant uncertainties in relation to the terms and time frame within which such an exit would be effected, and there are significant uncertainties as to what the impact will be on the fiscal, monetary and regulatory landscape in the UK, including *inter alia*, the UK's tax system, the conduct of cross-border business and export and import tariffs. There is also uncertainty in relation to how, when and to what extent these developments will impact on the economy in the United Kingdom and the future growth of its various industries, including the automotive sectors' production and supply chain industries, and on levels of investor activity and confidence, on market performance and on exchange rates. There is also a risk that the vote by the United Kingdom to leave could result in other member states re-considering their respective membership of the European Union. Although it is not possible to predict fully the effects of the exit of the United Kingdom from the European Union, any of these risks, taken singularly or in the aggregate, could have a material adverse effect on the Group's business, financial condition and results of operations.

***Currency and foreign exchange***

A portion of the Group's business may be carried out in the future in currencies other than Sterling. To the extent that there are fluctuations in exchange rates, this may have an impact on the figures consolidated in the Company's accounts, which could have a material impact on the Group's financial position or results of operation, as shown in the Company's accounts going forward.

The Group may engage in foreign currency hedging transactions to mitigate potential foreign currency exposure. The Directors cannot predict the effect of exchange rate fluctuations upon future operating results and there can be no assurance that exchange rate fluctuations will not have a material adverse effect on the business, operating results or financial condition of the Group.

***The future performance of the Group cannot be guaranteed***

There is no certainty and no representation or warranty given by any person that the Group will be able to achieve any returns referred to in this document. The financial operations of the Group may be adversely affected by general economic conditions (for example, in relation to interest rates, inflation rates, exchange rates, rates of tax, industry conditions, regulatory protection, competition, social, political and diplomatic events and other factors), by conditions within the global financial markets generally or by the particular financial condition of other parties doing business with the Group.

***Failing to successfully implement its growth strategies***

As set out in Part I of this document, the Board intends to carry out certain growth and expansion strategies. The Group's growth and future success will be dependent to some extent on the successful completion of such growth and expansion strategies currently or proposed to be undertaken by the Group and the sufficiency of demand for the Group's products. The execution of the Group's growth and expansion strategies may also place strain on its managerial, operational and financial reserves and the failure to implement such a strategy may adversely affect the Group's reputation, business, prospects, results of operation and financial condition.

***Dependence on certain key customers***

Approximately 58 per cent. of the Group's revenue for the year ended 30 September 2015 was derived from one key customer, Jaguar Land Rover. The relationship of the Group with its key customers could be materially adversely affected by a number of factors, including a decision by a key customer to diversify or change how, or from whom, they source the products or services currently provided by the Group, an inability to agree on mutually acceptable pricing terms or a significant dispute with or between the Group. If the Group's commercial relationship with any of its key customers terminates for any reason, or if one of its key customers significantly reduces its business with the Group and the Group is unable to enter into similar relationships with other customers on a timely basis, or at all, the Group's business, its results of operations and/or its financial condition could be materially adversely affected.

***The Group's performance is dependent on maintaining competitive customer service levels***

Failure to provide and maintain competitive customer service levels could result in customers moving to other providers, and this could have an adverse effect on the financial position of the Group.

***Key suppliers***

Over the past 50 years, the Group has built up a reliable supplier base for its externally sourced materials. At present, a significant proportion of these components are supplied by certain key suppliers. While the Group uses its design capabilities to dual source components, there remains a risk of material impact in the short term if one of its key suppliers were to fail.

***IKsung***

The Group enjoys a close working relationship with IKsung as both a supplier of materials and a licensor of intellectual property rights. Were this relationship to deteriorate or break-down this could have a material adverse effect of the business of the Group.

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

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

***Disaster Recovery***

The Group depends on the performance, reliability and availability of its plant, equipment and information technology systems. Any damage to, or failure of, its equipment and/or systems could result in disruption to the Group's operations. The Group's disaster recovery plans (which are currently in place for both the Group's financial systems and other IT systems) may not adequately address every potential event and its insurance policies may not cover any loss in full or in part (including losses resulting from business interruptions) or damage that it suffers fully or at all, which could have a materially adverse effect on the Group's business, financial condition and results of operations.

***Business interruption***

In the event that there is any disruption or interruption to the Group's operations, this may adversely affect the Group's ability to meet deadlines imposed by customers. In these circumstances, the Group may become liable to financial penalties which could have an adverse effect on the Group's financial performance. The Group has business interruption insurance in place.

***Product Liability***

Some of the Group's product and pipeline product applications are designed for use in industries and territories which are highly regulated. Whilst the Group rigorously follows customer specification and testing requirements, there is a risk that the Group may lose contracts or could be subject to fines or penalties for any non-compliance with the relevant regulations. Furthermore, there is a risk of litigation and reputational damage, as well as product liability and indemnity risks.

***No certainty that the Group's insurance cover is adequate to protect against every eventuality***

There can be no certainty that the Group's insurance cover is adequate to protect against every eventuality. The occurrence of an event for which the Group did not have adequate insurance cover could have a materially adverse effect on the business, financial condition and results of operations of the Group.

***Increasing research and development spend may impact profitability and cashflow***

In order to remain competitive, the Group must continually update and develop its products. The process of updating its products could result in increased costs and the Group's investment may therefore affect the Group's profitability. The Group has however taken steps to ensure that appropriate tax credits are received to offset the costs of research and development.

***Risk of competing materials to Neptune and Ozone***

There is a risk that technological advances in existing materials or in potential substitute materials may occur, which may impede the commercial progress of Neptune and Ozone. As a consequence, there could be a reduction in the demand for those products. This could have a significant adverse effect on the Group's business.

***Failure to develop joint ventures and acquired businesses***

The Group may acquire, or form joint ventures with, other companies or businesses in the future. If the Group fails to successfully develop these companies, businesses or joint ventures, it could impact on the Group's ability to establish itself in new markets and/or expand its product offering. The integration of newly acquired businesses may be particularly difficult due to different business cultures in the various markets in which the Group operates or may operate in the future. Failure to successfully develop joint ventures or acquired businesses could have a material adverse effect on the Group's prospects, business, operating results and financial condition.

***Internal controls***

Future growth and prospects for the Company will depend on its management's ability to manage the business of the Group and to continue to expand and improve operational, financial and management information and quality control systems on a timely basis, whilst at the same time maintaining effective cost controls. Any failure to expand and improve operational, financial and management information and quality control systems in line with the Group's growth could have a material adverse effect on the Group's business, financial condition and results of operations.

***The Group is reliant on key executives and personnel***

The Group's business, development and prospects are dependent upon the continued services and performance of its Directors and other key personnel. The experience and commercial relationships of the Group's personnel help provide the Group with a competitive advantage. The Directors believe that the loss of services of any existing key executives, for any reason, or failure to attract and retain necessary additional personnel, could adversely impact on the business, development, financial condition, results of operations and prospects of the Group. The Group currently has key man insurance in place for Jim Griffin.

***Potential requirement for further investment***

The Group may require additional capital in the future for expansion, its activities and/or business development, whether from equity or debt sources. There can be no guarantee that the necessary funds will be available on a timely basis, on favourable terms, or at all, or that such funds if raised, would be sufficient. If additional funds are raised by issuing equity securities, material dilution to the then existing shareholdings may result. The level and timing of future expenditure will depend on a number of factors, many of which are outside of the Group's control. If the Group is not able to obtain additional capital on acceptable terms, or at all, it may be forced to curtail or abandon such expansion, activities and/or business development which could adversely impact upon the Group, its business, development, financial condition, operating results or prospects.

***Intellectual property***

Any intellectual property, whether or not registered owned and/or used by the Group in the course of its business or in respect of which the Group believes it has rights, may be prejudiced and/or open to challenge by third parties (including where such third parties have or claim to have pre-existing rights in such intellectual property). In any such case, the Group may be prevented from using such intellectual property or it may require the Group to become involved in litigation to protect its intellectual property rights, each of which may have a material adverse effect on the Group's reputation, business, prospects, results of operation and financial condition. Conversely, while the Directors believe the Group has taken precautions, they cannot guarantee that any action or inaction by the Group will not inadvertently infringe the intellectual property rights of others. Any infringement by the Group of the intellectual property rights of others could have a material adverse effect on the Group's reputation, business, prospects, results of operation and financial condition.

***Laws and regulations***

The Group is subject to the laws of the United Kingdom. Existing and future legislation and regulation could cause additional expense, capital expenditure and restrictions and delays in the activities of the Company, the extent of which cannot be predicted. No assurance can be given that new laws, rules and regulations will not be enacted or existing laws, rules and regulations will not be applied in a manner which could limit or curtail certain of the Group's activities or services. In addition, the Group may have to defend itself against legal proceedings which could have an adverse effect on trading performance and, in turn, future profits. The Group also exports its products overseas and therefore its exports may be subject to existing and future overseas legislation and regulation and similar risks therefore also applying in relation to such overseas existing and future legislation and regulation.

## 2. Risks Relating to the Ordinary Shares

***Investments in AIM companies may attract a high degree of risk***

The prices of publicly quoted securities can be volatile. The price of securities is dependent upon a number of factors, some of which are general, market or sector specific and others that are specific to a company.

Prior to Admission, there has been no public trading market for the Ordinary Shares. The Ordinary Shares will not be listed on the Official List and although the Ordinary Shares will be traded on AIM, this should not be taken as implying that there will always be a liquid market in the Ordinary Shares. In addition, the market for shares in smaller public companies is generally less liquid than for larger public companies. Therefore, an investment in Ordinary Shares may be difficult to realise and the price of Ordinary Shares may be subject to volatility.

An investment in shares quoted on AIM may carry a higher risk than an investment in shares listed on the Official List. AIM has been in existence since June 1995 but its future success and liquidity in the market for Ordinary Shares cannot be guaranteed. Investors should be aware that the value of the Ordinary Shares may be volatile and may go down as well as up and Shareholders may therefore not recover their original investment.

***There may be no liquidity in the Ordinary Shares and the price of Ordinary Shares may be volatile***

The Placing Price is not indicative of the market price of Ordinary Shares following Admission. Following Admission, the price of Ordinary Shares may be subject to significant volatility in response to many factors, including variations in the results of the Company, divergence in the Company's financial results from analysts' expectations, changes in earnings estimates by stock market analysts, general economic conditions or trends in the retail sector generally, legislative changes in the Company's operating sectors and/or other events and factors outside of the Company's control. The price of Ordinary Shares could also be adversely affected by developments unrelated to the Company's operating performance, such as the operating and share price performance of other companies that investors may consider comparable to the Company, speculation about the Company in the press or the investment community, unfavourable press, strategic actions by competitors (including acquisitions and restructurings), changes in market conditions and regulatory changes. Any or all of these factors could result in material fluctuations in the price of Ordinary Shares, which could lead to Shareholders getting back less than they invested or a total loss of their investment.

In addition, stock market prices generally may be volatile and may go down as well as up. The price at which Shareholders may dispose of their Ordinary Shares may be influenced by a number of factors, some of which may pertain to the Company specifically and others of which do not. These factors could include the performance of the Company's business, changes in the values of its investments, changes in the amount of distributions or dividends it makes or is able to make, changes in the Company's operating expenses, variations in and the timing of the recognition of realised and unrealised gains or losses, the degree to which the Company encounters competition, legislative or regulatory or taxation changes and general economic conditions, large purchases or sales of Ordinary Shares and liquidity (or absence of liquidity) in the Ordinary Shares.

The value of Ordinary Shares will therefore fluctuate and may not reflect their underlying asset value. Shareholders may realise less than the original amount invested. Admission should not be taken as implying that there will be a liquid market for Ordinary Shares. There can be no assurance that an active trading market for Ordinary Shares will develop or, if developed, could be sustained following Admission. If an active trading market is not developed or maintained, the liquidity and trading price of Ordinary Shares could be adversely affected. It may be more difficult for a Shareholder to realise an investment in the Company than in a company whose shares are listed on the Official List. In addition, the price of Ordinary Shares may not reflect the underlying value of the Company's net assets.

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

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

***Force Majeure***

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

***Taxation***

The taxation implications of investing in the Company are dealt with in 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 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.

***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 Company or its business. The Directors 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 that the Company 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 Company'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 might cause the share price and trading volume to decline.

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

The Company 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 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 may 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 fail to produce them on a timely basis. As such, investors may have concerns both over the lack of available financial information and the controls that 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. 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 other things, the Group's earnings, financial position, cash requirements and availability of distributable profits, as well as the provisions of relevant laws or generally accepted accounting principles.

# PART III

# HISTORICAL FINANCIAL INFORMATION ON THE GROUP

Set out below is the text of a report by the reporting accountant, BDO LLP, covering the three financial years ended 30 September 2013, 2014 and 2015

## SECTION A – ACCOUNTANT'S REPORT

BDO

BDO LLP
Two Snowhill
Birmingham
B4 6GA

The Directors
Autins Group plc
Central Point One
Central Park Drive
Rugby
Warwickshire
CV23 0WE

Cantor Fitzgerald Europe
One Churchill Place
London
E14 5RB

17 August 2016

Dear Sirs

**Autins Group plc (the "Company") and its subsidiary undertakings (together, the "Group")**

**Introduction**

We report on the financial information set out in Section B of Part III. This financial information has been prepared for inclusion in the admission document dated 17 August 2016 of the Company (the "Admission Document") on the basis of the accounting policies set out in note 1 to the financial information. This report is required by paragraph (a) of Schedule Two of the AIM Rules for Companies and is given for the purpose of complying with that paragraph and for no other purpose.

**Responsibilities**

The directors of the Company are responsible for preparing the financial information on the basis of preparation set out in note 1 to the financial information.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Save for any responsibility arising under paragraph (a) of Schedule Two of the AIM Rules for Companies to any person as and to the extent there provided, to the fullest extent permitted by the 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 of the AIM Rules for Companies consenting to its inclusion in the Admission Document.

**Basis of opinion**

We conducted our work in accordance with 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 entity'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.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America or other jurisdictions outside the United Kingdom and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

**Opinion**

In our opinion, the financial information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of the Group as at 30 September 2013, 30 September 2014 and 30 September 2015 and of its results, cash flows, changes in equity for the periods then ended in accordance with the basis of preparation set out in note 1 to the financial information.

**Declaration**

For the purposes of Paragraph (a) of Schedule Two of the AIM Rules for Companies 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 for Companies.

Yours faithfully

BDO LLP
Chartered Accountants

**BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)**

## PART III

## HISTORICAL FINANCIAL INFORMATION ON THE GROUP

### SECTION B – HISTORICAL COMBINED FINANCIAL INFORMATION ON THE GROUP

**Consolidated statement of comprehensive income**

| | Note | *Year ended 30 Sept 2013* *£* | *Year ended 30 Sept 2014* *£* | *Year ended 30 Sept 2015* *£* |
|---|---|---|---|---|
| **Revenue** | 4 | 11,551,223 | 13,616,036 | 19,780,523 |
| Cost of sales | | (8,300,041) | (9,457,529) | (13,736,878) |
| **Gross profit** | | 3,251,182 | 4,158,507 | 6,043,645 |
| Other operating income | | 18,413 | 4,352 | 191,350 |
| Distribution expenses | | (423,322) | (440,112) | (634,201) |
| Administrative expenses | | (2,005,634) | (3,563,114) | (4,402,542) |
| **Operating profit** | 5 | 840,639 | 159,633 | 1,198,252 |
| Finance income | 7 | — | 391,008 | 6 |
| Finance expense | 7 | (99,146) | (176,020) | (386,019) |
| Share of post-tax (loss)/profit of equity accounted joint ventures | 12 | (43,079) | 40,157 | 86,986 |
| **Profit before tax** | | 698,414 | 414,778 | 899,225 |
| Tax expense | 8 | (163,351) | (122,412) | (182,143) |
| **Profit after tax for the period and comprehensive income** | | 535,063 | 292,366 | 717,082 |
| **Attributable to equity holders of the parent company** | | 539,273 | 320,328 | 748,887 |
| **Non controlling interest** | | (4,210) | (27,962) | (31,805) |
| | | 535,063 | 292,366 | 717,082 |
| **Earnings per share for profit attributable to the owners of the parent during the period** | | | | |
| Basic and Diluted (pence) | 9 | 211.48p | 125.62p | 293.68p |

The introduction of a new holding company in April 2014 has required the presentation of combined and consolidated financial information under SIR2000. The related changes in capital structure means that information relating to financing costs and amortisation may not be comparable throughout the periods presented.

## Consolidated statement of financial position

| | Note | *As at 30 Sept 2013* £ | *As at 30 Sept 2014* £ | *As at 30 Sept 2015* £ |
|---|---|---|---|---|
| **Non-current assets** | | | | |
| Property, plant and equipment | 10 | 1,039,797 | 2,550,984 | 3,443,983 |
| Intangible assets | 11 | 1,472,337 | 3,426,302 | 3,189,089 |
| Investments in equity-accounted joint ventures | 12 | — | 24,477 | 111,463 |
| **Total non-current assets** | | 2,512,134 | 6,001,763 | 6,744,535 |
| **Current assets** | | | | |
| Inventories | 13 | 657,833 | 1,650,729 | 1,392,404 |
| Trade and other receivables | 14 | 3,087,187 | 3,986,539 | 4,104,574 |
| Cash and cash equivalents | | 43,062 | 100,413 | 504,957 |
| **Total current assets** | | 3,788,082 | 5,737,681 | 6,001,935 |
| **Total assets** | | 6,300,216 | 11,739,444 | 12,746,470 |
| **Current liabilities** | | | | |
| Trade and other payables | 15 | 2,550,326 | 2,573,395 | 3,975,479 |
| Loans and borrowings | 16 | 1,557,776 | 3,593,638 | 2,930,377 |
| Corporation tax liability | | 131,851 | — | 87,209 |
| **Total current liabilities** | | 4,239,953 | 6,167,033 | 6,993,065 |
| **Non-current liabilities** | | | | |
| Loans and borrowings | 16 | 1,127,960 | 2,550,517 | 3,038,760 |
| Deferred tax liability | 17 | 142,000 | 660,399 | 656,918 |
| **Total non-current liabilities** | | 1,269,960 | 3,210,916 | 3,695,678 |
| **Total liabilities** | | 5,509,913 | 9,377,949 | 10,688,743 |
| **Net assets** | | 790,303 | 2,361,495 | 2,057,727 |
| **Equity attributable to equity holders of the company** | | | | |
| Share capital | 18 | — | 255,000 | 255,003 |
| Other reserves | | — | 2,402,667 | 1,390,814 |
| Retained earnings | | — | (264,000) | 475,887 |
| Acoustic Insulations Invested Capital | | 794,513 | — | — |
| | | 794,513 | 2,393,667 | 2,121,704 |
| **Non-controlling interest** | | (4,210) | (32,172) | (63,977) |
| **Total equity** | | 790,303 | 2,361,495 | 2,057,727 |

## Consolidated statement of changes in equity

| | *Acoustic Insulations invested capital* £ | *Share capital* £ | *Other reserves* £ | *Retained earnings* £ | *Total* £ | *Non controlling interest* £ | *Total equity* £ |
|---|---|---|---|---|---|---|---|
| **At 1 October 2012** | 285,240 | — | — | — | 285,240 | — | 285,240 |
| **Comprehensive income for the period** | | | | | | | |
| Profit for the year | 539,273 | — | — | — | 539,273 | (4,210) | 535,063 |
| **Total comprehensive income for the period** | 824,513 | — | — | — | 824,513 | (4,210) | 820,303 |
| **Contributions by and distributions to owners** | | | | | | | |
| Dividends | (30,000) | — | — | — | (30,000) | — | (30,000) |
| **Total contributions by and distributions to owners** | (30,000) | — | — | — | (30,000) | — | (30,000) |
| **At 30 September 2013** | 794,513 | — | — | — | 794,513 | (4,210) | 790,303 |
| **Comprehensive income for the period** | | | | | | | |
| Profit for the period to 29 April 2014 | 584,328 | — | — | — | 584,328 | (16,262) | 568,066 |
| Loss for the period from 29 April 2014 | — | — | — | (264,000) | (264,000) | (11,700) | (275,700) |
| **Total comprehensive income for the period** | 584,328 | — | — | (264,000) | 320,328 | (27,962) | 292,366 |
| **Contributions by and distributions to owners** | | | | | | | |
| Dividends | (40,650) | — | — | — | (40,650) | — | (40,650) |
| Acquisition of Acoustic Insulations | (1,338,191) | 255,000 | 2,402,667 | — | 1,319,476 | — | 1,319,476 |
| **Total contributions by and distributions to owners** | (1,378,841) | 255,000 | 2,402,667 | — | 1,278,826 | — | 1,278,826 |
| **At 30 September 2014** | — | 255,000 | 2,402,667 | (264,000) | 2,393,667 | (32,172) | 2,361,495 |
| **At 1 October 2014** | — | 255,000 | 2,402,667 | (264,000) | 2,393,667 | (32,172) | 2,361,495 |
| **Comprehensive income for the period** | | | | | | | |
| Profit for the year | — | — | — | 748,887 | 748,887 | (31,805) | 717,082 |
| **Total comprehensive income for the period** | — | — | — | 748,887 | 748,887 | (31,805) | 717,082 |
| **Contributions by and distributions to owners** | | | | | | | |
| Dividends | — | — | — | (9,000) | (9,000) | — | (9,000) |
| Bonus share issue | — | 1,013,850 | (1,013,850) | — | — | — | — |
| Repayment of capital | — | (1,013,850) | — | — | (1,013,850) | — | (1,013,850) |
| Issue of share capital | — | 3 | 1,997 | — | 2,000 | — | 2,000 |
| **Total contributions by and distributions to owners** | — | 3 | (1,011,853) | (9,000) | (1,020,850) | — | (1,020,850) |
| **At 30 September 2015** | — | 255,003 | 1,390,814 | 475,887 | 2,121,704 | (63,977) | 2,057,727 |

**Consolidated statement of cash flows**

| | *Year ended 30 Sept 2013* £ | *Year ended 30 Sept 2014* £ | *Year ended 30 Sept 2015* £ |
|---|---|---|---|
| **Operating activities** | | | |
| Profit after tax | 535,063 | 292,366 | 717,082 |
| Adjustments for: | | | |
| Income tax expense | 163,351 | 122,412 | 182,143 |
| Finance expense | 99,146 | 176,020 | 386,019 |
| Finance income | — | (391,008) | (6) |
| Depreciation of property, plant and equipment | 128,891 | 249,656 | 338,543 |
| Amortisation of intangible assets | — | 98,838 | 237,213 |
| Loss on sale of fixed assets | 44,808 | 69,706 | 93,376 |
| Share of post-tax loss/(profit) of equity accounted joint ventures | 43,079 | (40,157) | (86,986) |
| | 1,014,338 | 577,833 | 1,867,384 |
| Increase in trade and other receivables | (1,553,265) | (777,402) | (239,985) |
| (Increase)/decrease in inventories | (51,716) | (992,896) | 258,325 |
| Increase in trade and other payables | 454,906 | 520,670 | 862,085 |
| | (1,150,075) | (1,249,628) | 880,425 |
| **Cash (consumed by)/generated from operations** | (135,737) | (671,795) | 2,747,809 |
| Income taxes paid | (24,006) | (137,112) | (79,066) |
| **Net cash flows from operating activities** | (159,743) | (808,907) | 2,668,743 |
| **Investing activities** | | | |
| Purchase of property, plant and equipment | (126,378) | (463,326) | (404,716) |
| Proceeds from sale of property, plant and equipment | 207,000 | 33,299 | 1,867 |
| Interest received | — | — | 6 |
| Investment in equity-accounted for joint venture | — | (25,000) | — |
| **Net cash from/(used in) investing activities** | 80,622 | (445,027) | (402,843) |
| **Financing activities** | | | |
| Interest paid | (43,546) | (93,282) | (249,883) |
| Loan notes repaid | (195,000) | (211,083) | (254,410) |
| Bank loans repaid | — | — | (1,195,516) |
| Hire purchase repaid | (94,635) | (221,046) | (252,517) |
| Increase in invoice discounting | 501,160 | 489,946 | 219,220 |
| Bank loans drawn | — | 1,500,000 | 250,000 |
| Repayment of capital | — | (102,600) | (369,250) |
| Dividends paid | (30,000) | (40,650) | (9,000) |
| **Net cash from/(used in) financing activities** | 137,979 | 1,321,285 | (1,861,356) |
| Net increase in cash and cash equivalents | 58,858 | 57,351 | 404,544 |
| **Cash and cash equivalents at beginning of period** | (15,796) | 43,062 | 100,413 |
| **Cash and cash equivalents at end of period** | 43,062 | 100,413 | 504,957 |

Significant non cash transactions involving loan notes and the acquisition of Acoustic Insulations Limited are disclosed in note 24 to the accounts.

