Investing for
growth
Annual report and accounts 2016
the autins group

Welcome to our 2016 annual report

Autins 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 marine, rail, commercial vehicles and industrial sectors.

The Group produce and supply over two million parts per month to customers including some of the world's leading vehicle manufacturers.

Strategic Report

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2016 highlights

Financial

Revenue
£20.4m
(FY 2015: £19.8m)

Component revenue
£19.5m
(FY 2015: £17.3m)

Gross profit
£6.5m
(FY 2015: £6.0m)

Component gross profit
£6.5m
(FY 2015: £5.5m)

Operating profit
£0.3m
(FY 2015: £1.2m)

EBITDA
£0.9m
(FY 2015: £1.8m)

Profit before tax
£0.2m
(FY 2015: £0.9m)

Net cash/(debt)
£3.3m
(FY 2015: (£5.5m))

Earnings per share
2.03p
(FY 2015: 5.56p)

Proposed dividend
0.4
pence per share

Operational

> Component revenue, which excludes tooling sales, increased by 13%

> Successful completion of IPO in August 2016 raising £13.1m for the Group

> Good progress with Neptune – now approved by several automotive OEMs

> Successful integration of Swedish and German divisions

> Neptune facility achieved full production capability in September 2016

Post year end

> Autins Technical Centre secured first automotive customer

> Secured new and improved 3-year banking facility with HSBC

> Neptune received a further OEM approval

> Senior management hires include appointment of Group Sales Director and Group Quality Director

> Appointment of Michael Jennings as interim Chief Executive after resignation of Jim Griffin

> Reduced schedule projections lowering revenue and profit expectations

"The Board is pleased to present Autins' first published results following the successful IPO in August 2016. The IPO was a defining event for the period but we also saw encouraging operational growth and progress in the business with new products, new facilities and new customers adding to the success of the Group."

Adam Attwood — Chairman

See the joint CEO & Chairman's statement on p.04

Autins at a glance

Noise & heat management **specialists**

Overview

We are one of the leading suppliers of acoustic and thermal management products in the automotive market. Our customers include leading automotive manufacturers, Tier One suppliers to the automotive industry and an emerging customer base in the commercial vehicle, marine, rail, and industrial sectors.

Neptune

The Group's new lightweight, ultra-fine fibre, high performance, acoustic absorbing material.

Ozone

A lightweight, trilaminate, acoustic barrier.

"My extensive experience from working at major Tier 1 automotive suppliers was invaluable when setting up our new Solar Nonwovens facility to produce Neptune."

David Hobday —
Group Manufacturing Engineering Manager

Parts delivered per month

2 million

Innovation & technology

Through our business model built on competitive advantages that differentiate us in our marketplace, including patented technology and a highly skilled workforce; Autins Group plc is well-positioned for growth.

See business model on p.16

Experts

With extensive experience in acoustic and thermal materials the Autins Technical Centre will provide research and innovation support for the Autins Group and their customers. This high quality and specialist service will support continuous improvement and innovation.

See innovation on p.20

Our locations

SOLAR

Tamworth, UK

European manufacturer and sales outlet for the high performance Neptune material.

Rugby, UK

Production of acoustic and thermal products for the automotive industry.

Nuneaton, UK

HORIBA MIRA Technology Park – Testing and research on new lightweight materials with thermal and acoustic properties.

Northampton, UK

Indica Automotive Limited – A JV with Indica Industries Ltd, manufacturing a range of acoustic and thermal foam products supplying AI and facilitating the Group's expansion into new market sectors.

Gothenberg, Sweden

Scandins AB - Production of acoustic and thermal products for the automotive industry.
DBX Acoustics AB

Hilden, Germany

RI Rheinland Insulations GmbH – Production of acoustic and thermal products for the automotive industry, and acoustic flooring products.

Chairman's and Chief Executive's statement

Building momentum across the group

We are pleased to present the first full year report on the results of Autins for the year-ended 30 September 2016. It was a year of progress for Autins, with the IPO in late August representing the next stage in the development and growth of the Group. Certain of the funds raised at IPO are being used to invest in existing capabilities and in opportunities to implement and accelerate our growth strategy.

Performance

We are pleased to report a year of continued progress for the Group with encouraging operational development and growth in the business with total revenue up by 3% to £20.4 million (FY 2015: £19.8 million). In line with our core strategy, as outlined at the time of the IPO, component manufacturing sales grew by 13% to £19.5m and gross profit increased by 8.1% to £6.5m (FY 2015: £6.0 million) driven by an improvement in component manufacturing margins (including flooring), which were up by 1.5%.

Since becoming a public company, the Group's corporate profile has increased and we have seen an increased recognition of Autins with both customers and suppliers, and a growing pipeline of opportunities across the automotive and non-automotive sectors.

During the year, the Group invested in a new drape moulding capability in Rugby, which has allowed us to offer a new product suite to our customers. Our greenfield facility, established to produce the patented Neptune material, is now operational and opens up a whole range of exciting opportunities in both automotive and non-automotive applications. Other achievements have been the successful integration and continued growth of our investments in Sweden and Germany, which became wholly-owned subsidiaries of the Group at the time of the IPO.

The Group has held initial discussions with IkSung on future Ozone strategy and will continue to explore the timing, location and supply route of equipment through the year.

Market review

The key external drivers of growth have been the trend among UK car manufacturers towards premium vehicles that have a greater need for our products in order to minimise noise. We have also benefitted from the continuing move to take weight out of vehicles.

Aside from trends within the automotive industry itself, we cannot fail