The Group acquired plant and equipment at a cost of £922,069, £1,400,522 and £180,923 respectively under hire purchase and other funding arrangements in 2015, 2014 and 2013 where the suppliers settlements were made directly by the funders. These transactions have been shown net in the consolidated statement of cash flows.

## Notes to the combined and consolidated financial information

### 1. Accounting policies

***Accounting convention***

The financial information has been prepared using the historical cost convention. The stated accounting policies have been consistently applied to all periods presented, unless otherwise stated.

The historical financial information has been prepared in accordance with International Financial Reporting Standards ("IFRS") and IFRIC interpretations issued by the International Accounting Standards Board as adopted by the European Union except as described below in the basis of preparation.

***Basis of preparation***

The combined and consolidated financial information contained in this document includes the statements of total comprehensive income, cash flow statements, statements of financial position, statement of changes in equity and related notes for the companies which comprise the Group.

Autins Group Limited was incorporated on 25 March 2014 and on 29 April 2014 it acquired the entire share capital of Acoustic Insulations Limited for a consideration of £3,009,096 (excluding expenses of acquisition), for which the acquisition method of accounting was used. On 1 August 2016, Autins Group Limited re-registered as a public company and changed its name to Autins Group plc.

The historical financial information has therefore been prepared as follows:

*Year ended 30 September 2013*

The historical financial information for this year is the consolidated financial information of Acoustic Insulations Limited. Since the Group did not come into existence until 29 April 2014, it is not meaningful to present share capital and reserves prior to that date; consequently for this period the aggregate equity attributable to equity holders of Acoustic Insulations Limited has been disclosed as "Acoustic Insulations Invested Capital".

*Year ended 30 September 2014*

As Autins Group Limited acquired the entire share capital of Acoustic Insulations Limited on 29 April 2014, the historical financial information for this period has been prepared using the conventions of section 26 of the annexure of Standards for Investment Reporting (SIR) 2000 (revised March 2011) which allow for a combined or aggregated result to be presented in order to give a true and fair view.

The information for the year ended 30 September 2014 has therefore been prepared by aggregating the consolidated financial information of Autins Group Limited for the period from incorporation on 25 March 2014 to 30 September 2014 with the consolidated financial information of Acoustic Insulations Limited for the period from 1 October 2013 to 29 April 2014.

*Year ended 30 September 2015*

The historical financial information for this period comprises the consolidated financial information of Autins Group Limited.

IFRS as adopted by the EU does not provide for the preparation of combined financial information, and therefore the specific accounting treatment set out above, which is in accordance with accounting conventions commonly used for the preparation of historical financial information for inclusion in investment circulars as described in the Annexure to SIR 2000 (Investment Reporting Standards applicable to Public Reporting Engagements on Historical Financial Information) issued by the UK Auditing Practices Board, results in the following material departures from IFRS as adopted by the EU:

- For all periods which encompass the acquisition by Autins Group Limited of the entire share capital of Acoustic Insulations Limited on 29 April 2014, the historical financial information is prepared on a combined basis which does not comply with the requirements of IFRS 10 (Consolidated Financial Statements).

- The historical financial information does not therefore constitute a set of general purpose financial statements under paragraph 3 of IAS 1 and consequently there is no explicit and unreserved statement of compliance with IFRS as contemplated by paragraph 14 of IAS 1.

***Description of business***

Autins Group Limited is a limited company domiciled in the United Kingdom. The principal activity of the Group is the supply of Noise Vibration and Harshness (NVH) insulating materials primarily to the automotive industry.

***Composition of the Group***

A list of the subsidiary undertakings and joint ventures which, in the opinion of the Directors, principally affected the amounts of profit or net assets of the Group is given in note 12 to the financial information.

***Composition of the financial information***

The consolidated financial information is drawn up in Sterling, the functional currency of Autins Group Limited and in accordance with IFRS, other than as noted under Basis of Preparation above. The level of rounding for the financial information is the nearest pound. The financial information comprises:

- Consolidated statement of comprehensive income
- Consolidated statement of financial position
- Consolidated statement of changes in equity
- Consolidated statement of cash flows
- Notes to the financial information

***Changes in accounting policies***

This financial information has been prepared in accordance with International Financial Reporting Standards ("IFRS") and IFRC Interpretations issued by the International Accounting Standards Board as adopted by the European Union for periods beginning on or after 1 October 2014.

*New standards, interpretations and amendments not yet effective*

The following new standards, interpretations and amendments, which are not yet effective and have not been adopted early in this financial information, will or may have an effect on the Group's future financial statements:

*IFRS 15 Revenue from Contracts with Customers*

- This standard is mandatory for periods beginning on or after 1 January 2018. IFRS 15 is intended to clarify the principles of revenue recognition and establish a single framework for revenue recognition across all industries.
- Under the new standard, revenue is recognised when a customer obtains control of a good or service. It also establishes principles for reporting information around the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.
- Adopting this standard may result in changes in the timing of the recognition of tooling sales to automotive customers and also acoustic flooring products to the wholesale markets, but both impacts are still being assessed.

*IFRS 9 Financial Instruments*

- Mandatory for periods beginning on or after 1 January 2018. IFRS 9 Financial instruments will ultimately replace IAS 39 Financial Instruments: Recognition and Measurement in its entirety. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The potential impact of this standard will be assessed closer to the date of adoption as the Group's financing structure will be subject to change following its admission to trading on AIM and the ongoing growth phase may give rise to changes in the nature of the financial assets and liabilities in existence.

*IFRS 16 Leases.*

- This standard is effective for accounting periods beginning on or after 1 January 2019 and sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It replaces IAS 17 Leases and IFRIC 4 Determining whether an arrangement contains a lease.
- The most significant changes are in relation to lessee accounting. Under the new standard, the concept of assessing a lease contract as either operating or financing is replaced by a single lessee accounting model.
- Under this new model, substantially all lease contracts will result in a lessee acquiring a right-to-use asset and obtaining financing. The lessee will be required to recognise a corresponding asset and liability. The asset will be depreciated over the term of the lease and the interest on the financing liability will be charged over the same period.
- Adopting this new standard will result in a fundamental change to the Group's statement of financial position, with right-to-use assets and accompanying financing liabilities for the Group's manufacturing sites, warehouses and offices being recognised for the first time.
- The income statement will also be impacted, with rent expense relating to operating leases being replaced by a depreciation charge arising from the right-to-use assets and interest charges arising from lease financing. The full impact of these changes will be quantified closer to the date of adoption.

***Basis of consolidation***

The consolidated financial information incorporates the results of business combinations using the acquisition method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date.

The consolidated financial information presents the results of the Company and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between Group companies are therefore eliminated in full.

Subsidiaries are all entities over which the Group has control. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

***Revenue recognition***

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied, net of returns, discounts and rebates allowed by the Group and value added taxes.

Revenue from the sale of goods is recognised when the Group has transferred the significant risks and rewards of ownership to the buyer, which is usually when the goods have been accepted by the customer.

The Group recognises revenue from the sale of tooling when the specific tool has passed pre-production assessment and sign off by the relevant customer engineer.

Where the costs of developing a specific automotive tooling component for a customer do not result in a product that will enter volume production, the revenue arising from cost recovery for obsolete materials, tooling and design and development work is recognised at the point of customer acceptance of the claim.

***Expenditure***

Expenditure is recognised in respect of goods and services received when supplied in accordance with contractual terms. Provision is made when a present obligation exists for a future liability relating to a past event and where the amount of the obligation can be reliably estimated.

***Goodwill***

Goodwill arising on acquisitions is the excess of the fair value of the cost of acquisition, over the fair value of identifiable net assets acquired. Goodwill on acquisition is recorded as an intangible fixed asset. Fair values are attributed to the identifiable assets, liabilities and contingent liabilities that existed at the date of acquisition, reflecting their condition at that date. Adjustments are also made to align the accounting policies of acquired businesses with those of the Group.

Goodwill is assigned an indefinite useful economic life. Impairment reviews are performed annually, or more frequently if events or changes in circumstances indicate that the carrying value may not be recoverable.

Where the goodwill calculation results in a negative amount (bargain purchase) this amount is taken to the income statement in the period in which is it derived.

***Impairment***

Impairment tests on goodwill and other intangible assets with indefinite useful economic lives are undertaken annually at the financial year end. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the carrying value exceeds the recoverable amount of the asset or cash-generating unit. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use based on an internal discounted cash flow evaluation.

Impairment charges are included in profit or loss, except to the extent they reverse gains previously recognised in other comprehensive income. An impairment loss recognised for goodwill is not reversed.

***Intangible assets acquired as part of a business combination***

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they are separable from the acquired entity or give rise to other contractual/legal rights. Amounts assigned to intangibles acquired as part of a business combination are arrived at by using appropriate valuation technique for the asset concerned.

All intangible assets acquired through a business combination are amortised on a straight line basis over their estimated useful lives.

The intangibles currently recognised by the Group; their useful economic lives and the methods used to determine the separable cost of the intangibles acquired in business combinations are as follows:

| *Intangible asset* | *Useful economic life* | *Valuation method* |
|---|---:|---|
| Tooling intellectual property | 10 years | Estimated discounted cash flow of post tax royalty earnings potential |
| Key customer relationships | 7 years | Estimated discounted cash flow |

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and impairment losses.

***Property, plant and equipment***

Items of property, plant and equipment are initially recognised at cost. As well as the purchase price, cost includes directly attributable costs.

Depreciation is provided on all items of property, plant and equipment so as to write off their cost, less expected residual value over the expected useful economic lives. It is provided at the following rates:

| | | |
|---|---|---|
| Plant and machinery | — | 5-20 years straight line |
| Fixtures and fittings | — | 3-15 years straight line |

***Profit/loss on disposal of property, plant and equipment and intangible assets***

Profits and losses on the disposal of property, plant and equipment and intangible assets represent the difference between the net proceeds and net book value at the date of sale. Disposals are accounted for when the relevant transaction becomes unconditional.

***Inventories***

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and an appropriate proportion of fixed and variable overheads incurred in bringing the inventories to their present location and condition. Net realisable value being the estimated selling price less costs to complete and sell. Where necessary, provision is made to reduce cost to no more than net realisable value having regard to the nature and condition of inventory, as well as its anticipated utilisation and saleability.

***Tooling for resale***

Where a customer project or component is secured, the Group may be required to source and test production tooling in advance of volume production.

Tooling sourced for a customer is recognised at cost and held as an asset for resale within inventory when the Group has a documented commitment from the customer and is valued at the lower of cost and net realisable value.

Where the Group has no customer commitment to meet the costs of tooling production, the costs are expensed within cost of sales as incurred.

***Research and development***

An internally generated intangible asset arising from development (or the development phase) of an internal project is recognised if, and only if, all of the following have been demonstrated:

1. It is technically feasible to complete the development such that it will be available for use, sale or licence;
2. There is an intention to complete the development;
3. There is an ability to use, sell or licence the resultant asset;
4. The method by which probable future economic benefits will be generated is known;
5. There are adequate technical, financial and other resources required to complete the development;
6. There are reliable measures that can identify the expenditure directly attributable to the project during its development.

The amount recognised is the expenditure incurred from the date when the project first meets the recognition criteria listed above. Expenses capitalised consist of employee costs incurred on development and an apportionment of appropriate overheads.

Where the above criteria are not met, development expenditure is charged to profit or loss in the period in which it is incurred. The expected life of internally generated intangible assets varies based on the anticipated useful life, currently ranging from five to twenty years.

Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation and impairment losses.

Amortisation is charged on a straight-line basis over the estimated period in which the intangible asset has economic benefit and is reported in the 'Depreciation/Amortisation expenses' line of the consolidated statement of comprehensive income.

Research expenditure is recognised as an expense in the period in which it is incurred.

***Revenue based grants***

Revenue based grants are recognised as income based on the specific terms related to them as follows:

- A grant is recognised in other operating income when the grant proceeds are received (or receivable) provided that the terms of the grant do not impose future performance-related conditions.
- If the terms of a grant do impose performance-related conditions then the grant is only recognised in income when the performance-related conditions are met.
- Any grants that are received before the revenue recognition criteria are met are recognised in the statement of financial position as a liability.

***Foreign currencies***

Transactions entered into by Group entities in a currency other than the currency of the primary economic environment in which they operate (their "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in the Statement of comprehensive income.

***Translation of the results of overseas businesses***

The results of overseas subsidiaries and joint ventures are translated into the Group's presentation currency of Sterling each month at the weighted average exchange rate for the month. The weighted average exchange rate is used, as it is considered to approximate the actual exchange rates on the date of the transactions. The assets and liabilities of such undertakings are translated at the year-end exchange rate. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

***Hire purchase and leasing commitments***

Hire purchase agreements or leases where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased asset and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The remaining future rental obligations, net of finance charges, are included in finance lease liabilities in current or non-current liabilities. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. 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.

***Operating lease commitments***

Where substantially all of the risks and rewards incidental to ownership are not transferred to the Group (an "operating lease"), the total rentals payable under the lease are charged to the consolidated statement of comprehensive income on a straight line basis over the lease term. The aggregate benefit of lease incentives is recognised as a reduction of the rental expense over the lease term on a straight-line basis.

***Employee benefit costs***

The Group operates a defined contribution pension scheme. Contributions payable to the pension scheme are charged to the consolidated statement of comprehensive income in the period to which they relate.

***Invoice discounting***

The Group has an agreement with Santander UK PLC whereby its trade receivables are invoice discounted, with recourse after 120 days. On the basis that the benefits and risks attaching to the debts remain with the Group, the gross debts are included as an asset within trade receivables (net of any provisions and discounts) and the proceeds received are included within current liabilities as short-term borrowings under invoice discounting facilities.

Charges and interest are recognised in the consolidated statement of comprehensive income as they accrue.

***Investments in joint ventures***

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The Group accounts for its interests in joint ventures using the equity method. Under the equity method, an investment in a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group’s share of the profit or loss and other comprehensive income of the joint venture.

When the Group’s share of losses of a joint venture exceeds the Group’s interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group’s net investment in the joint venture), the Group discontinues recognising its share of further losses, unless and only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture for those losses.

Any premium paid for an investment in a joint venture above the fair value of the Group’s share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the investment in the joint venture. Where there is objective evidence that the investment in a joint venture has been impaired the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

***Financial assets***

The Group classifies its financial assets based upon the purpose for which the asset was acquired. The Group has not classified any of its financial assets as held to maturity or fair value through profit and loss.

The classes of financial assets are commented upon further below

*Loans and receivables*

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transactions costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest method, less provision for impairment.

The Group’s loans and receivables comprise trade, other receivables and amounts due from Directors included within the consolidated statement of financial position.

*Cash and cash equivalents*

Cash and cash equivalents comprise cash held at bank which is available on demand.

Impairment provisions against financial assets 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 allowance account with the loss being recognised within administrative expenses in the income statement. On confirmation that the trade receivables will not be collectable, the gross carrying value of the asset is written off against the associated provision.

***Financial liabilities***

The Group classifies its financial liabilities as other financial liabilities and does not enter into any financial liabilities which are held at fair value through profit or loss. This reflects the purpose for which the liability was acquired.

Other financial liabilities comprise:

- Trade payables, amounts owed to equity accounted joint ventures, accruals, other creditors, invoice discounting and amounts due to Directors are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

- Bank loans, loan notes and hire purchase agreements are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost ensuring the interest element of the borrowing is expensed over the repayment period at a constant rate.

***Share capital***

Financial instruments issued by the Group are treated as equity only to the extent that they do not meet the definition of a financial liability. The Group's ordinary shares are classified as equity instruments.

***Dividends***

Dividend distributions to the Group's shareholders are recognised as a liability in the period in which the dividend becomes a committed obligation.

Final dividends are recognised when they are approved by the shareholders. Interim dividends are recognised when paid.

***Taxation***

Current taxes are based on the results and are calculated according to local tax rules, using tax rates enacted or substantively enacted by the date of the statement of financial position.

***Deferred taxation***

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the consolidated statement of financial position differs from its tax base, except for differences arising on:

- the initial recognition of goodwill;

- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and

- investments in subsidiaries and jointly controlled entities where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the date of the statement of financial position and are expected to apply when the deferred tax liabilities or assets are settled or recovered. Deferred tax balances are not discounted.

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- the same taxable Group company; or
- different entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets and liabilities are expected to be settled or recovered.

***Operating segments***

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision maker has been identified as the management team including the Chief Executive Officer, Chief Financial Officer and Chairman.

The Board considers that the Group's activity constitutes one primary operating and one separable reporting segment as defined under IFRS 8. Management consider the reportable segment to be Automotive Noise, Vibration and Harshness (NVH). Revenue and profit before tax primarily arises from the principal activity based in the UK. All material assets are based in the UK. Management reviews the performance of the Group by reference to total results against budget.

The total profit measure is operating profit as disclosed on the face of the consolidated statement of comprehensive income. No differences exist between the basis of preparation of the performance measures used by management and the figures in the Group financial information.

## 2. Critical accounting estimates and judgements

The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including the expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

***Accounting judgements, estimates and assumptions***

(a) *Property, plant and equipment*

Property, plant and equipment are depreciated over the useful lives of the assets. Useful lives are based on the management's estimates of the period that the assets will generate revenue, which are reviewed annually for continued appropriateness. The carrying values are tested for impairment when there is an indication that the value of the assets might be impaired. When carrying out impairment tests these would be based upon future cash flow forecasts and these forecasts would be based upon management judgement. Future events could cause the assumptions to change, therefore this could have an adverse effect on the future results of the Group.

(b) *Other intangible assets*

As set out in note 1, accounting policies, intangible assets acquired in a business combination are capitalised and amortised over their useful lives. Both initial valuations and subsequent impairment tests are based on risk adjusted future cash flows discounted using appropriate discount rates. These future cash flows will be based on forecasts which are inherently judgemental. Future events could cause the assumptions to change which could have an adverse effect on the future results of the Group.

(c) *Income taxes*

The Group is principally subject to income taxes in the UK where there is judgement in determining the provision for income taxes. During the ordinary course of business, there are transactions and calculations for which the ultimate tax determination is uncertain. As a result, the Group recognises tax liabilities based on estimates of whether additional taxes and interest will be due. The Group believes that its accruals for tax liabilities are adequate for all open audit years based on its assessment of many factors including past experience and interpretations of tax law. This assessment relies on estimates and assumptions and may involve a series of judgement about future events. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will impact income tax expense in the period in which such determination is made.

(d) *Impairment of goodwill*

The Group is required to test, on an annual basis, whether goodwill has suffered any impairment. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the determination of a discount rate in order to calculate the present value of the cash flows. More information including carrying values is included in note 11.

## 3. Financial instruments – Risk Management

The Board has overall responsibility for the determination of the Group's risk management objectives and policies. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. All funding requirements and financial risks are managed based on policies and procedures adopted by the Board of Directors.

The Group is exposed to the following financial risks:

- Credit risk
- Liquidity risk
- Foreign exchange risk
- Interest rate risk

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- Trade and other receivables
- Cash and cash equivalents
- Trade and other payables
- Floating rate bank loans
- Fixed rate bank loans
- Fixed rate hire purchase agreements
- Floating rate invoice discounting
- Fixed rate loan notes

### Financial instruments by category

***Financial assets***

| | *Loans and receivables* | | |
|---|---|---|---|
| | *2013* | *2014* | *2015* |
| | £ | £ | £ |
| Cash and cash equivalents | 43,062 | 100,413 | 504,957 |
| Trade and other Receivables | 3,000,451 | 3,604,672 | 3,833,132 |
| Total financial assets | 3,043,513 | 3,705,085 | 4,338,089 |

*Financial liabilities*

| | *Financial liabilities at amortised cost* | | |
|---|---|---|---|
| | *2013* | *2014* | *2015* |
| | £ | £ | £ |
| Trade and other payables | 2,187,727 | 2,362,241 | 3,616,650 |
| Loans and borrowings | 2,685,736 | 6,144,155 | 5,969,137 |
| Total financial liabilities | 4,873,463 | 8,506,396 | 9,585,787 |

All financial instruments are carried at amortised cost and the carrying value of the Group's financial assets and liabilities is considered to approximate to their fair value at each reporting date. Cash and cash equivalents are held in sterling, euro, and krona and placed on deposit in UK, German and Swedish banks.

***Credit risk***

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit risk from credit sales. At 30 September 2015 the Group has trade receivables of £3,502,616 (2014: £2,880,360; 2013; £2,812,620).

The Group is exposed to credit risk in respect of these balances such that, if one or more customers encounter financial difficulties, this could materially and adversely affect the Group's financial results. The Group attempts to mitigate credit risk by assessing the creditworthiness of customers and closely monitoring payment history.

The ageing of debtors is included in note 14. There have been no material impairments to trade or other receivables in the 3 years included within this financial information.

Credit risk on cash and cash equivalents is considered to be minimal as the counterparties are all substantial banks with high credit ratings.

The Directors are unaware of any factors affecting the recoverability of outstanding balances at 30 September 2015 and consequently no material provisions have been made for bad and doubtful debts.

***Liquidity risk***

Liquidity risk arises from the Group's management of working capital and the continued availability of its other funding facilities. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. The Group actively manages its cash generation and maintains sufficient cash holdings to cover its immediate obligations.

The tables below set out the maturities of the Group's financial liabilities:

| *At 30 September 2015* | *Up to 1 year* | *1 to 2 years* | *2 to 5 years* |
|---|---|---|---|
| | £ | £ | £ |
| Trade and other payables | 3,616,650 | — | — |
| Bank Loans | 198,413 | 55,757 | 1,229,284 |
| Hire Purchase | 452,821 | 301,188 | 903,565 |
| Loan Notes | 440,000 | 270,000 | 960,018 |
| Total | 4,707,884 | 626,945 | 3,092,867 |

| *At 30 September 2014* | *Up to 1 year* | *1 to 2 years* | *2 to 5 years* |
|---|---|---|---|
| | £ | £ | £ |
| Trade and other payables | 2,362,241 | — | — |
| Bank Loans | 1,445,338 | 40,035 | 966,311 |
| Hire Purchase | 268,383 | 181,018 | 455,691 |
| Loan Notes | 240,000 | 440,000 | 1,230,018 |
| Total | 4,315,962 | 661,053 | 2,652,020 |

| *At 30 September 2013* | *Up to 1 year* £ | *1 to 2 years* £ | *2 to 5 years* £ | *Over 5 years* £ |
|---|---|---|---|---|
| Trade and other payables | 2,187,727 | — | — | — |
| Bank Loans | — | — | — | — |
| Hire Purchase | 170,026 | 172,489 | — | — |
| Loan Notes | 224,640 | 233,626 | 758,457 | 145,512 |
| Total | 2,582,393 | 406,115 | 758,457 | 145,512 |

***Foreign exchange risk***

Foreign exchange risk is the risk that movements in exchange rates adversely affect the profitability or cash flows of the business.

The majority of the Group's financial assets are held in Sterling but movements in the exchange rate of the Euro, the US Dollar and the Swedish Krona against Sterling have an impact on both the result for the year and equity. The Group considers its most significant exposure is to movements in the Euro, however it is noted that there are no material foreign currency denominated assets/liabilities in the Group.

***Interest rate risk***

The Group's exposure to market risk for changes in interest rates relates primarily to cash and external borrowings (including overdrafts and invoice discounting arrangements).

The Group is exposed to cash flow interest rate risk on its floating rate invoice discounting, tooling loans, asset bridging facility and elements of the unsecured mezzanine debt where the cost of borrowing in all cases is calculated by a fixed margin over LIBOR.

| | *2013* £ | *2014* £ | *2015* £ |
|---|---|---|---|
| Invoice discounting | 1,183,772 | 1,673,718 | 1,892,938 |
| Tooling loan | — | 750,000 | 165,000 |
| Asset bridging facility | — | 695,338 | 33,413 |
| Unsecured mezzanine debt | — | 260,492 | 381,901 |
| Total floating rate debt | 1,183,772 | 3,379,548 | 2,473,252 |

At 30 September 2015 £680,000 (2014: £500,000) of the unsecured mezzanine debt was subject to a fixed rate arrangement.

Borrowings with loan note holders, directors and under Asset Finance/Hire Purchase arrangements are at a fixed interest rate over their term.

All borrowing is approved by the Board of Directors to ensure that it is conducted at the most competitive rates available to it.

The Group has not entered into interest rate derivatives to mitigate the interest rate risk.

***Capital management***

The Group's capital comprises all components of equity which includes share capital, Acoustic Insulations invested capital, non-controlling interests, retained earnings and other reserves.

The Group's objectives when maintaining capital are:

- To safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The capital structure of the Group consists of shareholders equity as set out in the consolidated statement of changes in equity. All working capital requirements are financed from existing cash resources.

The Group sets the amount of capital it requires in proportion to risk. The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

## 4. Revenue and segmental information

***Revenue analysis***

| | *Year ended 30 Sept 2013* | *Year ended 30 Sept 2014* | *Year ended 30 Sept 2015* |
|---|---|---|---|
| | *£* | *£* | *£* |
| Revenue arises from: | | | |
| Sales of goods | 11,068,596 | 12,328,618 | 17,249,998 |
| Sales of tooling | 482,627 | 1,287,418 | 2,530,525 |
| | 11,551,223 | 13,616,036 | 19,780,523 |

***Segmental information***

The Group currently has one main reportable segment in each year, namely Automotive (NVH) which involves provision of insulation materials to reduce noise, vibration and harshness to automotive manufacturing. Turnover and operating profit are disclosed for other segments in aggregate as they individually do not have a significant impact on the Group result. These segments have no significant identifiable assets or liabilities.

**Factors that management used to identify the Group's reportable segments**
The Group's reportable segments are strategic business units that offer different products and services.

**Measurement of operating segment profit or loss**
The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies.

The Group evaluates performance on the basis of operating profit/(loss).

**Segmental analysis for the year ended 30 September 2015**

| | *Automotive NVH* | *Others* | *2015 Total* |
|---|---|---|---|
| | *£* | *£* | *£* |
| Group's revenue per consolidated statement of comprehensive income | 19,548,206 | 232,317 | 19,780,523 |
| Depreciation | 338,543 | — | 338,543 |
| Amortisation | 237,213 | — | 237,213 |
| **Segment operating profit** | 1,148,064 | 50,188 | 1,198,252 |
| Finance income | — | — | 6 |
| Finance expense | — | — | (386,019) |
| Share of post tax profit of equity accounted joint ventures | | | 86,986 |
| **Group profit before tax** | | | 899,225 |

| | *Automotive NVH* £ | *Others* £ | *2015 Total* £ |
|---|---|---|---|
| Additions to non-current assets | 1,326,785 | — | 1,326,785 |
| Reportable segment assets | 12,635,007 | — | 12,635,007 |
| Investment in joint ventures | 111,463 | — | 111,463 |
| Reportable segment assets/total Group assets | 12,746,470 | — | 12,746,470 |
| Reportable segment liabilities/total Group liabilities | 10,688,743 | — | 10,688,743 |

**Segmental analysis for the year ended 30 September 2014**

| | *Automotive NVH* £ | *Others* £ | *2014 Total* £ |
|---|---|---|---|
| Group's revenue per consolidated statement of comprehensive income | 13,469,018 | 147,018 | 13,616,036 |
| Depreciation | 249,656 | — | 249,656 |
| Amortisation | 98,838 | — | 98,838 |
| **Segment operating profit** | 129,633 | 30,000 | 159,633 |
| Finance income | | | 391,008 |
| Finance expense | | | (176,020) |
| Share of post tax profit of equity accounted joint ventures | | | 40,157 |
| **Group profit before tax** | | | 414,778 |

| | *Automotive NVH* £ | *Others* £ | *2014 Total* £ |
|---|---|---|---|
| Additions to non current assets | 3,916,651 | — | 3,916,651 |
| Reportable segment assets | 11,714,967 | — | 11,714,967 |
| Investment in joint ventures | 24,477 | — | 24,477 |
| Reportable segment assets/total Group assets | 11,739,444 | — | 11,739,444 |
| Reportable segment liabilities/total Group liabilities | 9,377,949 | — | 9,377,949 |

In the year-ended 30 September 2013 all revenues were attributable to Automotive NVH products.

Revenues from one customer in 2015 total £12,502,848 (2014: £6,145,152, 2013: £5,363,285). This major customer purchases goods from Automotive Insulations Limited in the United Kingdom

External revenues by location of customers

| | Year ended 30 Sept 2013 £ | Year ended 30 Sept 2014 £ | Year ended 30 Sept 2015 £ |
|---|---|---|---|
| United Kingdom | 11,017,371 | 12,830,121 | 18,998,976 |
| Sweden | 361,194 | 441,307 | 368,416 |
| Germany | 130,816 | 267,345 | 374,131 |
| Rest of the World | 41,842 | 77,263 | 39,000 |
| | 11,551,223 | 13,616,036 | 19,780,523 |

There were no material non-current assets in any location outside of the United Kingdom.

## 5. Profit from operations

The operating profit is stated after charging:

| | Year ended 30 Sept 2013 £ | Year ended 30 Sept 2014 £ | Year ended 30 Sept 2015 £ |
|---|---|---|---|
| Foreign exchange losses | 24,596 | 23,635 | 46,383 |
| Depreciation | 128,891 | 249,656 | 338,543 |
| Amortisation of intangible assets | — | 98,838 | 237,213 |
| Loss on disposal of fixed assets | 44,808 | 69,706 | 93,376 |
| Cost of inventory sold | 6,345,137 | 7,019,820 | 10,065,846 |
| Research & development | 217,696 | 88,532 | 172,967 |
| Revenue grant income | — | — | (142,000) |
| Employee benefit expenses (see note 6) | 1,865,968 | 2,247,778 | 3,202,422 |
| Lease payments | 256,046 | 342,594 | 522,306 |
| Auditors' remuneration: | | | |
| Fees for audit of the Group | 7,500 | 11,000 | 11,300 |
| Fees for taxation services | 3,500 | 2,500 | 7,382 |
| Fees for other services | — | — | 11,000 |

The operating costs in 2014 include the impact of the relocation of the UK business to a new purpose built factory in Rugby, with the associated downtime, parallel running costs and costs of re-accrediting processes and parts to automotive standards. In addition, the Group strategically invested in customer support, project management and administrative personnel required to deliver growth in future periods.

Key personnel are considered to be the directors and senior management team of Autins Group Limited and Automotive Insulations Limited which is the largest trading entity in the Group. The remuneration of key personnel is disclosed in note 22.

## 6. Staff costs

| | Year ended 30 Sept 2013 £ | Year ended 30 Sept 2014 £ | Year ended 30 Sept 2015 £ |
|---|---|---|---|
| Wages and salaries | 1,692,290 | 2,070,168 | 2,926,895 |
| Social security costs | 165,135 | 170,542 | 246,954 |
| Other pension costs | 8,543 | 7,068 | 28,573 |
| | 1,865,968 | 2,247,778 | 3,202,422 |

The average monthly number of employees during each year was as follows:

| | Year ended 30 Sept 2013 £ | Year ended 30 Sept 2014 £ | Year ended 30 Sept 2015 £ |
|---|---|---|---|
| Directors | 3 | 3 | 3 |
| Administrative staff | 27 | 30 | 43 |
| Production Staff | 40 | 51 | 65 |
| | 70 | 84 | 111 |

**Directors' remuneration, included in staff costs**

| | Year ended 30 Sept 2013 £ | Year ended 30 Sept 2014 £ | Year ended 30 Sept 2015 £ |
|---|---|---|---|
| Remuneration | 293,088 | 189,416 | 41,059 |
| | 293,088 | 189,416 | 41,059 |

Information regarding the highest paid director is as follows:

| | Year ended 30 Sept 2013 £ | Year ended 30 Sept 2014 £ | Year ended 30 Sept 2015 £ |
|---|---|---|---|
| Remuneration | 98,044 | 67,210 | 18,315 |

## 7. Finance income and expenses

| | Year ended 30 Sept 2013 £ | Year ended 30 Sept 2014 £ | Year ended 30 Sept 2015 £ |
|---|---|---|---|
| **Finance income** | | | |
| Bank interest | — | — | 6 |
| Gain on settlement of debt | — | 391,008 | — |
| **Finance expense** | | | |
| Bank loan interest | 26,756 | 68,855 | 199,842 |
| Loan note interest | 55,600 | 72,246 | 136,136 |
| Interest element of hire purchase agreements | 16,790 | 34,919 | 50,041 |
| | 99,146 | 176,020 | 386,019 |

In 2014 the Group issued new non interest bearing loan notes as part of the acquisition of Acoustic Insulations Limited (Note 24). The Group has, in accordance with IAS39 Financial Instruments, recognised the loan notes at fair value at the time of issue, generating finance income of £391,008. The subsequent interest on the loan notes has been recognised using the effective interest rate method.

The non-interest bearing loan notes have security that is subordinated to the Group's primary bankers. The imputed interest rate used to derive their fair value and recognise the interest cost over the period to repayment has therefore been set at 10 per cent., representing the Group's highest cost debt from its primary bankers.

## 8. Income tax

| | Year ended 30 Sept 2013 £ | Year ended 30 Sept 2014 £ | Year ended 30 Sept 2015 £ |
|---|---|---|---|
| ***(i) Tax expense excluding share of tax of equity accounted for joint ventures*** | | | |
| **Current tax expense** | | | |
| Current tax on profits for the period | 131,851 | (5,185) | 213,745 |
| Adjustment in respect of previous periods | — | (8,904) | (28,121) |
| **Total current tax** | 131,851 | (14,089) | 185,624 |
| **Deferred tax expense** | | | |
| Origination and reversal of temporary differences | 31,500 | 136,501 | (3,481) |
| | 163,351 | 122,412 | 182,143 |

| | Year ended 30 Sept 2013 £ | Year ended 30 Sept 2014 £ | Year ended 30 Sept 2015 £ |
|---|---|---|---|
| ***(ii) Total tax expense*** | | | |
| *Tax expense excluding share of tax of equity accounted for joint ventures (as stated above)* | 163,351 | 122,412 | 182,143 |
| Share of tax of equity accounted joint ventures | — | — | 28,777 |
| | 163,351 | 122,412 | 210,920 |

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the United Kingdom applied to profit for the year are as follows:

| | Year ended 30 Sept 2013 £ | Year ended 30 Sept 2014 £ | Year ended 30 Sept 2015 £ |
|---|---|---|---|
| Profit for the year | 535,063 | 292,366 | 717,082 |
| Income tax expense (including tax on joint ventures) | 163,351 | 122,412 | 210,920 |
| Profit before income taxes | 698,414 | 414,778 | 928,002 |
| Expected tax charge based on corporation tax rate of 20.5% in 2015 (2014: 22.0%, 2013: 23.5%) | 164,127 | 91,251 | 190,240 |
| Expenses not deductible for tax purposes | 2,809 | 23,793 | 12,906 |
| Enhanced R&D tax relief | (30,980) | (25,453) | (26,775) |
| Impact of different tax rates | 2,400 | (8,445) | 1,752 |
| Tax losses not recognised | 24,995 | 50,170 | 60,918 |
| Adjustments in respect of previous periods | — | (8,904) | (28,121) |
| Total tax including joint ventures | 163,351 | 122,412 | 210,920 |

The current rate of UK corporation tax is 20 per cent. The UK Government has announced that the main rate of tax will be reduced to 19 per cent. for periods commencing 1 April 2017 and 18 per cent. for periods commencing 1 April 2020.

The current rate of corporation tax in Sweden is 22 per cent. (affecting the joint venture Scandins AB).

The current rate of corporation tax in Germany is 30-33 per cent. The Group's German subsidiary, RI Rhineland Insulations GmbH, did not have taxable profits during the years under review.

## 9. Earnings per share

| | *Year ended 30 Sept 2013* £ | *Year ended 30 Sept 2014* £ | *Year ended 30 Sept 2015* £ |
|---|---|---|---|
| **Profit** | | | |
| Profit used in calculating basic diluted EPS | 539,273 | 320,328 | 748,887 |
| Number of shares | | | |
| Weighted average number of shares for the purpose of basic and diluted earnings per share | 255,000 | 255,000 | 255,000 |
| Earnings per share (pence) | 211.48p | 125.62p | 293.68p |

Earnings per share have been calculated based on the share capital of Autins Group Limited and the earnings of the Group for all periods. There are no potential ordinary shares in issue that may dilute earnings per share.

The acquisition of Acoustic Insulations Limited by Autins Group Limited took place on 29 April 2014. For the sake of comparability and consistency, the issued share capital of Autins Group Limited has been used in all periods to reflect the combined and consolidated nature of this financial information.

## 10. Property, plant and equipment

| | *Plant and Machinery* £ | *Motor Vehicles* £ | *Fixtures and fittings* £ | *Totals* £ |
|---|---|---|---|---|
| **COST** | | | | |
| At 1 October 2012 | 1,758,592 | 32,338 | 77,195 | 1,868,125 |
| Additions | 246,587 | — | 60,714 | 307,301 |
| Disposals | (351,090) | (32,338) | (535) | (383,963) |
| At 30 September 2013 | 1,654,089 | — | 137,374 | 1,791,463 |
| Additions | 1,493,140 | — | 370,708 | 1,863,848 |
| Disposals | (51,869) | — | (70,312) | (122,181) |
| At 30 September 2014 | 3,095,360 | — | 437,770 | 3,533,130 |
| Additions | 1,204,893 | — | 121,892 | 1,326,785 |
| Disposals | (139,844) | — | — | (139,844) |
| **At 30 September 2015** | 4,160,409 | — | 559,662 | 4,720,071 |
| **DEPRECIATION** | | | | |
| At 1 October 2012 | 729,902 | 18,696 | 6,332 | 754,930 |
| Charge for year | 121,219 | 1,137 | 6,535 | 128,891 |
| Eliminated on disposal | (112,148) | (19,833) | (174) | (132,155) |
| At 30 September 2013 | 738,973 | — | 12,693 | 751,666 |
| Charge for year | 238,955 | — | 10,701 | 249,656 |
| Eliminated on disposal | — | — | (19,176) | (19,176) |
| At 30 September 2014 | 977,928 | — | 4,218 | 982,146 |
| Charge for year | 285,318 | — | 53,225 | 338,543 |
| Eliminated on disposal | (44,601) | — | — | (44,601) |
| **At 30 September 2015** | 1,218,645 | — | 57,443 | 1,276,088 |
| **NET BOOK VALUE** | | | | |
| At 30 September 2013 | 915,116 | — | 124,681 | 1,039,797 |
| At 30 September 2014 | 2,117,432 | — | 433,552 | 2,550,984 |
| **At 30 September 2015** | 2,941,764 | — | 502,219 | 3,443,983 |

**Net book value of assets held under hire purchase contracts are as follows:**

| | *Plant and Machinery* £ | *Motor Vehicles* £ | *Fixtures and fittings* £ | *Totals* £ |
|---|---|---|---|---|
| At 30 September 2013 | 450,650 | — | — | 450,650 |
| At 30 September 2014 | 784,487 | — | 17,999 | 802,486 |
| At 30 September 2015 | 1,758,333 | — | 20,781 | 1,779,114 |

The cost and net book value of plant and machinery as at 30 September 2014 included assets that had not yet been brought into economic use of £506,696 (Nil in 2013 and 2015).

## 11. Intangible assets

| | *Goodwill* £ | *Customer relationships* £ | *Tooling intellectual Property* £ | *Totals* £ |
|---|---|---|---|---|
| **COST** | | | | |
| At 1 October 2012 | 1,472,337 | — | — | 1,472,337 |
| Additions | — | — | — | — |
| At 30 September 2013 | 1,472,337 | — | — | 1,472,337 |
| Acquisition | 143,313 | 1,079,474 | 830,016 | 2,052,803 |
| At 30 September 2014 | 1,615,650 | 1,079,474 | 830,016 | 3,525,140 |
| Additions | — | — | — | — |
| **At 30 September 2015** | 1,615,650 | 1,079,474 | 830,016 | 3,525,140 |
| **AMORTISATION** | | | | |
| At 1 October 2012 | — | — | — | — |
| Charge for year | — | — | — | — |
| At 30 September 2013 | — | — | — | — |
| Charge for year | — | 64,254 | 34,584 | 98,838 |
| At 30 September 2014 | — | 64,254 | 34,584 | 98,838 |
| Charge for year | — | 154,211 | 83,002 | 237,213 |
| **At 30 September 2015** | — | 218,465 | 117,586 | 336,051 |
| **NET BOOK VALUE** | | | | |
| At 30 September 2013 | 1,472,337 | — | — | 1,472,337 |
| At 30 September 2014 | 1,615,650 | 1,015,220 | 795,432 | 3,426,302 |
| **At 30 September 2015** | 1,615,650 | 861,009 | 712,430 | 3,189,089 |

Further details of the acquisition of Acoustic Insulations Limited are given in note 24.

The Group tests goodwill for impairment annually or where there is an indication that goodwill might be impaired. The Directors have, in considering impairment of goodwill, reviewed the operating activities and structure of the Group and considers the goodwill is attributable to a single cash generating unit related to Automotive NVH.

The recoverable amount of that cash generating unit has been determined on a value-in-use basis. Value-in-use calculations for the cash generating unit are based on projected five-year post-tax discounted cash flows together with a terminal value. The cash flows have been discounted at a pre-tax discount rate of 11.2 per cent. reflecting the Group's weighted average cost of capital adjusted for country-specific tax rates and risks.

## 12. Fixed asset investments

The principal subsidiaries of the Company, which have all been included in the consolidated financial information, are as follows:

| *Name* | *Principal activity* | *Year ended 30 Sept 2013 Ownership %* | *Year ended 30 Sept 2014 Ownership %* | *Year ended 30 Sept 2015 Ownership %* |
|---|---|---|---|---|
| Automotive Insulations Limited | Supply of insulating materials | 100 | 100 | 100 |
| Auto Insulations Limited | Letting of plant and machinery | 100 | 100 | 100 |
| Automotive Acoustics Group Limited | Holding company100 | 100 | 100 | |
| Autins Limited | Dormant 100 | 100 | 100 | |
| Acoustic Insulations Limited | Holding company100 | 100 | 100 | |
| RI Rhineland Insulations GmbH | Supply of insulating materials | 90 | 90 | 90 |

(RI Rhineland Insulations GmbH has a non controlling interest of 10 per cent.)

Interests in joint ventures comprise the following:

| *Name* | *Principal activity* | *Year ended 30 Sept 2013 Ownership %* | *Year ended 30 Sept 2014 Ownership %* | *Year ended 30 Sept 2015 Ownership %* |
|---|---|---|---|---|
| Scandins AB | Supply of insulating materials | 49 | 49 | 49 |
| Indica Automotive Limited* | Supply of insulating materials | — | 50 | 50 |

* Indica Automotive Limited was incorporated on 8 May 2014

| | *Interest in joint ventures £* |
|---|---|
| **COST AND NET BOOK VALUE** | |
| At 1 October 2012 | 2,399 |
| Share of loss | (43,079) |
| Share of deficit recognised as a liability in other creditors | 40,680 |
| At 30 September 2013 | — |
| Share of profit | 40,157 |
| Release of liability from other creditors | (40,680) |
| Additions | 25,000 |
| At 30 September 2014 | 24,477 |
| Share of profit | 86,986 |
| **Net book value at 30 September 2015** | 111,463 |

In 2013 the Group recognised the share of the deficit on the Scandins joint venture investment as, in the opinion of the Directors, the Group had a constructive obligation due to the nature of the agreement between the participating parties. This was released in 2014 when the joint venture returned to a net asset position.

The Group's share of joint venture (loss)/profit in each year was as follows:

| | *As at 30 Sept 2013 £* | *As at 30 Sept 2014 £* | *As at 30 Sept 2015 £* |
|---|---|---|---|
| (Loss)/profit before tax | (43,079) | 40,157 | 115,763 |
| Taxation | — | — | (28,777) |
| (Loss)/profit after tax | (43,079) | 40,157 | 86,986 |

Summarised aggregated financial information in relation to the joint ventures is presented below:

| *As at 30 September* | *2013* £ | *2014* £ | *2015* £ |
|---|---|---|---|
| Current assets | 124,516 | 472,043 | 748,950 |
| Non-current assets | 287,685 | 528,722 | 446,108 |
| Current liabilities | (196,450) | (377,618) | (618,084) |
| Non-current liabilities | (298,771) | (574,026) | (352,936) |
| Included in the above amounts are: | | | |
| Cash and cash equivalents | 6,303 | 160,380 | 9,103 |
| Current financial liabilities (excluding trade payables) | (13,202) | (83,284) | (213,248) |
| Non-current financial liabilities (excluding trade payables) | (298,771) | (574,026) | (352,936) |
| Net (liabilities)/assets (100%) | (83,020) | 49,121 | 224,038 |
| Group share of net (liabilities)/assets | (40,680) | 24,477 | 111,463 |

| *Period ended 30 September* | *2013* £ | *2014* £ | *2015* £ |
|---|---|---|---|
| Revenues | 544,976 | 1,564,048 | 2,905,013 |
| Loss/profit after tax | (87,916) | 82,142 | 174,914 |
| Total comprehensive (loss)/income (100%) | (87,916) | 82,142 | 174,914 |
| Group share of total comprehensive (loss)/income | (43,079) | 40,157 | 86,986 |
| Included in the above amounts are: | | | |
| Depreciation and amortisation | — | 45,275 | 76,830 |
| Interest expense | 949 | 11,022 | 28,938 |
| Income tax expense/(income) | — | — | (57,765) |

## 13. Inventories

| | *As at 30 Sept 2013* £ | *As at 30 Sept 2014* £ | *As at 30 Sept 2015* £ |
|---|---|---|---|
| Raw materials | 365,601 | 343,553 | 676,429 |
| Finished goods | 292,232 | 546,731 | 461,564 |
| Tooling stock for resale | — | 760,445 | 254,411 |
| | 657,833 | 1,650,729 | 1,392,404 |

There are no material stock provisions at any period end, neither have material amounts of stock been written off in any of the periods presented.

## 14. Trade and other receivables

| | *As at 30 Sept 2013* £ | *As at 30 Sept 2014* £ | *As at 30 Sept 2015* £ |
|---|---|---|---|
| Trade receivables | 2,812,620 | 2,880,360 | 3,502,616 |
| Amounts owed by equity-accounted joint ventures | 172,013 | 181,377 | 134,825 |
| Other receivables | 15,818 | 440,335 | 195,691 |
| Amounts due from directors | — | 102,600 | — |
| **Total financial assets other than cash and cash equivalents classified as loans and receivables** | 3,000,451 | 3,604,672 | 3,833,132 |
| Corporation tax debtor | — | 19,350 | — |
| Prepayments | 86,736 | 362,517 | 271,442 |
| **Total trade and other receivables** | 3,087,187 | 3,986,539 | 4,104,574 |
| The analysis of trade receivables is as follows: | | | |
| Not yet due | 2,798,929 | 2,863,377 | 3,475,936 |
| Past due but not impaired | 13,691 | 16,983 | 26,680 |
| | 2,812,620 | 2,880,360 | 3,502,616 |

There are no impairment provisions made in respect of trade debtors for the year ends reported above and no material amounts have been written off in any of the period's presented.

The Group has financing agreements whereby certain trade debts are subject to an invoice discounting agreement which is secured against the associated trade receivables. The amounts outstanding at each year end amounted to 2015: £1,892,938, 2014: £1,673,718, 2013: £1,183,772. The credit risk remains with the Group and accordingly the trade receivable and amounts drawn down under the financing arrangements are presented gross.

## 15. Trade and other payables

| | *As at 30 Sept 2013* £ | *As at 30 Sept 2014* £ | *As at 30 Sept 2015* £ |
|---|---|---|---|
| **Current** | | | |
| Trade payables | 1,611,861 | 2,211,251 | 2,498,205 |
| Amount owed to equity-accounted joint ventures controlled entities | — | — | 346,419 |
| Accruals | 200,471 | 41,871 | 98,908 |
| **Total financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost** | 1,812,332 | 2,253,122 | 2,943,532 |
| Other creditors | 375,395 | 109,119 | 133,118 |
| Social security & other taxes | 362,599 | 211,154 | 358,829 |
| Amounts due to directors | — | — | 540,000 |
| **Total trade and other payables** | 2,550,326 | 2,573,395 | 3,975,479 |

### 16. Loans and borrowings

| | *As at 30 Sept 2013* £ | *As at 30 Sept 2014* £ | *As at 30 Sept 2015* £ |
|---|---|---|---|
| Bank loans | — | 2,205,830 | 1,260,314 |
| Loan notes | 1,195,000 | 1,473,505 | 1,355,231 |
| Hire purchase | 306,964 | 791,102 | 1,460,654 |
| Invoice discounting | 1,183,772 | 1,673,718 | 1,892,938 |
| **Total loans and borrowings** | 2,685,736 | 6,144,155 | 5,969,137 |
| Bank loans | — | 1,445,338 | 198,413 |
| Loan notes | 216,000 | 240,000 | 440,000 |
| Hire purchase | 158,004 | 234,582 | 399,026 |
| Invoice discounting | 1,183,772 | 1,673,718 | 1,892,938 |
| **Current** | 1,557,776 | 3,593,638 | 2,930,377 |
| Bank loans | — | 760,492 | 1,061,901 |
| Loan notes | 979,000 | 1,233,505 | 915,231 |
| Hire purchase | 148,960 | 556,520 | 1,061,628 |
| **Non-current** | 1,127,960 | 2,550,517 | 3,038,760 |

Bank loans and loan notes are secured by a fixed and floating charge over the Group's assets.

Principal terms and the debt repayment schedule of the Group's loan and borrowings are as follows:

| | *Nominal Currency* | *Conditions* | *Rate %* | *Year of Maturity* |
|---|---|---|---|---|
| Bank loans A | Sterling | Secured | LIBOR + 2.5% | 2016 |
| Bank loan B | Sterling | Secured | LIBOR + 3.0% | 2016 |
| Bank loan C | Sterling | Unsecured | 10.0% | 2019 |
| Loan notes | Sterling | Secured | 0% | 2019 |

The secured loan notes are subordinated to the debts held by the Group's principal bankers. Interest on these loan notes is being imputed on the balance over the remainder of the period of repayment.

Net obligations under hire purchase contracts are denominated in sterling and secured on the assets to which they relate.

Advances under the Group's invoice discounting facility are secured against certain trade receivable balances.

***Hire purchase and finance lease liabilities***

The future minimum lease payments in respect of hire purchase and finance lease liabilities are as follows:

| | *As at 30 Sept 2013* £ | *As at 30 Sept 2014* £ | *As at 30 Sept 2015* £ |
|---|---|---|---|
| Less than one year | 170,026 | 268,383 | 452,821 |
| Between one and five years | 172,489 | 636,709 | 1,204,753 |
| Total gross payments | 342,515 | 905,092 | 1,657,574 |
| Less: interest charge allocated to future periods | (35,551) | (113,990) | (196,920) |
| Carrying amount of liability | 306,964 | 791,102 | 1,460,654 |

## 17. Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 20 per cent. The movement on the deferred tax account is as shown below:

| | *As at 30 Sept 2013* £ | *As at 30 Sept 2014* £ | *As at 30 Sept 2015* £ |
|---|---|---|---|
| Opening balance | 110,500 | 142,000 | 660,399 |
| Expensed/(credited) in profit and loss in respect of: | | | |
| Accelerated capital allowances | 31,500 | 60,913 | 92,556 |
| Amortisation of intangible fixed assets | — | (19,768) | (47,442) |
| Finance income and other timing differences | — | 95,356 | (48,595) |
| Total expense/(credit) | 31,500 | 136,501 | (3,481) |
| Adjustment re intangible assets recognised | — | 381,898 | — |
| Closing balance | 142,000 | 660,399 | 656,918 |

Details of the deferred tax liability are as follows:

| | *2013* £ | *2014* £ | *2015* £ |
|---|---|---|---|
| Accelerated capital allowances | 142,000 | 202,913 | 295,469 |
| Deferred tax on intangible asset | — | 362,130 | 314,688 |
| Other temporary differences | — | 95,356 | 46,761 |
| Closing balance | 142,000 | 660,399 | 656,918 |

The deferred tax liability has arisen due to the timing difference on accelerated capital allowances, recognition of intangible assets on acquisition and other short term timing differences mainly related to the fair values of loan notes issued in consideration of the acquisition of Acoustic Insulations Limited.

There is an unrecognised deferred tax asset of approximately £180,000 at 30 September 2015 (2014: £90,000, 2013: Nil) in respect of losses carried forward in a subsidiary as it is, as yet, uncertain when these will be utilised.

## 18. Share capital

| | *As at 30 Sept 2013* £ | *As at 30 Sept 2014* £ | *As at 30 Sept 2015* £ |
|---|---|---|---|
| **Allotted, issued and fully paid** | | | |
| 255,000 Ordinary shares of £1 each | — | 255,000 | 255,000 |
| 3 Ordinary A shares of £1 each | — | — | 3 |
| | — | 255,000 | 255,003 |

On 6 July 2015 there was a bonus share issue of 1,013,850 £1 Ordinary shares at par followed by a reduction and repayment of 1,013,850 £1 Ordinary shares at £1 per share.

On 27 August 2015, 3 Ordinary A shares of £1 each were issued to an employee under an Employee Shareholder (ES) Agreement with an HMRC approved value of £2,000.

Ordinary shares:

1. Each Ordinary share carries one vote.

2. Each share has the right to participate in any income distributions declared on this class of share.

3. Each share has the right to participate in any capital distributions including on a winding-up in priority to any other class to the first £7 million, thereafter to receive 92.5 per cent. of the distribution.

4. This class of share is non-redeemable.

A Ordinary shares:

1. This class of share carries no voting rights except if the rights are being varied.

2. Each share has the right to participate in any income distributions declared on this class of share.

3. Each share has the right to participate in 7.5 per cent. of any capital distributions including on a winding-up after the priority to the ordinary shares in respect of the first £7 million.

4. This class of share is redeemable at any time for a minimum of £2,000.

Share capital prior to the 29 April 2014 acquisition of Acoustic Insulations Limited is disclosed as 'Acoustic Insulations Invested Capital' in the consolidated statement of financial position and the consolidated statement of changes in equity.

## 19. Reserves

Retained earnings are the cumulative net profits in the consolidated statement of comprehensive income. Movements on these reserves are set out in the consolidated statement of changes in equity.

Other reserves represent the difference between the fair value and nominal value of shares issued in partial satisfaction of the acquisition of 100 per cent. of the equity of Acoustic Insulations Limited in April 2014.

## 20. Operating leases

The total value of minimum lease payments due until the end of the lease is payable as follows:

| | *As at 30 Sept 2013 £* | *As at 30 Sept 2014 £* | *As at 30 Sept 2015 £* |
|---|---|---|---|
| **Land and buildings:** | | | |
| Later than one year and not later than five years | 216,000 | 168,000 | 120,000 |
| Later than five years | — | 5,177,660 | 4,820,580 |
| **Other:** | | | |
| Not later than one year | — | 22,385 | 9,245 |
| Later than one year and not later than five years | 77,949 | 171,443 | 185,013 |
| | 293,949 | 5,539,488 | 5,134,838 |

## 21. Dividends

| | *As at 30 Sept 2013 £* | *As at 30 Sept 2014 £* | *As at 30 Sept 2015 £* |
|---|---|---|---|
| Dividends paid | 30,000 | 40,650 | 9,000 |

For the year-ended 30 September 2013 and the period to 29 April 2014 the Group had 300,000 £1 ordinary shares in issue (being the share capital of Acoustic Insulations Limited).

For the period from 29 April 2014 and the year-ended 30 September 2015 the Group had 255,000 £1 Ordinary shares in issue.

The 3 £1 A Share issued on 27 August 2015 have the right to participate only in distributions declared with respect to this share class.

The dividend paid per share in each period was as follows:

| | *As at 30 Sept 2013* | *As at 30 Sept 2014* | *As at 30 Sept 2015* |
|---|---|---|---|
| | *£* | *£* | *£* |
| £1 Ordinary Shares of Acoustic Insulations Limited | 10.0p | 13.55p | |
| £1 Ordinary Shares of Autins Group Limited | — | — | 3.5p |
| £1 A Shares of Autins Group Limited | — | — | — |

In addition to the dividends paid, the Group undertook a reduction in its share capital during 2014 resulting in the obligation to repay £1,013,850 to shareholders.

## 22. Related party transactions

| | *Year ended 30 Sept 2013* | *Year ended 30 Sept 2014* | *Year ended 30 Sept 2015* |
|---|---|---|---|
| | *£* | *£* | *£* |
| The following amounts due from/(to) directors existed: | | | |
| J Griffin | | | |
| Opening balance | — | — | 34,200 |
| Amounts arising on share re-purchase | — | — | (337,950) |
| Amounts withdrawn from Company | — | 34,200 | 123,750 |
| Closing balance | — | 34,200 | (180,000) |
| | *£* | *£* | *£* |
| K Holdback | | | |
| Opening balance | — | — | 34,200 |
| Amounts arising on share re-purchase | — | — | (337,950) |
| Amounts withdrawn from Company | — | 34,200 | 123,750 |
| Closing balance | — | 34,200 | (180,000) |
| | *£* | *£* | *£* |
| K Westwood | | | |
| Opening balance | — | — | 34,200 |
| Amounts arising on share re-purchase | — | — | (337,950) |
| Amounts withdrawn from Company | — | 34,200 | 123,750 |
| Closing balance | — | 34,200 | (180,000) |

The loans do not bear interest and are repayable on demand.

***Transactions with related parties and key management personnel***

*Key management personnel costs*

| | *Year ended 30 Sept 2013* | *Year ended 30 Sept 2014* | *Year ended 30 Sept 2015* |
|---|---|---|---|
| | *£* | *£* | *£* |
| Salary | 468,726 | 559,395 | 643,310 |

The aggregate value of transactions and outstanding balances with related parties and entities over which they have control or significant influence were as follows.

| | *Transaction values for the year end 30 September* | | | *Balances outstanding as at 30 September* | | |
|---|---|---|---|---|---|---|
| | *2013* | *2014* | *2015* | *2013* | *2014* | *2015* |
| | £ | £ | £ | £ | £ | £ |
| Salaries and wages paid to close family members on a normal commercial basis* | 46,349 | 55,395 | 56,724 | — | — | — |
| Legal and advisory fees** | 10,492 | 8,897 | 9,138 | — | — | — |
| Donations*** | 3,130 | 3,500 | 3,140 | — | — | — |
| Consumables**** | 7,590 | 4,692 | 846 | — | — | — |

* Salaries paid to close family members are on the same terms and conditions as other employees.

** Advisory fees were paid to EEF Regional Advisory board, of which one of the directors was Vice Chair for the period under review.

*** Donations were paid to a charity, RDA (Trading) Ltd in which one of the directors held office.

**** Purchases were made on normal commercial terms from a close family member of one of the directors. The purchases related to consumable warehouse products.

Scandins AB is a Swedish undertaking in which the Group has joint control.

| | *Year ended 30 Sept 2013* | *Year ended 30 Sept 2014* | *Year ended 30 Sept 2015* |
|---|---|---|---|
| | £ | £ | £ |
| Transactions: | | | |
| Sales to joint venture | 46,795 | 33,454 | 97,467 |
| Purchases from joint venture | 541,967 | 1,555,606 | 1,554,083 |
| Sale of fixed assets | 190,000 | — | — |
| Hire of plant and machinery to Scandins AB | — | 27,000 | 33,000 |
| Balance at the year end owed to the Group | 172,013 | 113,734 | 134,825 |

Indica Automotive Limited is a joint venture undertaking in which the Group has joint control.

| | *Year ended 30 Sept 2013* | *Year ended 30 Sept 2014* | *Year ended 30 Sept 2015* |
|---|---|---|---|
| | £ | £ | £ |
| Transactions: | | | |
| Sales to joint venture | — | 2,311 | 130,923 |
| Purchases from joint venture | — | 8,442 | 1,129,754 |
| Balance at the year end owed to/(owed by) the Group | — | 67,643 | (346,419) |

Transactions with Scandins AB and Indica Automotive Limited were undertaken on normal commercial terms.

## 23. Control

In the opinion of the directors there is no one ultimate controlling party.

## 24. Acquisition of Acoustic Insulations Limited

The Company acquired 100 per cent. of the issued share capital of Acoustic Insulations Limited on 29 April 2014 as part of an overall refinancing package to fund strategic investments and additional working capital to support the growth of the Group.

Details of the fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill are as follows:

| | *At book value* £ | *Fair value adjustments* £ | *Fair value* £ |
|---|---|---|---|
| **Fair value of assets acquired** | | | |
| Property, plant and equipment | 1,576,571 | — | 1,576,571 |
| Intangible assets identified at acquisition | — | 1,909,490 | 1,909,490 |
| Trade and other receivables | 3,368,371 | — | 3,368,371 |
| Inventories | 1,163,059 | — | 1,163,059 |
| Cash and cash equivalents | 12,766 | — | 12,766 |
| Tax and deferred tax liability | (523,201) | (381,898) | (905,099) |
| Trade and other payables | (2,770,506) | — | (2,770,506) |
| Loans and other borrowings | (2,961,206) | — | (2,961,206) |
| | (134,146) | 1,527,592 | 1,393,446 |
| **Fair value of consideration** | | | |
| Share capital | | | 255,000 |
| Other reserves | | | 2,402,667 |
| Loan notes | | | 351,429 |
| | | | 3,009,096 |
| **Goodwill (note 11)** | | | 1,615,650 |

The acquisition of Acoustic Insulations Limited was partially satisfied via a share for share exchange with the existing shareholders. The fair value of the shares issued was calculated by applying the arms length cost of purchasing the 15 per cent. minority shareholders, which was financed through the issue of loan notes, to the value of the shares issued.

The goodwill arising on the acquisition of Acoustic Insulations Limited, which is the difference between the fair value of the consideration and the fair value of the assets and liabilities acquired, is not deductible for tax purposes. Having revisited this transaction and reviewed the fair value of assets and liabilities acquired, the Group are satisfied that there are no other fair value adjustments required.

The deferred tax liability represents the temporary differences at the prevailing tax rate of 20 per cent.

Expenses of the acquisition, amounting to £4,627, were written off in the statement of comprehensive income.

From the acquisition date to the Group's 30 September 2014 year-end, Acoustic Insulations Limited (and its subsidiaries) contributed £4,793,545 to Group revenues, a loss of £264,000 to the Group result and cash inflow from operating activities of £364,533.

If the acquisition had occurred on 1 October 2013, there would have been no adjustment to Group revenue or profit after tax as Autins Group Limited acted as a non trading holding company in that period.

## 25. Restatement and transition to IFRS

From 1 October 2012 the Group has adopted International Financial Reporting Standards (IFRS) in the preparation of this financial information, other than as noted under the 'Basis of Preparation' in note 1.

In adopting IFRS, the Group has reviewed the balance sheet at its transition date of 1 October 2012 and identified no matters which would require a restatement of the UK GAAP balances.

The main items contributing to the changes in the financial information compared with that reported under UK GAAP as at the transition date are shown below:

***IFRS 3 'Business combinations'***

Business combinations that occurred after the transition date have been restated to comply with IFRS 3 'Business Combinations'. Goodwill carried at the transition date is no longer amortised and is subject to annual impairment testing. Subsequent acquisitions have been reviewed to identify additional acquired assets, being the valuation and recognition of additional intangible assets to comply with IAS 38 'Intangible assets'.

Reconciliations between UK GAAP and IFRS of both equity and profit are shown below:

No adjustments affecting the reported equity and assets were required at 1 October 2012 (the transition date)

***Reconciliation of equity as at 30 September 2013***

| | *UK GAAP* £ | *Other adjustment* £ | *IFRS* £ |
|---|---|---|---|
| Retained earnings | — | — | — |
| Acoustic Insulations invested capital | 689,346 | 105,167 | 794,513 |
| Non controlling interests | (4,210) | — | (4,210) |
| Total equity and liabilities | 685,136 | 105,167 | 790,303 |

Goodwill recognised on previous acquisitions had been amortised over 20 years under UK GAAP. The amortisation charge of £105,167 has been reversed in the statement of comprehensive income.

***Reconciliation of equity as at 30 September 2014***

| | *UK GAAP* £ | *Restatement* £ | *IAS 39 'Financial Instruments'* £ | *Other adjustments* £ | *IFRS* £ |
|---|---|---|---|---|---|
| Capital and reserves | 255,000 | — | — | — | 255,000 |
| Share premium | 4,988,650 | (4,988,650) | | | |
| Other reserves | — | 2,402,667 | — | — | 2,402,667 |
| Retained earnings | (430,228) | (98,500) | 255,009 | 9,719 | (264,000) |
| Non controlling interests | (32,172) | — | — | — | (32,172) |
| Total equity and liabilities | 4,781,250 | (2,684,483) | 255,009 | 9,719 | 2,361,495 |

***Restatement***

The additional rigour applied in assessing the transition adjustments also led to the identification of a number of errors in the previously reported UK GAAP figures. The fair value of the consideration for the acquisition of Acoustic Insulations Limited has been reassessed and reduced to reflect a fairer assessment of the valuation at that time. The resulting adjustment of £2,585,983 is reflected in other reserves. In addition, £4,988,650 previously recognised in the 2014 UK GAAP statutory accounts as share premium was reclassified at the same value to other reserves, reflecting the requirements of the merger relief provisions.

In revisiting the acquisition, the Directors identified £186,000 of rental accruals released to the statement of comprehensive income that had in substance been replaced by a loan note liability and so the credit to income has been reversed.

An income tax asset of £87,500 has been recognised on adjustments to the profit and loss for the period.

***IAS 39 'Financial Instruments'***

An adjustment was also made to recognise the loan notes issued by the Group in 2014 at their fair value in accordance with IAS 39. The loan notes are non-interest bearing and the adjustment of £508,579 (of which £117,751 is recognised within the fair value of the acquisition of Acoustic Insulations Limited and £391,008 within the income statement) was required to record the liability at fair value at inception.

A charge of £72,246 was recognised in the year related to the unwinding of the fair value discount applied. A deferred tax expense of £78,202 was recognised in respect of the finance income and a reduction in current income tax payable of £14,449 was recognised in relation to this charge.

***Other adjustments***

Goodwill recognised on previous acquisitions, together with new goodwill arising on the acquisition of Acoustic Insulations Limited had been amortised over 20 years under UK GAAP. The 2014 amortisation charge of £123,864 has been reversed in the statement of comprehensive income under IFRS within 'other adjustments'.

The Directors have revisited the previously recognised UK GAAP goodwill arising in 2014 and recognised the value of other intangibles acquired in that transaction. These other intangibles have been amortised in accordance with their useful economic live resulting in a charge of £98,838 in the year.

Related deferred tax and other tax adjustments amount to a £15,307 reduction in retained earnings.

***Reconciliation of equity as at 30 September 2015:***

| | *UK GAAP* £ | *Restatement* £ | *IAS 39 'Financial Instruments'* £ | *Other adjustments* £ | *IFRS* £ |
|---|---|---|---|---|---|
| Capital and reserves | | | | | |
| Issued capital | 255,003 | — | — | — | 255,003 |
| Other reserves | 3,976,797 | (2,585,983) | — | | 1,390,814 |
| Retained earnings | 307,385 | (98,500) | 146,100 | 120,902 | 475,887 |
| Non controlling interest | (63,977) | — | — | — | (63,977) |
| Total equity | 4,475,208 | (2,684,483) | 146,100 | 120,902 | 2,057,727 |

***Restatement***

The additional rigour applied in assessing the transition adjustments also led to the identification of a number of errors in the previously reported UK GAAP figures. The fair value of the consideration for the acquisition of Acoustic Insulations Limited has been reassessed and reduced to reflect a fairer assessment of the valuation at that time. The resulting adjustment of £2,585,983, was recognised in other reserves.

In revisiting the acquisition, the Directors identified £186,000 of rental accruals released to the statement of comprehensive income that had in substance been replaced by a loan note liability and so the credit to income has been reversed

An income tax asset of £87,500 has been recognised on adjustments to the profit for the period.

***IAS 39 'Financial Instruments'***

An adjustment was made to recognise the loan notes issued by the Group in 2014 at their fair value. The loan notes are non-interest bearing and an adjustment of £508,579 (of which £117,951 was recognised as part of the fair value of the acquisition of Acoustic Insulations and £391,008 within the income statement) was required in 2014 to record the liability at fair value at inception. A deferred tax liability of £78,202 was recognised in relation to this adjustment.

In 2015, £136,136 (and from 2014: £72,246) was charged to the income statement as an unwinding of the discount applied. A reduction in income tax payable of £27,227 (and from 2014: £14,449) was also recognised in relation to this charge.

### *Other adjustments*

Previously recognised amortisation of goodwill of £297,274 (and from 2014: £123,864) was reversed in the statement of comprehensive income under IFRS within 'other adjustments'.

In adopting IFRS, the Directors have revisited the previously recognised UK GAAP goodwill arising in 2014 and recognised the value of other intangibles acquired in that transaction. These other intangibles have been amortised in accordance with their stated useful economic lives resulting in a charge of £237,213 (and from 2014: £98,838).

Related deferred tax and other tax adjustments amounted to a £51,122 increase in retained earnings.

***Reconciliation of total comprehensive income for the year ended 30 September 2013:***

| | *UK GAAP* £ | *Other adjustments* £ | *IFRS* £ |
|---|---|---|---|
| Revenue | 11,551,223 | — | 11,551,223 |
| Cost of sales | (8,300,041) | — | (8,300,041) |
| Gross profit | 3,251,182 | — | 3,251,182 |
| Other operating income | 18,413 | — | 18,413 |
| Distribution expenses | (423,322) | — | (423,322) |
| Administrative expenses | (2,110,801) | 105,167 | (2,005,634) |
| Finance expense | (99,146) | — | (99,146) |
| Share of loss of joint venture | (43,079) | — | (43,079) |
| Profit before tax | 593,247 | 105,167 | 698,414 |
| Taxation | (163,351) | — | (163,351) |
| Profit for the period/ Total comprehensive income | 429,896 | 105,167 | 535,063 |

Other adjustments represent the reversal of goodwill amortisation previously charged under UK GAAP.

***Reconciliation of total comprehensive income for the year ended 30 September 2014:***

| | *UK GAAP* £ | *Restatement* £ | *IAS 39 'Financial Instruments'* £ | *Other adjustments* £ | *IFRS* £ |
|---|---|---|---|---|---|
| Revenue | 13,616,036 | | — | — | 13,616,036 |
| Cost of sales | (9,457,529) | | — | — | (9,457,529) |
| Gross profit | 4,158,507 | | — | — | 4,158,507 |
| Other operating income | 4,352 | — | — | — | 4,352 |
| Distribution expenses | (440,112) | — | — | — | (440,112) |
| Administrative expenses | (3,402,140) | (186,000) | — | 25,026 | (3,563,114) |
| Finance (expense)/income | (103,774) | — | 318,762 | — | 214,988 |
| Share of profit of joint ventures | 40,157 | — | — | — | 40,157 |
| Profit before tax | 256,990 | (186,000) | 318,762 | 25,026 | 414,778 |
| Taxation | (130,852) | 87,500 | (63,753) | (15,307) | (122,412) |
| Profit for the period/ Total comprehensive income | 126,138 | (98,500) | 255,009 | 9,719 | 292,366 |

***Restatements***

In revisiting the acquisition, the Directors identified £186,000 of rental accruals released to the statement of comprehensive income that had in substance been replaced by a loan note liability and so the credit to income has been reversed. An additional £257,512 accrual for interest on loan notes was also identified as being released in the pre-acquisition period. This accrual had also been replaced by a loan note liability and so has been reversed.

An income tax asset of £87,500 has been recognised on the adjustments to the profit for the period.

***IAS 39 'Financial Instruments'***

An adjustment was made to recognise the loan notes issued by the Group in 2014 at their fair value in accordance with IAS 39. The loan notes are non-interest bearing and the adjustment required to record the liability at fair value at inception results in a credit to finance income of £391,008 and a deferred tax expense of £78,202 to recognise a corresponding liability.

A charge of £72,246 was recognised in the year related to the unwinding of the fair value discount applied. A reduction in current income tax payable of £14,449 was recognised in relation to this charge.

***Other adjustments***

Other adjustments include the reversal of £123,864 goodwill amortisation previous charged under UK GAAP and £98,838 amortisation of newly recognised intangible assets and associated £19,768 credit from deferred tax.

Related deferred tax and other tax charge adjustments amounted to £15,307.

***Reconciliation of total comprehensive income for the year ended 30 September 2015:***

| | *UK GAAP* £ | *IAS 39 Financial instruments* £ | *Other adjustments* £ | *IFRS* £ |
|---|---|---|---|---|
| Revenue | 19,922,523 | — | (142,000) | 19,780,523 |
| Cost of sales | (13,736,878) | — | — | (13,736,878) |
| Gross profit | 6,185,645 | — | (142,000) | 6,043,645 |
| Other operating income | 49,350 | — | 142,000 | 191,350 |
| Distribution expenses | (634,201) | — | — | (634,201) |
| Administrative expenses | (4,493,187) | — | 90,645 | (4,402,542) |
| Finance expense | (249,877) | (136,136) | — | (386,013) |
| Share of profit of equity-accounted for joint ventures | 146,347 | — | (59,361) | 86,986 |
| Profit before tax | 1,004,077 | (136,136) | 31,284 | 899,225 |
| Taxation | (289,269) | 27,227 | 79,899 | (182,143) |
| Profit for the period/ Total comprehensive income | 714,808 | (108,909) | 111,183 | 717,082 |

***IAS 39 'Financial Instruments'***

An IAS 39 Financial Instruments adjustment was made to recognise the fair value of loan notes issued by the Group. The loan notes are non-interest bearing. The £136,136 adjustment relates to the unwind of the fair value discount for the year with an associated tax credit of £27,227.

***Other adjustments***

Other adjustments include the reclassification of £142,000 of grant income from revenue to other operating income, the reversal of UK GAAP goodwill amortisation of £297,274, amortisation of new intangibles of £237,213 and reclassification of a £30,584 cost related to joint ventures from administrative expenses to the share of profit for joint ventures.

The adjustment to joint ventures represents the additional loss of £30,584 and transfer of its tax charge of £28,777 which was included within tax under UK GAAP to net against the share of profit under IFRS.

Additional tax adjustments relate to the transfer in respect of joint ventures tax, a £47,442 credit from deferred tax in respect of the intangible amortisation charge and another £3,680 tax credit amendment.

## 26. Post balance sheet events

***Neptune licence and production facilities***

In December 2015, the Group signed a royalty agreement with IKsung, a South Korean supplier, for the manufacturing and distribution rights for Neptune. This will allow the Group to manufacture and sell the Neptune product, a new low density, lightweight material exclusively into European markets for a minimum period of ten years.

A £3.3 million (US$4.4 million) capital investment commitment was made by the Group in order to establish Neptune production in Tamworth. Following successful full testing at IKsung, the first Neptune production line was shipped to the UK in April 2016 to commence assembly and proving trials.

Capital investment to date is £2.1 million and production facilities have been established at a newly leased 47,000 square foot site in Tamworth. The premises lease term is 15 years with a rental cost of £368,550 per annum after an initial rent free period.

It is expected that production on the new line will commence in Q3 2016.

***Autins Technical Centre***

In April 2016, the Group opened a new 3,000 square foot premises at Europe's largest automotive research and development facility at MIRA Technology Park in Nuneaton in order to be able to offer materials testing commercially to companies from a range of industries. The Group will initially carry out testing on its products produced at its sites in the UK, Sweden and Germany and will look to start carrying out research on new lightweight materials with thermal and acoustic properties.

The premises lease term is 5 years with a rental cost of £107,160 per annum

***RI Rheinland Insulations GmbH***

On 19 April 2016 Automotive Insulations Limited acquired the 10 per cent. non controlling interest in RI Rheinland Insulations GmbH from Matthias Migl. The provisional consideration of £150,000 was satisfied by the grant of share options in Autins Group Limited.

The options will be exercisable by Matthias Migl (and are expected to be so exercised) upon Admission such that he will hold shares in Autins Group PLC. Pursuant to a lock-in agreement to be made between Matthias Migl, Autins Group Limited and the Nomad immediately prior to Admission, it is expected that Matthias Migl will agree to be bound to certain restrictions with regard to the disposal of shares in the capital of Autins Group PLC, including adherence to a lock-in period of 12 months. Should the Group not achieve Admission, then the options are exercisable on a share or asset sale of the Group.

The share option agreement includes a mechanism whereby the number of shares over which Matthias Migl can exercise his option shall be adjusted depending upon the market capitalisation of Autins Group PLC upon Admission. If the market capitalisation is less than or equal to £40m then the headline consideration will not change. The number of shares over which the options can be exercised shall therefore be calculated using the formula "A divided by B", where A is the headline consideration and B is the price per share at which the Placing takes place.

If the market capitalisation of Autins Group PLC upon Admission is greater than £40m then the headline consideration shall be increased by the same percentage by which the market capitalisation exceeds £40m. The number of shares over which the options can be exercised shall be calculated using the formula "C divided by B", where C is the headline consideration proportionately increased by the relevant percentage and B is the price per share at which the Placing takes place.

At 30 September 2015 the Group's consolidated financial statements recognised a non controlling interest in the net liabilities of RI Rheinland Insulations GmbH of £63,977.

The principal reason for this acquisition was to facilitate further investment in Germany and allow the Group to increase the level of investment into RI Rheinland Insulations GmbH.

***Scandins AB***

On 20 April 2016 Automotive Insulations Limited acquired the remaining 51 per cent. of the share capital of Scandins AB, a company whose principal activity is the manufacture of automotive acoustic components. Scandins AB was previously an entity held under joint control and recognised as a joint venture.

The provisional consideration of £350,000 was satisfied by the grant of share options in Autins Group Limited to Örjan Karlsson Holdings AB.

The options will be exercisable by Örjan Karlsson Holding AB (and are expected to be so exercised) upon Admission such that it will hold shares in Autins Group PLC. Pursuant to a lock-in agreement to be made between Örjan Karlsson Holdings AB and Autins Group PLC and the Nomad immediately prior to Admission, it is expected that Örjan Karlsson will agree to be bound to certain restrictions with regard to the disposal of shares in the capital of Autins Group PLC, including adherence to a lock-in period of 12 months Should the Group not achieve Admission, then the options are exercisable on a share or asset sale of the Group.

The share option agreement includes a mechanism whereby the number of shares over which Örjan Karlsson Holding AB can exercise its option shall be adjusted depending upon the market capitalisation of Autins Group PLC upon Admission. If the market capitalisation is less than or equal to £40m then the headline consideration will not change. The number of shares over which the options can be exercised shall therefore be calculated using the formula “A divided by B”, where A is the headline consideration and B is the price per share at which the Placing takes place.

If the market capitalisation of Autins Group PLC upon Admission is greater than £40m then the headline consideration shall be increased by the same percentage by which the market capitalisation exceeds £40m. The number of shares over which the options can be exercised shall be calculated using the formula “C divided by B”, where C is the headline consideration proportionately increased by the relevant percentage and B is the price per share at which the Placing takes place.

If Admission does not take place by 31 March 2017, the share option agreement will terminate with immediate effect and the options granted thereunder shall lapse. The parties to that transaction shall then decide which of the following actions they wish to take:

- Transfer the Shares in Scandins AB back to Örjan Karlsson Holding AB for nil consideration with immediate effect; OR
- Pay £350,000 in cash to Örjan Karlsson Holding AB in full and final settlement of all consideration of any nature whatsoever payable to Örjan Karlsson Holding AB in respect of the Scandins AB shares; OR
- Autins Group PLC shall issue to Örjan Karlsson Holding AB such number of ordinary shares in the capital of Autins Group PLC as may be purchased for £350,000, as determined from a market valuation of Autins Group PLC carried out by Autins Group PLC’s auditors; and the issue of such shares to Örjan Karlsson Holding AB shall be in full and final settlement of all consideration of any nature whatsoever payable to Örjan Karlsson Holding AB in respect of the Scandins AB shares.

Örjan Karlsson (the owner of Örjan Karlsson Holding AB and the Managing Director of Scandins) has guaranteed the obligations and liabilities of Örjan Karlsson Holding AB under the share sale and purchase agreement relating to Scandins. He has also agreed not to sell, transfer or otherwise grant any security over his shareholding in Örjan Karlsson Holding AB for a period of three years from the date of completion of the transaction.

The principal reason for this acquisition was to provide full control of Scandins light foam production capability, facilitate further investment in the business and allow for further geographical diversification of the Group’s automotive customer base.

The book value of the assets and liabilities at 30 April 2016 are as follows:

| | *SEK000's* | *£000's* |
|---|---|---|
| Property, plant and equipment | 3,057 | 263 |
| Inventories | 1,526 | 131 |
| Trade and other receivables | 2,477 | 213 |
| Bank Overdraft | (347) | (30) |
| Trade and other payables | (7,007) | (602) |
| **Total** | (294) | (25) |

***DBX Acoustics AB***

On 20 April 2016, Scandins AB formed a new wholly owned subsidiary entity DBX Acoustics AB. DBX Acoustics AB subsequently acquired the wholesale acoustic flooring trade made up of a trading name, website, supply chain and marketing knowhow from KBKE I Goteburg AG. Consideration of £50,000 is payable on the earlier of 10 business days of the Group's admission to the Alternative Investment Market (AIM) or 31 March 2017. As part of this agreement DBX Acoustics AB also committed to purchase, at book value, the saleable flooring inventory from KBKE I Goteburg AG.

The principal reason for this acquisition was to complement the existing acoustic flooring business within the Group and so support the Group's aim of product and geographical diversification.

The book value of inventory at the date of acquisition was SEK878k (£75k), and on hand orders of SEK574k (£49k) were transferred. Since acquisition, sales of SEK196k (£17k) have been realised.

At the date of issue of this financial information a detailed assessment of fair value of identifiable net assets and consideration has not been completed for any of the three transactions reported above.

# PART IV

## UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2016

**Basis of Preparation**

The following unaudited interim results are derived from the consolidated financial information of the Group for the six months ended 31 March 2016 for which the Directors are solely responsible.

**Interim condensed consolidated statement of comprehensive income**

| | Note | *Unaudited Period 1/10/15-31/3/16 £'000* | *Unaudited Period 1/10/14-31/3/15 £'000* | *Audited Year Ended 30/09/15 £'000* |
|---|---|---|---|---|
| **Revenue** | 2 | 10,680 | 10,294 | 19,781 |
| Cost of sales | | (7,810) | (7,043) | (13,737) |
| **Gross profit** | | 2,870 | 3,251 | 6,044 |
| Other operating income | | 137 | 62 | 191 |
| Distribution and administrative expenses | | (2,652) | (2,523) | (5,037) |
| **Operating profit** | | 355 | 790 | 1,198 |
| Finance expense | | (261) | (229) | (386) |
| Share of post tax profit of equity accounted joint ventures | | 80 | 90 | 87 |
| **Profit before tax** | | 174 | 651 | 899 |
| Tax expense | | (23) | (143) | (182) |
| **Profit after tax for the period and comprehensive income** | | 151 | 508 | 717 |
| **Attributable to equity holders of the parent company** | | 154 | 521 | 749 |
| **Non controlling interest** | | (3) | (13) | (32) |
| | | 151 | 508 | 717 |
| **Earnings per share for profit attributable to the owners of the parent during the period** | | | | |
| Basic and Diluted (pence) | 3 | *60.53p* | *204.22p* | *293.68p* |

**Interim condensed consolidated statement of financial position**

| | *Unaudited Period 1/10/15-31/3/16 £'000* | *Unaudited Period 1/10/14-31/3/15 £'000* | *Audited Year Ended 30/09/15 £'000* |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | 5,794 | 3,451 | 3,444 |
| Intangible assets | 3,070 | 3,308 | 3,189 |
| Investments in equity-accounted joint ventures | 191 | 114 | 111 |
| **Total non-current assets** | 9,055 | 6,873 | 6,744 |
| **Current assets** | | | |
| Inventories | 1,069 | 1,016 | 1,392 |
| Trade and other receivables | 5,774 | 5,031 | 4,105 |
| Cash and cash equivalents | 424 | 644 | 505 |
| **Total current assets** | 7,267 | 6,691 | 6,002 |
| **Total assets** | 16,322 | 13,564 | 12,746 |
| **Current liabilities** | | | |
| Trade and other payables | (5,825) | (4,720) | (3,975) |
| Loans and borrowings | (2,653) | (2,191) | (2,930) |
| Corporation tax liability | 34 | 39 | (87) |
| **Total current liabilities** | (8,444) | (6,872) | (6,992) |
| **Non-current liabilities** | | | |
| Loans and borrowings | (5,108) | (3,308) | (3,039) |
| Deferred tax liability | (570) | (514) | (657) |
| **Total non-current liabilities** | (5,678) | (3,822) | (3,696) |
| **Total liabilities** | (14,122) | (10,695) | (10,688) |
| **Net assets** | 2,200 | 2,870 | 2,058 |
| **Equity attributable to equity holders of the company** | | | |
| Share capital | 255 | 255 | 255 |
| Other reserves | 1,391 | 2,403 | 1,391 |
| Retained earnings | 621 | 257 | 476 |
| | 2,267 | 2,915 | 2,122 |
| **Non-controlling interest** | (67) | (45) | (64) |
| **Total equity** | 2,200 | 2,870 | 2,058 |

**Consolidated statement of changes in equity**

| | *Share Capital* £ | *Other Reserves* £ | *Retained Earnings* £ | *Total* £ | *Non Controlling Interest* £ | *Total Equity* £ |
|---|---|---|---|---|---|---|
| **At 30 September 2014** | 255 | 2,403 | (264) | 2,394 | (32) | 2,362 |
| **Comprehensive income for the period** | | | | | | |
| Profit for the year | — | — | 521 | 521 | (13) | 508 |
| **Total comprehensive income for the period** | — | — | 521 | 521 | (13) | 508 |
| **At 31 March 2015** | 255 | 2,403 | 257 | 2,915 | (45) | 2,870 |
| **At 30 September 2015** | 255 | 1,391 | 476 | 2,122 | (64) | 2,058 |
| **Comprehensive income for the period** | | | | | | |
| Profit for the year | — | — | 154 | 154 | (3) | 151 |
| **Total comprehensive income for the period** | — | — | 154 | 154 | (3) | 151 |
| **Contributions by and distributions to owners** | | | | | | |
| Dividends | — | — | (9) | (9) | — | (9) |
| **Total contributions by and distributions to owners** | — | — | (9) | (9) | — | (9) |
| **At 31 March 2016** | 255 | 1,391 | 621 | 2,267 | (67) | 2,200 |

**Interim condensed consolidated statement of cash flows**

| | *Unaudited Period 1/10/15-31/3/16* | *Unaudited Period 1/10/14-31/3/15* | *Audited Year Ended 30/09/15* |
|---|---|---|---|
| | *£'000* | *£'000* | *£'000* |
| **Operating activities** | | | |
| Profit after tax | 151 | 508 | 717 |
| Adjustments for: | | | |
| Corporation tax | 23 | 143 | 182 |
| Interest paid | 261 | 229 | 386 |
| Depreciation of property, plant and equipment | 178 | 232 | 339 |
| Amortisation of intangibles | 119 | 118 | 237 |
| Loss on sale of fixed assets | — | — | 93 |
| Share of equity-accounted for joint ventures | (80) | (90) | (87) |
| | 652 | 1,140 | 1,867 |
| (Increase)/decrease in trade and other receivables | (1,669) | (849) | (240) |
| Decrease in inventories | 323 | 635 | 258 |
| Increase in trade and other payables | 2,030 | 2,148 | 862 |
| | 684 | 1,934 | 880 |
| **Cash inflow/(outflow) generated from operations** | 1,336 | 3,074 | 2,747 |
| Income taxes paid | (231) | (328) | (79) |
| **Net cash inflow/(outflow) from operating activities** | 1,105 | 2,746 | 2,668 |
| **Investing activities** | | | |
| Purchase of property, plant and equipment | (2,266) | (210) | (405) |
| Proceeds from sale of property, plant and equipment | — | — | 2 |
| **Net cash inflow/(outflow) used in investing Activities** | (2,266) | (210) | (403) |
| **Financing activities** | | | |
| Interest paid | (156) | (135) | (250) |
| Movement in bank loans | 1,914 | (911) | (945) |
| Movement in loan notes | (381) | (120) | (254) |
| Movement in hire purchase | (143) | (163) | (252) |
| Movement in invoice discounting | 35 | (468) | 219 |
| Repayment of capital | (180) | (195) | (369) |
| Dividends paid | (9) | — | (9) |
| **Net cash inflow/(outflow) in financing activities** | 1,080 | (1,992) | (1,860) |
| Net (decrease)/increase in cash and cash equivalents | (81) | 544 | 405 |
| **Cash and cash equivalents at beginning of period** | 505 | 100 | 100 |
| **Cash and cash equivalents at end of period** | 424 | 644 | 505 |

The Group acquired plant and equipment at a cost of £922k, under hire purchase arrangements in the period ended 31 March 2015 and the year ended 30 September 2015. For the period ended March 2016, additions of £262k were made under hire purchase arrangements.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 1. Accounting policies

***Basis of preparation***

This unaudited consolidated interim financial information has been prepared in accordance with IFRS as adopted by the European Union. The principal accounting policies used in preparing the interim results are those it expects to apply in its financial statements for the year ended 30 September 2016 and are unchanged from those disclosed in the Group's Historical Financial Information for the three years ended 30 September 2015.

The financial information does not contain all of the information that is required to be disclosed in a full set of IFRS financial statements. The financial information for the six months ended 31 March 2016 and 31 March 2015 is unreviewed and unaudited and does not constitute the Company's statutory financial statements for those periods.

The comparative financial information for the full year ended 30 September 2015 has, however, been derived from the Group's Historical Financial Information for that period.

The financial information in the Interim Report is presented in Sterling.

***Basis of consolidation***

The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date.

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

Subsidiaries are all entities over which the Group has control. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

***Description of business***

Autins Group plc is a limited company domiciled in the United Kingdom. The principal activity of the Group is the supply of insulating materials to the automotive industry.

***Operating segments***

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision maker has been identified as the management team including the Chief Executive Officer, Chief Financial Officer and Chairman.

The Board considers that the Group's activity constitutes one operating and one separable reporting segment as defined under IFRS 8. Management consider the reportable segment to be Automotive Noise, Vibration and Harshness (NVH). Revenue and profit before tax primarily arises from the principal activity based in the UK. All material assets are based in the UK. Management reviews the performance of the Group by reference to total results against budget.

The total profit measure is operating profit as disclosed on the face of the consolidated statement of comprehensive income. No differences exist between the basis of preparation of the performance measures used by management and the figures in the Group financial information.

## 2 Revenue

| | *Unaudited Period Oct 15-Mar 16 £000* | *Unaudited Period Oct 14-Mar 15 £000* | *Audited Year ended 30 Sept 15 £000* |
|---|---|---|---|
| Revenue arises from: | | | |
| Sales of Goods | 10,489 | 8,762 | 17,250 |
| Sales of Tooling | 191 | 1,532 | 2,531 |
| | 10,680 | 10,294 | 19,781 |

***Segmental information***

The Group currently has one main reportable segment in each year, namely Automotive (NVH) which involves provision of insulation materials to reduce noise, vibration and harshness to automotive manufacturing.

***Measurement of operating segment profit or loss, assets and liabilities***

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies.

The Group evaluates performance on the basis of operating profit/(loss) and profit/(loss) before tax.

Segment assets and liabilities include an aggregation of all assets and liabilities relating to businesses included within each segment. Other adjustments relate to the non-reportable head office along with consolidation adjustments which include goodwill and intangible assets. All inter-segment transactions are at arms-length.

| | *Automotive NVH £'000* | *Others £'000* | *Oct 14-Mar 15 Total £'000* |
|---|---|---|---|
| Group's revenue per Consolidated statement of profit or loss | 10,199 | 95 | 10,294 |
| Depreciation/Amortisation | 350 | — | 350 |
| Segment operating profit | 770 | 20 | 790 |
| Finance income | | | |
| Finance expense | | | (229) |
| Share of post tax (loss)/profit of Equity accounted joint ventures | | | 90 |
| Group profit before tax | | | 651 |

| | *Automotive NVH £'000* | *Others £'000* | *Oct 14-Mar 15 Total £'000* |
|---|---|---|---|
| Additions to non-current assets | 1,132 | — | 1,132 |
| Reportable segment assets | | | 13,450 |
| Investment in joint ventures | | | 114 |
| Total Group Assets | | | 13,564 |
| Reportable segment liabilities/Total group liabilities | | | 10,695 |

| | *Automotive NVH £'000* | *Others £'000* | *Oct 15-Mar 16 Total £'000* |
|---|---|---|---|
| Group's revenue per Consolidated statement of profit or loss | 10,226 | 454 | 10,680 |
| Depreciation/Amortisation | 297 | — | 297 |
| Segment operating profit | 285 | 70 | 355 |
| Finance income | | | — |
| Finance expense | | | (261) |
| Share of post tax (loss)/profit of equity accounted joint ventures | | | 80 |
| Group Profit before tax | | | 174 |

| | *Automotive NVH £'000* | *Others £'000* | *Oct 15-Mar 16 Total £'000* |
|---|---|---|---|
| Additions to non-current assets | 2,528 | — | 2,528 |
| Reportable segment assets | | | 16,131 |
| Investment in joint ventures | | | 191 |
| Total group assets | | | 16,322 |
| Reportable Segment Liabilities/Total Group Liabilities | | | 14,122 |

Reporting of external revenue by location of customers is as follows:

| | *Unaudited Period 1/10/15-31/3/16 £'000* | *Unaudited Period 1/10/14-31/3/15 £'000* | *Audited Year Ended 30/09/15 £'000* |
|---|---|---|---|
| United Kingdom | 10,022 | 9,800 | 18,999 |
| Germany | 509 | 174 | 374 |
| Sweden | 132 | 288 | 369 |
| Rest of the World | 17 | 32 | 39 |
| | 10,680 | 10,294 | 19,781 |

## 3 Earnings per share

| | *Unaudited Period 1/10/15-31/3/16 £'000* | *Unaudited Period 1/10/14-31/3/15 £'000* | *Audited Year Ended 30/09/15 £'000* |
|---|---|---|---|
| **Profit** | | | |
| Profit used in calculating basic and diluted EPS | 154 | 521 | 749 |
| **Number of shares** | | | |
| Weighted average number of shares for the purpose of basic and diluted earnings per share | 255,000 | 255,000 | 255,000 |
| Earnings per share (pence) | 60.53p | 204.22p | 293.68p |

Earnings per share are calculated based on the share capital of Autins Group plc and the earnings of the Group. There are no potential ordinary shares in issue that may dilute earnings per share.

# PART V

# ADDITIONAL INFORMATION

## 1. Responsibility

1.1 The Company (whose registered office appears on page 7) and the Directors (whose names also appear on page 7) accept responsibility individually and collectively for the information contained in this Document, including individual and collective responsibility for compliance with the AIM Rules. To the best of the knowledge and belief of the Directors, each of whom has 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.

## 2. The Company

2.1 The Company was incorporated and registered in England and Wales on 25 March 2014 under the UK Companies Act with registered number 8958960 as a private company limited by shares with the name Auto Autins Limited. The Company resolved to change its name to Autins Group Limited on 13 May 2014, and was issued a certificate of incorporation on change of name by Companies House on 27 May 2014.

2.2 On 1 August 2016, the Company was re-registered as a public limited company under the UK Companies Act and its name was changed to Autins Group plc. Upon re-registration, the Company adopted the Articles in substitution for its then existing articles of association.

2.3 The issued share capital of the Company is £269,393 comprising 13,469,650 Ordinary Shares of £0.02 each, which are all fully paid. On Admission, the issued share capital of the Company will be £442,019.68 comprising 22,100,984 Ordinary Shares of £0.02 each, which will be fully paid.

2.4 The liability of the Shareholders is limited. The principal legislation under which the Company was formed and now operates is the UK Companies Act.

2.5 The registered office, head office and principal place of business of the Company is Central Point One, Central Park Drive, Rugby, Warwickshire, CV23 0WE. The telephone number of the Company is 01788 578 300.

2.6 The Company's web site address is www.autins.co.uk.

## 3. The Group

3.1 The Company is the holding company of the Group.

3.2 As at the date of this document, the Company has the following subsidiaries and other shareholdings:

***Pre-Admission (at the date of this document)***

| *Name* | *Country of Incorporation* | *Immediate Parent Company* | *Principal Activity* | *Percentage ultimately owned and proportion of voting power held by the Company* |
|---|---|---|---|---|
| Automotive Insulations Limited | England | Autins Group plc | Trading | 100% |
| Autins Technical Centre Ltd | England | Autins Group plc | Research and development | 100% |
| Auto Insulations Limited | England | Autins Group plc | Asset Holdco | 100% |
| Acoustic Insulations Limited | England | Autins Group plc | Non trading | 100% |
| Solar Nonwovens Limited | England | Autins Group plc | Trading | 100% |
| Scandins AB | Sweden | Automotive Insulations Limited | Trading | 100% held by Automotive Insulations Limited |
| Dbx Acoustics AB | Sweden | Scandins AB | Trading | 100% held by Scandins AB |
| RI Rheinland Insulations GmbH | Germany | Automotive Insulations Limited | Trading | 100% held by Automotive Insulations Limited |
| Indica Automotive Limited* | England | Automotive Insulations Limited | Trading | 50% held by Automotive Insulations Limited |

* denotes that this company is a joint venture in which the Group has a 50 per cent. interest.

3.2.1 Save as set out above, there are no undertakings in which the Company has a proportion of capital likely to have a significant effect on the assessment of the Group's assets and liabilities, financial position or profits and losses.

3.3 The Group's principal activities are specialist component manufacturing, specialist materials manufacturing and innovation and research, with a primary focus on NVH products for the automotive industry.

## 4. Share capital of the Company

4.1 There have been the following changes to the share capital of the Company between the date of incorporation and the date of this Document:

4.1.1 On 29 April 2014, each of Jim Griffin, Karen Holdback and Kevin Westwood were issued 84,999 additional ordinary shares of £1.00 each, resulting in a total issued share capital of 255,000 ordinary shares of £1.00 each;

4.1.2 On 6 July 2015, each of Jim Griffin, Karen Holdback and Kevin Westwood were issued 337,950 additional ordinary shares of £1.00 each, by way of a bonus issue of shares, resulting in a total issued share capital of 1,268,850 ordinary shares of £1.00 each;

4.1.3 On 7 July 2015, the capital of the Company was reduced by 1,013,850 ordinary shares of £1.00 each, the proceeds of the reduction being divided equally between Jim Griffin, Karen Holdback and Kevin Westwood, resulting in a total issued share capital of 255,000 ordinary shares of £1.00 each;

4.1.4 On 27 August 2015, Adam Attwood was issued 3 'A' ordinary shares of £1.00 each, resulting in a total issued share capital of 255,000 ordinary shares of £1.00 each, and 3 'A' ordinary shares of £1.00 each;

4.1.5 On 29 July 2016 the 3 'A' ordinary shares of £1.00 each held by Adam Attwood were subject to a declaration of trust by Adam Attwood (as trustee) in favour of his wife, Emily Attwood (as sole beneficiary) (the "**Attwood Trust**").

4.1.6 On 12 August 2016 the Company made a bonus issue of new 'A' ordinary shares of £1.00 each to shareholders holding 'A' ordinary shares, resulting in the issue of a further 14,390 'A' ordinary shares of £1.00 each. All of such shares were allotted and issued to the Attwood Trust, as the only member of the Company holding 'A' ordinary shares.

4.1.7 By a special resolution of the Company passed on 15 August 2016, all 14,393 'A' ordinary shares of £1.00 each in issue were re-designated as 14,393 ordinary shares of £1.00 each, resulting in a total issued share capital of 269,393 ordinary shares of £1.00 each;

4.1.8 By a resolution of the Company passed on 15 August 2016 each of the issued ordinary shares of £1.00 each was subdivided into 50 Ordinary Shares of £0.02 each, resulting in a total issued share capital immediately prior to Admission of 13,469,650 Ordinary Shares.

4.1.9 On 16 August 2016 each of Matthias Migl and Orjan Karlsson were conditionally allotted, subject to Admission, 89,400 new Ordinary Shares of £0.02 each and 208,600 new ordinary shares of £0.02 each respectively, pursuant to their exercise of share options conditional on Admission. Further details of the relevant share option agreements are set out in paragraph 11 of this Part V;

4.2 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:

| | *Prior to Placing and Admission* | | *Immediately following Admission* | |
|---|---|---|---|---|
| | *Number of Ordinary Shares* | *Nominal Value (£)* | *Number of Ordinary Shares* | *Nominal Value (£)* |
| Fully paid Ordinary Shares in issue | 13,469,650 | 269,393 | 22,100,984 | 442,019 |

4.3 As at the date of this Document options are outstanding over a total of 454,761 Ordinary Shares. The number of Ordinary Shares subject to such outstanding options will remain the same immediately following the Placing and Admission.

4.4 The Directors were authorised pursuant to section 551 of the UK Companies Act to exercise by a resolution of shareholders signed on 12 August 2016, all powers of the Company to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company up to a maximum aggregate nominal amount of £14,390 in connection with a bonus issue of 'A' ordinary shares of £1.00 each; and the Directors were further specifically authorised to make the above issue of shares as if section 561 of the UK Companies Act did not apply to such allotment.

4.5 On 16 August 2016, the Shareholders passed resolutions on the following terms:

4.5.1 the Directors were generally and unconditionally authorised pursuant to section 551 of the UK Companies Act to exercise all powers of the Company to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company ("**Relevant Securities**") up to:

(a) a maximum aggregate nominal amount of £166,667 in connection with the Placing; and

(b) a further nominal amount of £162,395;

in each case such authorities to expire at the conclusion of the next Annual General Meeting of the Company or, if earlier, on the date 15 months from the date the resolution was passed (unless previously renewed, revoked, varied or extended by the Company in a general meeting) but the Company may, before such expiry, make an offer or agreement which would or might require Relevant Securities to be allotted after such expiry and the directors may allot Relevant Securities and/or grant rights in pursuance of that offer or agreement as if the authority had not expired;

4.5.2 the Directors were empowered pursuant to section 570 of the UK Companies Act to allot equity securities (within the meaning of section 560 of the UK Companies Act) pursuant to the authority conferred by the resolution described at paragraph 4.5.1 of this Part V as if section 561 of the UK Companies Act did not apply to the allotment. This power is limited to:

(a) the allotment of equity securities up to a maximum aggregate nominal amount of £166,667 in connection with the Placing; and

(b) a further maximum aggregate nominal amount of £88,404;

and will expire at the conclusion of the next Annual General Meeting of the Company or, if earlier, on the date 15 months from the date the resolution was passed (unless previously renewed, revoked, varied or extended by the Company in a general meeting) but the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of that offer or agreement as if the power had not expired;

4.6 Save as disclosed in this Document, since 25 March 2014 (being the date of incorporation of the Company):

4.6.1 no share or loan capital in the Company is under option or is the subject of an agreement, conditional or unconditional, to be put under option;

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

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

4.6.4 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;

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

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

4.6.7 there are no acquisition rights or obligations over the authorised but unissued share capital of the Company and there is no undertaking to increase the share capital of the Company.

4.7 The Ordinary Shares have been created under the UK Companies Act.

4.8 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.

4.9 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.

4.10 Save for the Options, the Company does not have in issue any securities not representing share capital.

4.11 There are no issued but not fully paid Ordinary Shares.

4.12 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.

4.13 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.

4.14 The Company has the contractual capacity of a natural person and is empowered to borrow, guarantee and give security.

**5. Articles**

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 having the rights described in the Articles. Subject to the UK Companies Act, the Articles and to any relevant authority of the Company in general meeting required by the UK Companies Act, the Directors of the Company (the "Board") may offer, allot (with or without conferring rights of renunciation), grant options over or otherwise deal with or dispose of shares or grant rights to subscribe for or convert any security into shares to such persons, at such times and upon such terms as the Board may decide.

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, either with the consent in writing of the holders of not less than three-quarters in nominal amount of the issued shares of the affected class, or with the sanction of a special resolution passed at a separate general meeting of the holders of shares of that class (but not otherwise).

5.4 ***Alteration of share capital***

The Company may by ordinary resolution alter its share capital in accordance with the UK Companies Act. Any resolution authorising the Company to sub-divide its shares or any of them may determine that, as between the shares resulting from the sub-division, any of them may have any preference or advantage or be subject to any restriction as compared with the others.

5.5 ***Purchase of own shares***

On any purchase by the Company of its own shares, neither the Company nor the Board shall be required to select the shares to be purchased rateably or in any manner as between the holders of shares of the same class or as between them and the holders of shares of any other class or in accordance with the rights as to dividends or capital conferred by any class of shares.

5.6 ***Voting rights***

At any general meeting every member who is present in person (or by proxy) shall on a show of hands have one vote and every member present in person (or by proxy) shall on a poll have one vote for each share of which he is the holder.

5.7 ***Dividends***

Subject to the UK Companies Act and the Articles, the Company may by ordinary resolution declare dividends to be paid to members according to their respective rights and interests in the profits of the Company. However, no dividend shall exceed the amount recommended by the Board. Subject to the UK Companies Act, the Board may declare and pay interim dividends (including any dividend at a fixed rate) as appears to the Board to be justified by the profits of the Company available for distribution. If the Board acts in good faith, it shall not incur any liability to the holders of shares for any loss that they may suffer by the lawful payment of any interim dividend on any other class of shares ranking with or after those shares. Every dividend shall belong and be paid to those members are on the register at the date fixed by the Directors for the purpose of determining the persons entitled to such dividend (whether the date of payment or some other date) notwithstanding any subsequent transfer or transmission of shares.

Except as provided otherwise by the rights attached to shares, all dividends:

(a) shall be declared and paid accordingly to the amounts paid up (otherwise than in advance of calls) on the shares on which the dividend is paid;

(b) shall be apportioned and paid proportionately to the amounts paid up on 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 that it shall rank for dividend as from a particular date, it shall rank for dividend accordingly; and

(c) may be declared or paid in any currency. The Board may decide the rate of exchange for any currency conversions that may be required and how any costs involved are to be met.

The Board may deduct from any dividend or other money payable to any person on or in respect of a share all such sums as may be due from him to the Company on account of calls or otherwise in relation to the shares of the Company. Sums so deducted can be used to pay amounts owing to the Company in respect of the shares. The Board may, by ordinary resolution of the Company direct, or in the case of an interim dividend may without the authority of an ordinary resolution direct, that payment of any dividend declared may be satisfied wholly or partly by the distribution of assets, and in particular of paid up shares or debentures of any other company, or in any one or more of such ways. Where any difficulty arises regarding such distribution, the Board may settle it as it thinks fit. In particular, the Board may:

(a) issue fractional certificates (or ignore fractions);

(b) fix the value for distribution of such assets or any part of them and determine that cash payments may be made to any members on the footing of the values so fixed, in order to adjust the rights of members; and

(c) vest any such assets in trustees on trust for the person entitled to the dividend.

Unless otherwise provided by the rights attached to the share, no dividend or other monies payable by the Company or in respect of a share shall bear interest as against the Company.

The Company may pay any dividend or other sum payable in respect of a share in cash or by direct debit, bank transfer, cheque, dividend warrant, or money order or by any other method, including by electronic means, as the Board may consider appropriate. For uncertificated shares, any payment may be made by means of the relevant system (subject always to the facilities and requirements of the relevant system) and such payment may be made by the Company or any person on its behalf by sending an instruction to the operator of the relevant system to credit the cash memorandum account of the holder or joint holders of such shares or, if permitted by the Company, of such person as the holder or joint holders may in writing direct.

5.8 ***Redemption***

The Company may issue shares which can be redeemed or are liable to be redeemed at the option of the Company or the holder. The Existing Ordinary Shares do not and the Ordinary Shares will not carry a right to redemption by Shareholders.

5.9 ***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. 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 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;

(b) 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;

(c) in respect of only one class of shares; and

(d) 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 suspected or actual 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.

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.

5.10 ***Directors, Expenses and Benefits***

Unless otherwise determined by the Board, the number of Directors shall be not less than two, but shall not be subject to any maximum number.

The Directors may be paid reasonable 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.

The Board may exercise all the powers of the Company to provide pensions or other retirement or superannuation benefits and to provide death or disability benefits or other allowances or gratuities (whether by insurance or otherwise) for any person who is or has at any time been a Director or employee of the Company or any company which is a holding company or a subsidiary undertaking of or allied to or associated with the Company or any such holding company or subsidiary undertaking or any predecessor in business of the Company or of any such holding company or subsidiary undertaking, and for any member of his family (including a spouse or former spouse) and any person who is or was dependent on him.

5.11 ***Appointment and Retirement of Directors***

Subject to the Articles, the Company may by ordinary resolution appoint a person who is willing to act to be a Director either to fill a vacancy or as an additional Director.

The Board may appoint a person who is willing to act to be a Director, either to fill a vacancy or as an additional Director provided that the appointment does not cause the number of Directors to exceed any number fixed by or in accordance with these Articles as the maximum number of Directors.

At each annual general meeting, one third of the Directors or, if their number is not a multiple of three, then the number nearest to but not exceeding one third, shall retire from office by rotation. Any Director previously appointed to fulfil a casual vacancy shall retire at the next annual general meeting of the Company following such appointment and shall be eligible for reappointment, but is not taken in to account when deciding how many Directors should retire by rotation at such meeting.

5.12 ***Directors' interests***

Subject to the UK Companies Act and provided he has declared the nature and extent of his interest in accordance with the requirements of the UK Companies Act, a Director who is in any way, whether directly or indirectly, interested in an existing or proposed transaction or arrangement with the Company may:

(a) be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise (directly or indirectly) interested;

(b) act by himself or through his firm in a professional capacity for the Company (otherwise than as auditor) and he or his firm shall be entitled to remuneration for professional services as if he were not a Director;

(c) be or become a director or other officer of, or employed by, or a party to a transaction or arrangement with, or otherwise interested in, any corporate body in which the Company is otherwise (directly or indirectly) interested; and

(d) hold any office or place of profit with the Company (except as auditor) in conjunction with his office of Director for such period and upon such terms, including as to remuneration as the Board may decide.

A Director shall not, save as he may otherwise agree, be accountable to the Company for any benefit which he derives from any such contract, transaction or arrangement or from any such office or employment or from any interest in any such body corporate and no such contract, transaction or arrangement shall be liable to be avoided on the grounds of any such interest or benefit nor shall the receipt of any such remuneration or other benefit constitute a breach of his duty under section 176 of the UK Companies Act.

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 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.

5.13 ***Annual General Meetings and General Meetings***

The Company shall hold an annual general meeting which shall be convened by the Board in accordance with the UK Companies Act.

An annual general meeting shall be called by at least 21 days' clear notice in writing. A meeting of the Company other than an annual general meeting shall be called by not less than 14 days' clear notice. The notice shall specify the place, the day and the time of the meeting and the general nature of the business to be transacted. 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.

Notice of any general meeting shall be given to all members, the Directors and (in the case of an annual general meeting) the auditors. The accidental omission to send a notice of any meeting, or notice of a resolution to be moved at a meeting or (where forms of proxy are sent out with notices) to send a form of proxy with a notice to any person entitled to receive the same, or the non-receipt of a notice of any meeting or a form of proxy by such a person, shall not invalidate the proceedings at the meeting. The Company shall not be required to give notice of a general meeting to a member for whom the Company no longer has a valid address.

5.14 ***Winding up***

On any voluntary winding-up of the Company, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the UK Companies Act or the Insolvency Act 1986 (as amended) or the rights of any other class of shares, 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. Any such division shall be in accordance with the existing rights of the members. The liquidator may, with the like sanction, vest the whole or any part of the assets of the Company in trustees on such trusts for the benefit of the members as he, with the like sanction, shall determine, but no member shall be compelled to accept any assets on which there is a liability.

5.15 ***Untraceable Shareholders***

The Articles contain a procedure whereby 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, broadly, a member remains untraced after a period of 12 years has elapsed during which no communication has been received from the member.

5.16 ***Pre-emption rights***

There are no pre-emption rights incorporated into the Articles in relation to the allotment and/or issue of new shares. However, the Company has passed resolutions (please refer to paragraph 4.5 of Part V of this Document) relating to, *inter alia*, the Directors' authorities to issue shares and disapplication of pre-emption rights on new share issues.

5.17 ***Applicability of the Articles***

The provisions of the Articles applying to the Existing Ordinary Shares will apply to the Enlarged Share Capital (including the Placing Shares) following their creation to the same extent.

## 6. City Code

### 6.1 *Mandatory Bid*

The City Code applies to the Company for so long as its central management and control remain in the UK. Under the City Code, if an acquisition of Ordinary Shares were to increase the aggregate holding of the acquirer and its concert parties to shares carrying 30 per cent. or more of the voting rights in the Company, the acquirer and, depending on the circumstances, its concert parties, would be required (except with the consent of the Panel on Takeovers and Mergers ("**Panel**")) to make a cash offer for the outstanding shares in the Company at a price not less than the highest price paid for the Ordinary Shares by the acquirer or its concert parties during the previous 12 months.

This requirement would also be triggered by any acquisition of shares by a person holding (together with its concert parties) shares carrying between 30 and 50 per cent. of the voting rights in the Company if the effect of such acquisition were to increase that person's percentage of the total voting rights of the Company.

### 6.2 *Squeeze-out*

Under the UK Companies 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 ten 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 UK Companies 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.

### 6.3 *Sell-out*

The UK Companies 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 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. Disclosure of Interests

### 7.1 *Directors' and other interests*

7.1.1 As at the date of this Document and following Admission, the interests of the Directors (including persons connected with the Directors within the meaning of section 252 of the UK Companies Act) in the issued share capital of the Company excluding any options in respect of such capital (details of which are set out at paragraph 15 of this Part V) are as follows:

| | *At the date of this Document* | | *Immediately following the Placing and Admission* | |
|---|---|---|---|---|
| *Director* | *Number of ordinary shares* | *Percentage of Existing Issued Share Capital* | *Number of Ordinary Shares* | *Percentage of Enlarged Issued Share Capital* |
| Jim Griffin | 4,250,000 | 19.23 | 3,000,000 | 13.57 |
| Karen Holdback | 4,250,000 | 19.23 | 1,275,000 | 5.77 |
| Kevin Westwood | 4,250,000 | 19.23 | 1,275,000 | 5.77 |
| Adam Attwood* | 719,650 | 3.26 | 419,650 | 1.90 |

* denotes that these shares are held by Adam Attwood as trustee of the Attwood Trust, of which his wife, Emily Attwood, is sole beneficiary.

7.1.2 As at the date of this Document and following Admission, the following Options have been granted to the Directors:

| *Director* | *Date of Grant* | *Option Shares* | *Expiry of Option* | *Exercise Price (£)* |
|---|---|---|---|---|
| Jim Griffin | 16 August 2016 | 130,208 | 16 August 2026 | 1.68 |
| James Larner | 16 August 2016 | 89,286 | 16 August 2026 | 1.68 |

In addition, a further 235,267 options have been granted to members of the Group's senior management team.

Subject to the satisfaction of performance criteria, Options vest and may be exercised on the first third anniversary of the date of grant. Further details of the Options is set out in paragraph 15 of this Part V of this document.

7.1.3 Save as disclosed in this paragraph 7 none of the Directors nor any member of their families, nor any person connected with them within the meaning of section 252 of the UK Companies Act, has any interest in the issued share capital of the Company or its subsidiaries.

7.1.4 Save as disclosed in this paragraph 7 as at the date of this Document, no Director has any option over or warrant to subscribe for any Ordinary Shares in the Company.

7.1.5 Save as disclosed in this Document (including the Placing Agreement referred to in paragraph 11.1 of this Part V, the service agreements and letters of appointment referred to in paragraph 9.1 of this Part V, the Lock-in Agreements referred to in paragraph 11.2 of this Part V and the Settlement Agreements referred to in paragraph 9.3 of this Part V, there are no agreements, arrangements or understandings (including compensation agreements) between any of the Directors, recent directors, shareholders or recent shareholders of the Company connected with or dependent upon Admission or the Placing.

7.1.6 No Director or any member of their family holds or has held any financial product whose value in whole or in part is determined directly or indirectly by reference to the price of Ordinary Shares.

7.1.7 Pursuant to a memorandum signed by Jim Griffin, Karen Holdback and Kevin Westwood on 31 May 2016 in relation to the share capital reduction referred to in paragraph 4.1.3 above, the parties warranted to repay any PAYE and Employee National Insurance contributions that are attributable to them in respect of any claim that may be made by HMRC relating to the share capital reduction and subsequent distribution of proceeds.

7.2 ***Significant Shareholders***

7.2.1 The Company is aware of the following persons who, at 16 August 2016 (being the latest practicable date before publication of this Document) and following Admission, have interests in voting rights over 3 per cent. or more of the issued share capital of the Company:

| | *At the date of this Document* | | *Immediately following the Placing and Admission* | |
|---|---|---|---|---|
| *Shareholder* | *Number of Ordinary Shares* | *Percentage of Existing Issued Share Capital* | *Number of Ordinary Shares* | *Percentage of Enlarged Issued Share Capital* |
| Schroder Investment Management Limited | — | — | 4,345,000 | 19.66% |
| Miton Asset Management Limited | — | — | 3,208,500 | 14.52% |
| Jim Griffin | 4,250,000 | 31.55% | 3,000,000 | 13.57% |
| Hargreave Hale Limited | — | — | 1,558,500 | 7.05% |
| Karen Holdback | 4,250,000 | 31.55% | 1,275,000 | 5.77% |
| Kevin Westwood | 4,250,000 | 31.55% | 1,275,000 | 5.77% |
| Adam Attwood* | 719,650 | 5.34% | 419,650 | 1.90% |
| JP Morgan Asset Management | — | — | 770,000 | 3.48% |
| Ruffer LLP | — | — | 687,500 | 3.11% |

* denotes that these shares are held by Adam Attwood as trustee of the Attwood Trust, of which his wife, Emily Attwood, is sole beneficiary.

7.2.2 Save as disclosed 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.

7.3 Neither the Directors nor any Significant Shareholders have different voting rights to other holders of the share capital of the Company.

## 8. Additional information on the Directors

8.1 The Directors currently hold (other than the Company and/or any Group Company) the following Directorships and are partners in the following partnerships and have held the following Directorships and have been partners in the following partnerships within the five years prior to the publication of this Document:

| *Name* | *Current Directorships/Partnerships* | *Former Directorships/Partnerships* |
|---|---|---|
| **Jim Griffin** | Coventry and Warwickshire Growth Hub Limited | Coventry & Warwickshire Chamber of Commerce<br>RDA (Trading) Limited<br>Riding for the Disabled Association Incorporating Carriage Driving |
| **Karen Holdback** | Nescol Properties Limited<br>Marlborough Constructional Engineers Limited<br>Marlborough Metal Fabrications Limited | none |
| **Kevin Westwood** | none | none |
| **Adam Attwood** | Ensco 1066 Limited<br>Moneta Plus Limited<br>Mills CNC Finance Limited<br>Mills CNC Limited | Wavelength Handling and Distribution Limited<br>Viseble SEO Limited<br>ENSCO 881 Limited<br>Infraplan Limited<br>Mills CNC Group Limited<br>Mills Manufacturing Group Limited<br>Mills Manufacturing Technology Holdings Limited |

| *Name* | *Current Directorships/Partnerships* | *Former Directorships/Partnerships* |
|---|---|---|
| **James Larner** | Birmingham Rathbone Society | none |
| **Terence Garthwaite** | 00250700 Limited<br>The Disability Resource Centre<br>The Phoenix Steel Tube Company Limited | Renishaw plc<br>Brammer plc<br>Wilmington plc<br>Senior Economisers Limited<br>Durham Tube Limited<br>00226599 Limited |
| **Ian Griffiths** | Renold Public Limited Company | Ultra Electronics Holdings plc<br>Hydro International plc |

8.2 Kevin Westwood was formally a director of ESA Components Limited, which went into voluntary liquidation in 2006.

8.3 Save as set out in this Document, no Director has:

8.3.1 any unspent convictions in relation to indictable offences (including fraudulent offences);

8.3.2 ever had any bankruptcy order made against him or entered into any individual voluntary arrangements with his creditors;

8.3.3 ever been a director of a company which has been placed in receivership, creditors' voluntary liquidation, compulsory liquidation or administration, or been subject to a voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors, whilst he was a director of that company or within the 12 months after he ceased to be a director of that company;

8.3.4 ever been a partner in any partnership which has been placed in compulsory liquidation or administration or been the subject of a partnership voluntary arrangement whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;

8.3.5 owned, or been a partner in a partnership which owned, any asset which, while he owned that asset, or while he was a partner or within 12 months after his ceasing to be a partner in the partnership which owned that asset, entered into receivership;

8.3.6 received any official public criticism and/or sanction by any statutory or regulatory authority (including recognised professional bodies); or

8.3.7 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.

## 9. Directors' Service Agreements and Terms of Appointment

9.1 Summarised details of the service agreements and letters of appointment entered into between the Company and the Executive Directors are set out below:

9.1.1 An executive service agreement dated 17 August 2016 (1) Autins Group PLC and (2) Jim Griffin, pursuant to which Jim Griffin is employed as Chief Executive Officer of the Group. The agreement is terminable by either party on 12 calendar months' notice, and is at a salary of £175,000 per annum. Jim Griffin is eligible to participate in the Company's annual non-contractual cash bonus scheme which may be proposed by the remuneration committee of the Board and approved by the Board for each financial year.

9.1.2 An executive service agreement dated 17 August 2016 (1) Autins Group PLC and (2) James Larner, pursuant to which James Larner is employed as Chief Financial Officer of the Group. The agreement is terminable by either party on six calendar months' notice, and is at a salary of £120,000 per annum. James Larner is eligible to participate in the Company's annual non-contractual cash bonus scheme which may be proposed by the remuneration committee of the Board and approved by the Board for each financial year.

9.2 Summarised details of the service agreements and letters of appointment entered into between the Company and the Non-Executive Directors are set out below:

9.2.1 A letter of appointment dated 16 August 2016 between (1) the Company and (2) Adam Attwood pursuant to which Adam Attwood is appointed as Chairman and Non-Executive Director of the Company for an initial term of two years, renewable annually thereafter. The contract is otherwise terminable upon three months' written notice. Adam Attwood is entitled to receive a salary of £60,000 per annum which is subject to an annual review by the Board. This letter of appointment replaces and supersedes a contract of employment dated 27 August 2015 between (1) the Company and (2) Adam Attwood.

9.2.2 A letter of appointment dated 1 April 2016 (as amended by a side letter dated 14 July 2016) between (1) the Company and (2) Ian Griffiths pursuant to which Ian Griffiths is appointed as a non-executive director of the Company for an initial term of two years, renewable annually thereafter. The contract is otherwise terminable upon three months' written notice. Ian Griffiths is entitled to receive a salary of £45,000 per annum which is subject to an annual review by the Board.

9.2.3 A letter of appointment dated 1 March 2016 (as amended by a side letter dated 14 July 2016) between (1) the Company and (2) Terence Garthwaite pursuant to which Terence Garthwaite is appointed as a non-executive director of the Company for an initial term of two years, renewable annually thereafter. The contract is otherwise terminable upon three months' written notice. Terence Garthwaite is entitled to receive a salary of £45,000 per annum which is subject to an annual review by the Board.

9.3 Summarised details of the settlements to be entered into between the Company and the following Directors are set out below:

9.3.1 A settlement agreement dated 16 August 2016 between (1) AIL and (2) Karen Holdback pursuant to which the parties have agreed that Karen Holdback's employment with AIL will terminate and any and all claims will be settled under the terms of the agreement on the date of Admission.

9.3.2 A settlement agreement dated 16 August 2016 between (1) AIL and (2) Kevin Westwood pursuant to which the parties have agreed that Kevin Westwood's employment with AIL will terminate and any and all claims will be settled under the terms of the agreement on the date of Admission.

9.4 Save as set out above there are no contracts providing for benefits upon termination of employment of any Director.

## 10. Employees

10.1 At the date of this document. The Group employs 168 employees.

10.2 The number of employees on average for each financial year covered by the historical financial information in Part III and a breakdown of the main categories of employment are as follows:

| | *Year ended 30 Sept 2013* | *Year ended 30 Sept 2014* | *Year ended 30 Sept 2015* |
|---|---|---|---|
| Directors | 3 | 3 | 3 |
| Administrative staff | 27 | 30 | 43 |
| Production Staff | 40 | 51 | 65 |
| | 70 | 84 | 111 |

## 11. Material Contracts

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Group within the two years immediately preceding the date of this Document and are, or may be, material:

11.1 On 17 August 2016, the Company, each of the Directors, Cantor Fitzgerald Europe and the Vendors entered into the Placing Agreement pursuant to which, subject to certain conditions, Cantor Fitzgerald Europe has agreed to use its reasonable endeavours to procure subscribers or purchasers (as appropriate) for the Placing Shares at the Placing Price. The Placing Agreement contains customary indemnities and warranties from the Company, and warranties from the Directors and the Vendors in favour of Cantor Fitzgerald Europe together with provisions which enable Cantor Fitzgerald Europe to terminate the Placing Agreement in certain circumstances, including circumstances where any of the warranties are found to be untrue or inaccurate in any material respect. Under the Placing Agreement the Company has agreed to pay Cantor Fitzgerald Europe a fixed sum together with a commission based on the aggregate value of the Placing Shares Placed at the Placing Price, and the costs and expenses of the Placing, together with any applicable VAT.

11.2 On 17 August 2016 the Locked-in Persons each entered into Lock-in Agreements pursuant to which they agreed with the Company and Cantor Fitzgerald Europe, that they will not (without the prior written consent of each of the Company and Cantor Fitzgerald Europe (acting in their absolute discretion)) dispose of an interest in Ordinary Shares for the period of 12 months following Admission, except pursuant to acceptance of a general, partial or tender offer made to acquire the whole or part of the issued share capital of the Company, an intervening court order, a scheme of arrangement under Part 26 of the UK Companies Act or a scheme of arrangement under section 110 of the Insolvency Act 1986 or in the event of the death of the relevant Locked-in Person. Such persons have also agreed for a further 12 months following the expiry of the initial 12 month period to only dispose of an interest in Ordinary Shares through Cantor Fitzgerald Europe (or the broker for the time being of the Company, if it is not Cantor Fitzgerald Europe) and in such manner as Cantor Fitzgerald Europe (or such other broker) may reasonably require with a view to the maintenance of an orderly market in the Ordinary Shares.

11.3 On 17 August 2016, the Company, the Directors and Cantor Fitzgerald Europe entered into an agreement pursuant to which Cantor Fitzgerald Europe has agreed to act as nominated adviser to the Company following Admission as required by the AIM Rules for Companies. Cantor Fitzgerald Europe 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 for Companies. The appointment of Cantor Fitzgerald Europe under the agreement continues for an initial 12 month period from the date of the agreement and shall continue until terminated by either the Company or Cantor Fitzgerald Europe giving three months' written notice to the other. If notice is given during the initial 12 month period, the notice period of three months shall be deemed to commence upon the expiry of such 12 month period. The agreement also contains provisions for early termination in certain circumstances and an indemnity given by the Company to Cantor Fitzgerald Europe in relation to the provision by Cantor Fitzgerald Europe of its services.

11.4 On 12 August 2016 the Company made a bonus issue of 14,390 'A' ordinary shares of £1.00 each to the Attwood Trust, as the only member of the Company holding 'A' ordinary shares at the time. The bonus issue was financed from the distributable reserves of the Company. The purpose of the issue of shares was to reflect certain 'exit' arrangements contained in the previous articles of association of the Company, pursuant to which the holders of 'A' ordinary shares of £1.00 each would have been entitled, on an exit, to receive 7.5 per cent. of the exit proceeds above a hurdle of £7,000,000. Following such bonus issue, by a resolution passed on August 2016, all 'A' ordinary shares of £1.00 each were re-designated as ordinary shares of £1.00 each ranking *pari passu* in all respects with the ordinary shares of £1.00 each then in issue.

11.5 On 19 April 2016, AIL purchased all of the shares held by Matthias Migl in Rheinland for a headline consideration of £150,000. The consideration was satisfied by the granting of share options in the Company to Matthias Migl under the terms of a share option agreement. The options will be exercisable by Matthias Migl (and are expected to be so exercised) upon Admission such that he will hold 89,400 Ordinary Shares in the Company.

11.6 By a share sale and purchase agreement dated 1 August 2016 the Company acquired the entire issued share capital of Solar Nonwovens from Acoustic Insulations Limited for an aggregate consideration of £577,972 being its market value. The consideration was left outstanding on inter-company balance, interest-free and payable on demand.

11.7 By a share sale and purchase agreement dated 1 August 2016 the Company acquired the entire issued share capital of Auto Insulations Limited from Solar Nonwovens for an aggregate consideration of £462,160.26 being its market value. The consideration was left outstanding on inter-company balance, interest-free and payable on demand.

11.8 By a share sale and purchase agreement dated 1 August 2016 the Company acquired the entire issued share capital of AIL from Solar Nonwovens for an aggregate consideration of £8,742,000, being its market value. The consideration was left outstanding on inter-company balance, interest-free and payable on demand.

11.9 By a share sale and purchase agreement dated 1 August 2016 the Company acquired the entire issued share capital of AITC from Solar Nonwovens for an aggregate consideration of £1, being its market value. The consideration was left outstanding on inter-company balance, interest-free and payable on demand.

11.10 By a deed of assignment dated 1 August 2016 Auto Insulations Limited assigned to the Company:

11.10.1 the inter-company balance of £364,822.96 owed to it by AIL; and

11.10.2 the inter-company balance of £222,852.89 owed to it by Acoustic Insulations Limited.

11.11 By a deed of assignment dated 1 August 2016 Solar Nonwovens assigned to the Company:

11.11.1 the inter-company balance of £100,000 owed to it by Auto Insulations Limited; and

11.11.2 the inter-company balance of £467,873.84 owed to it by Acoustic Insulations Limited.

11.12 By a deed of assignment dated 1 August 2016 AIL assigned to the Company:

11.12.1 the inter-company balance of £98,422.63 owed to it by AITC;

11.12.2 the inter-company balance of £1,213,032.25 owed to it by Acoustic Insulations Limited; and

11.12.3 the inter-company balance of £760,439.75 owed to it by Solar Nonwovens.

11.13 On 20 April 2016, AIL purchased all of the shares held by Örjan Karlsson Holding AB in Scandins AB for a headline consideration of £350,000. The consideration was satisfied by the granting of share options in the Company to Örjan Karlsson Holding AB under the terms of a share option agreement. The options will be exercisable by Örjan Karlsson Holding AB (and are expected to be so exercised) upon Admission such that it will hold 208,600 Ordinary Shares in the Company. DBX Acoustics AB is a newly incorporated wholly owned subsidiary of Scandins and also on 20 April 2016 it acquired the wholesale flooring business and certain related assets of KBKE i Göteburg AB for an aggregate consideration of £50,000. Örjan Karlsson (the owner of Örjan Karlsson Holding AB and the Managing Director of Scandins) has guaranteed the obligations and liabilities of Örjan Karlsson Holding AB under the share sale and purchase agreement relating to Scandins. He has also agreed not to sell, transfer or otherwise grant any security over his shareholding in Örjan Karlsson Holding AB for a period of three years from the date of completion of the transaction.

## 12. Directors' Dealings

The Directors intend to comply with the AIM Rules for Companies relating to directors' dealings as applicable to AIM companies and will also take all reasonable steps to ensure compliance by the Company's applicable employees (as defined in the AIM Rules for Companies).

## 13. Related Party Transactions

13.1 Save as set out below the Company has not entered into any related party transactions of the type set out in the standards adopted according to the Regulation (EC) No. 1606/2002 during the period covered by the historical financial information set out in Part III and up to the date of this document.

13.2 In the year ended 30 September 2015 the Company entered into related party transactions with the following persons, as more particularly described in the notes to the relevant accounts:

13.2.1 Jim Griffin in respect of the buyback of shares referred to at paragraph 4.1 of Part V of this document and a related loan back to the Company of £210,000, repayable at the rate of £10,000 per month. All outstanding amounts due to Mr Griffin pursuant to these transactions will be settled at Admission;

13.2.2 Karen Holdback in respect of the buyback of shares referred to at paragraph 4.1 of Part V of this document and a related loan back to the Company of £210,000 repayable at the rate of £10,000 per month. All outstanding amounts due to Ms Holdback pursuant to these transactions will be settled at Admission;

13.2.3 Kevin Westwood in respect of the buyback of shares referred to at paragraph 4.1 of Part V of this document and a related loan back to the Company of £210,000 repayable at the rate of £10,000 per month. All outstanding amounts due to Mr Westwood pursuant to these transactions will be settled at Admission.

13.3 In the year ended 30 September 2014 the Company entered into related party transactions with the following persons, as more particularly described in the notes to the relevant accounts:

13.3.1 Jim Griffin in respect of a director's loan of £34,200.

13.3.2 Karen Holdback in respect of a director's loan of £34,200.

13.3.3 Kevin Westwood in respect of a director's loan of £34,200.

## 14. Intellectual Property

The Group is dependent on the following patents, intellectual property rights or licences which are of material importance to the Group's business and profitability:

14.1 ***Patents***

The Group has made the following patent applications:

| *Application No.* | *Renewal Date* | *Title/Country* | *Status* | *Applicant* |
|---|---|---|---|---|
| 04768960.9 | n/a | Composite Insulation (EPO) | Pending | Auto Insulations Ltd |
| 0423304.5 | 20/10/2016 | Composite Insulation (UK) | Granted | Auto Insulations Limited |
| 0600626.6 | 20/10/2016 | Composite Insulation (UK) | Granted | Auto Insulations Limited |
| 09801524.1 | 15/12/2016 | Sound Insulation (various) | Granted | Automotive Insulations Limited |
| 13193439.0 | 19/11/2017 | Method of Producing an Insulation Component, and an Insulation Component Produced by the Method (various) | Granted | Automotive Insulations Limited |

| *Application No.* | *Renewal Date* | *Title/Country* | *Status* | *Applicant* |
|---|---|---|---|---|
| 1221120.7 | n/a | Method of producing an insulation component and an insulation component produced by the method (UK) | Pending | Automotive Insulations Ltd |
| 0525500.5 | 14/12/2016 | Insulation (UK) | Granted | Auto Insulations Limited |
| 1221119.9 | 23/11/2016 | Method and Apparatus for providing Insulation Component, and Insulation Component formed by the Method (UK) | Granted | Automotive Insulations Ltd |

The Group has not granted licences in respect of any of its patents or patent applications.

*Domain Names*

The Group has the following registered domain names:

| *Domain Name* |
|---|
| autinsgroup.com |
| theautinsgroup.com |
| autins.co.uk |
| autins.de |
| autins.es |
| autins.mx |
| autins.fr |
| autins.it |
| autins.com.br |
| autoins.co.uk |
| automotiveinsulation.co.uk |
| automotiveinsulations.co.uk |
| airetail.co.uk |
| airetail.net |
| rheinins.de |
| rheinins.com |
| rheinins.co.uk |
| rheinland-insulation.de |
| rheinland-insulation.com |
| rheinland-insulation.co.uk |
| rheinland-insulations.de |
| rheinland-insulations.com |
| rheinland-insulations.co.uk |
| decibex.co.uk |
| decibex.com |

14.2 ***Licences or Agreements for the use of Intellectual Property***

The Group acquires a material from IKsung Co. Ltd (registered in the Republic of Korea) which is branded Hexaflower. The Group processes it into a sound insulating material using a machine acquired from IKsung and using a proprietary process licensed from IKsung. Any use of the Hexaflower trade mark is also under licence from IKsung.

14.3 The Group continually seeks to improve and enhance its current technological processes.

14.4 Save as disclosed in this Document, there are no other intellectual property rights, know-how, licences or other intellectual property and/or know-how related contracts that are of fundamental importance to the Group's business.

## 15. Share scheme

### 15.1 *Introduction*

The Company established a long term incentive plan in the form of share option scheme (the "LTIP") on 21 July 2016 which allows for the grant of enterprise management incentive share options which qualify for favourable tax treatment under the provisions of Schedule 5 to ITEPA ("EMI Options"), non-qualifying options ("Non-Qualifying Options") and awards of performance shares (together "Awards"). Awards will not be transferable. Only the person to whom an Award is granted or his or her personal representatives may acquire Ordinary Shares pursuant to an Award. Benefits provided under the LTIP are not pensionable.

### 15.2 *Administration*

The remuneration committee has overall responsibility for the operation and administration of the LTIP.

### 15.3 *Eligibility*

In order to be granted an Award, an individual must be an employee or executive director of the Group.

The remuneration committee has discretion to select the persons to whom Awards are to be granted under the LTIP.

### 15.4 *Grant of awards*

Awards are due to be granted on or around the date of Admission on the terms set out within this section.

No Awards will be granted under the LTIP after the tenth anniversary of the date of adoption.

### 15.5 *Form of awards*

Awards granted under the LTIP can take the form of market value share options and/or performance share awards. Market value share options are share options granted with a strike price set at no less than the market value of the shares on the date of grant. Performance share awards are share options with a strike price set at the nominal value of the shares.

### 15.6 *Size of EMI Options grants/plan limits*

The company will grant EMI Options for as long as the Company satisfies the qualifying conditions set out in the EMI Code. Under the EMI Code, an employee may hold EMI Options over Ordinary Shares with a value (as at the date of grant) of up to £250,000. Where this threshold is exceeded, the employee may not receive EMI options for three years.

The Company may also operate a Company Share Option Plan ("CSOP") which would also qualify for favourable tax treatment. Unexercised CSOP share options granted to a participant in the LTIP count towards the EMI Plan individual limit. Similarly, the grant of an option under a CSOP that takes an employee over the EMI Plan individual limit will be disqualifying event for the participant's EMI Options. At present, the Company does not operate a CSOP.

Unless the remuneration committee otherwise determines, the aggregate number of Ordinary Shares over which Awards may be granted under the LTIP on any date shall be limited so that the total number of Ordinary Shares issued and issuable pursuant to Awards granted under the LTIP and any other share scheme operated by the Company in any rolling ten year period will be restricted to 10 per cent. of the Company's issued Ordinary Share capital from time to time calculated at the relevant time.

Treasury shares count towards this limit, as do Ordinary Shares issued to the trustee of an employees' trust. However, Ordinary Shares issued to the trustee of an employees' trust are not counted a second time if those shares are subsequently placed under option or used to satisfy Awards. No account will be taken of Ordinary Shares which an employees' trust purchases in the market or of Awards which have lapsed, been surrendered or otherwise become incapable of exercise or vesting.

15.7 ***Individual limits***

15.8 The value of Ordinary Shares over which an employee or executive director may be granted a awards under the LTIP in any financial year of the Company shall not exceed 200 per cent. of his or her basic rate of salary at the date of grant.

15.9 ***Performance targets***

The remuneration committee may impose objective targets which will determine the extent to which awards will vest. The performance targets will be set out in the option agreement. Targets for awards to be granted to executive directors and senior employees on or prior to Admission will be based on share price growth and earnings per share growth in line with the Company's forecast prior to Admission.

In the event that a performance condition is imposed, it must be fulfilled prior to the exercise of the Award. An Award will lapse, without opportunity for retesting, to the extent that a performance condition is not met. However, the remuneration committee has discretion to amend, substitute or waive performance conditions if it considers that this is appropriate.

15.10 ***Vesting of Awards***

15.11 Awards will vest on the third anniversary of the date of grant to the extent that the performance targets have been met. Vested Awards may generally be exercised between the third and tenth anniversaries of the date of grant.

Awards may vest earlier:

15.12 If the participant dies, his or her Awards may be then exercised by his or her personal representatives within 12 months after the participant's death to the extent that the performance targets (adjusted to take account of the shorter period from grant) have been met and scaled down to reflect the proportion of the performance period that has elapsed; or

15.13 If the Company is taken over Awards may then be exercised to the extent determined by the remuneration committee, taking into account the extent that the performance targets have been met and the proportion of the performance period that has elapsed. Alternatively Awards may be exchanged for options over shares in an acquiring company, if the Company is taken over and this is desirable for the employee and the purchaser.

15.14 ***Leavers***

As a general rule, if a participant ceases to be an employee before the third anniversary of the date of grant of his award other than on his death, it will lapse immediately.

The remuneration committee will, however, have discretion to allow a leaver to exercise his Award in part, taking into account the extent that the performance targets have been met and the proportion of the performance period that has elapsed.

15.15 ***Shareholding obligation***

A participant must hold his shares for one year after exercising an Award under the LTIP, except that he may sell sufficient shares to cover the cost of exercising his Award and any income tax or NIC due.

15.16 ***Rights attaching to shares***

Ordinary Shares issued in connection with the exercise of Awards will rank equally with all other Ordinary Shares then in issue (save as regards any rights attaching to Ordinary Shares by reference to a record date prior to the date on which the allottee is entered on the register of member. Application will be made for admission to trading on AIM of new Ordinary Shares issued.

15.17 ***Variation of share capital***

If there is any alteration of the issued share capital of the Company, the number of Ordinary Shares subject to an Award and the exercise price of a market value option will be subject to adjustments. The Board may adjust Awards in such manner as it determines to be appropriate.

15.18 ***Alteration of the Share Option Scheme***

The Board or remuneration committee has discretion from time to time to amend the LTIP. However, alterations or additions that adversely affect the subsisting rights of an existing participant may only be made with the consent in writing of the relevant participant or consent of 75 per cent. of the participants.

15.19 ***Malus and Clawback***

The remuneration committee may apply clawback where at any time before or within a year of vesting it determines that the final results of the Company were misstated, an error was made in any calculation or in assessing performance, which resulted in the number of Ordinary Shares in respect of which the award was granted or vested being more than it should have been. The remuneration committee may also apply clawback at any time if it is discovered that the participant committed an act or omission prior to vesting that justified, or would have justified, summary dismissal from office or employment.

## 16. Litigation

The Group is not, nor has at any time in the 12 months immediately preceding the date of this Document been, engaged in any governmental, legal or arbitration proceedings and the Directors are not aware of any governmental, legal or arbitration proceedings pending or threatened by or against the Group, nor of any such proceedings having been pending or threatened at any time in the 12 months preceding the date of this Document in each case which may have, or have had in the 12 months preceding the date of this Document, a significant effect on the Group's financial position or profitability.

## 17. Working capital

In the opinion of the Directors, having made due and careful enquiry, the working capital available to the Company and the Group, taking into account the net proceeds of the Placing and the bank facilities available, will be sufficient for their present requirements, that is for at least 12 months from the date of Admission.

## 18. United Kingdom taxation

18.1 ***General***

18.1.1 The following paragraphs are intended as a general guide only and summarise advice received by the Directors about the UK tax position of shareholders who are resident in the UK, holding shares as investments and not as securities to be realised in the course of a trade. The implications for Shareholders who acquire any shares or rights over shares in connection with an employment contract have not been considered. The paragraphs below are based on current UK legislation and HM Revenue and Customs practice in force at the date of this document. It should be noted that although a number of UK tax treatments referred to below refer to unquoted shares, shares on AIM are generally treated as unquoted for these purposes.

18.1.2 Any person who is in any doubt about their tax position or who is subject to taxation in a jurisdiction other than the UK should consult their own professional adviser.

18.1.3 The information in these paragraphs is intended as a general summary of the UK tax position and should not be construed as constituting advice.

18.2 ***Taxation of dividends***

18.2.1 Any UK resident individual Shareholder who receives a dividend paid by the Company 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 a Shareholder's income. For tax years ending prior to 6 April 2016, dividends paid by the Company carried an associated tax credit of one-ninth of the cash dividend or 10 per cent. of the aggregate of the cash dividend and associated tax credit. UK resident individual shareholders receiving such dividends were liable to income tax on the aggregate of the dividend and associated tax credit at the dividend income tax rates of 10 per cent., 32.5 per cent. and 37.5 per cent., depending on whether the individual was a basic rate, higher rate or additional rate taxpayer.

18.2.2 With effect from 6 April 2016, the dividend tax credit has been abolished and a new system for taxing dividends introduced. Under the new system, there is no income tax payable in respect of the first £5,000 of dividend income received in the tax year by a UK resident individual (although such income still counts towards the basic, higher and additional rate thresholds) regardless of the level of non-dividend income received. Dividend income received above £5,000 in a tax year is taxable at 7.5 per cent., 32.5 per cent. and 38.1 per cent. for basic rate, higher rate and additional rate taxpayers, respectively. Shareholders should therefore seek appropriate tax advice on how the new changes may impact their tax affairs.

18.2.3 A UK-tax resident corporate Shareholder of non-redeemable ordinary shares in the Company that receives a dividend paid by the Company will not normally be subject to tax in respect of that dividend subject to certain exceptions.

18.2.4 Trustees of discretionary trusts receiving dividends from shares are also liable to account for income tax at the dividend trust rate, currently 38.1 per cent. Trustees do not qualify for the new £5,000 dividend allowance available to individuals.

Trustees of interest in possession trusts receiving dividends from shares are also liable to account for income tax on their own UK tax returns at a rate of 7.5 per cent., unless the dividends are mandated directly to beneficiaries in which case only the beneficiaries need to account for the income. In either case, the beneficiaries will be taxable at the rates detailed in paragraph 18.2.2 above. Trustees do not qualify for the new £5,000 dividend allowance available to individuals.

18.2.5 A non-UK resident shareholder may also be subject to foreign taxation on dividend income, subject to the provisions of any double taxation convention which exists between the shareholder's country of residence and the UK.

18.2.6 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.

18.3 ***Taxation of chargeable gains***

18.3.1 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.

18.3.2 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.

18.3.3 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. For example, a shareholder may have their capital gains tax annual exemption of £11,100 (for the 2016/17 tax year) available to offset against any chargeable gains realized on the disposal of the shareholder's ordinary shares.

18.3.4 A UK resident individual shareholder who disposes (or is deemed to dispose) of all or any of their shares may be liable to capital gains tax in relation thereto, subject to any available exemptions or reliefs. From 6 April 2016, capital gains tax is charged at a rate of 10 per cent. of any chargeable gain to the extent that such gain does not exceed the amount of the individual's unused basic rate income tax band for the relevant tax year. To the extent that any chargeable gains exceed the individual's unused basic rate income tax band, capital gains tax will be charged at 20 per cent. In addition, an individual UK Shareholder who ceases to be resident in the UK for a period of less than five complete tax years and who disposes of the shares held prior to departure during that period of temporary non residence may, under anti-avoidance legislation, be liable to capital gains tax on his or her return to the UK.

18.3.5 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 per cent. for chargeable accounting periods commencing on/after 1 April 2015 and scheduled to reduce to 19 per cent. from 1 April 2017 and 18 per cent. from 1 April 2020).

18.3.6 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 incidental disposal costs.

18.3.7 The UK operates a substantial shareholding exemption regime which may apply to the disposal of shares in the Company subject to certain conditions being met.

18.4 ***Inheritance tax***

18.4.1 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.

18.4.2 You should consult your taxation adviser if you are concerned with the potential Inheritance Tax implications of your shares in the Company.

18.5 ***Stamp duty and Stamp duty reserve tax***

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

18.5.2 No stamp duty or stamp duty reserve tax should be payable on transactions in eligible shares traded on AIM where the shares are not also listed on a recognised stock exchange.

18.5.3 If you are in any doubt as to your tax position, or are subject to tax in a jurisdiction other than in the UK, you should consult your professional adviser immediately.

**19. CREST**

19.1 CREST is a paperless settlement procedure enabling securities to be evidenced otherwise by a certificate and transferred otherwise than by a written instrument. The Ordinary Shares have been made eligible for settlement in CREST as contemplated by the CREST Regulations. The Company has applied for the Ordinary Shares to be admitted to CREST and it is expected that the Ordinary Shares will be so admitted, and accordingly enabled for settlement in CREST, as soon as practicable after Admission has occurred.

**20. General**

20.1 Total costs and expenses payable by the Company in connection with the Admission and Placing (including professional fees, commissions, the costs of printing and the fees payable to the registrars) are estimated to amount to approximately £1.0 million (excluding VAT).

20.2 BDO LLP, Chartered Accountants and registered auditors, of Two Snowhill, Birmingham B4 6GA, as the reporting accountant, has given and has not withdrawn its written consent to the inclusion of its report in Section A of Part III of this Document in the form and context in which it is included.

20.3 Cantor Fitzgerald Europe has given and not withdrawn its written consent to the inclusion in this Document of the references to its name in the form and context in which they are included.

20.4 The financial information contained in Section B of Part III of this document does not constitute statutory accounts within the meaning of section 434(3) of the Act. The auditors for the period covered by the financial information set out in Section B of Part III of this document were Magma Audit LLP for each of the two years ended 30 September 2015 and Edwards Accountants (Midlands) Limited for the year ended 30 September 2013. Magma Audit LLP and Edwards Accountants (Midlands) Limited are both member firms of the Institute of Chartered Accountants in England and Wales. Statutory accounts for each of the three years ended 30 September 2015 have been delivered to the Registrar of Companies in England and Wales. Magma Audit LLP and Edwards Accountants (Midlands) Limited have made respective reports in the statutory accounts for such periods. Such reports are unqualified and contained no statement under section 498(2) or 498(3) of the Act.

20.5 Save as disclosed in this Document, the Directors are not aware of any patents or intellectual property rights, licences or industrial, commercial or financial contracts or new technological processes which may be of material importance to the Company's business or profitability.

20.6 Save as disclosed in this Document, there has been no significant change in the financial or trading position of the Group since 31 March 2016, being the date to which the interim financial information set out in Part IV of this document was prepared.

20.7 The Placing Price represents a premium of £1.66 over the nominal value of £0.02 per Ordinary Share. The premium arising on the Placing amounts to £13,833,334.44 in aggregate.

20.8 The Ordinary Shares are in registered form and may be held in certificated or uncertificated form. No temporary documents of title will be issued.

20.9 Save as set out in this Document, no person (other than a professional adviser referred to in this Document or trade supplier) has:

20.9.1 received, directly or indirectly, from the Company within the 12 months preceding the Company's application for Admission; or

20.9.2 entered into 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 totaling £10,000 or more;

(b) securities in the Company with a value of £10,000 or more calculated by reference to the issue price; or

(c) any other benefit with a value of £10,000 or more at the date of Admission.

20.10 Save as disclosed in this Document, since the period of the financial information set out in Parts III and IV of this Document, the Company has made no investments and there are no investments in progress which are or may be significant.

20.11 The Company's accounting reference date is 30 September.

20.12 The financial information for the relevant accounting period set out in the reports in Part III of this Document does not constitute statutory accounts of the Company within the meaning of section 434 of the UK Companies Act.

20.13 No financial information contained in this Document is intended by the Company to represent or constitute a forecast of profits by the Company or to constitute publication of accounts by it.

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 for Companies) on Admission is expected to be approximately 62.5 per cent.

20.18 Save as disclosed in this Document, there are not, either in respect of the Company or its subsidiaries, any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Company's prospects for at least the current financial year.

20.19 Save as disclosed in this Document, there are no mandatory takeover bids and/or squeeze out and sell-out rules in relation to the Ordinary Shares.

20.20 Save for the information set out in Part III of this Document, no other audited information is included in this Document.

20.21 Save as disclosed in this Document, the Directors are not aware of any exceptional factors which have influenced the Company's recent activities.

20.22 Save as disclosed in this Document, the Directors are not aware of any environmental issues that may affect the Company's utilisation of its tangible fixed assets.

20.23 The Directors are not aware of any other information that they should reasonably consider as necessary for the investors to form a full understanding of (i) the assets and liabilities, financial position, profits and losses, and prospects of the Company and the securities for which Admission is being sought; (ii) the rights attached to those securities; and (iii) any other matter contained herein.

## 21. Third party information

Where information has been sourced from a third party, the information has been accurately reproduced and, as far as the Company and the Directors are aware and are able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. Reference materials include various historical and recent publications.

## 22. Availability of admission document

A copy of this Document is available free of charge from the offices of the Company's solicitors, Freeths LLP, 1 Vine Street, London W1J 0AH during normal business hours on any weekday (Saturdays and public holidays excepted) from the date of this Document until at least one month after the date of Admission.

A copy of this Document is also available on the Company's website, www.autins.co.uk.

Dated: 17 August 2016

the autins group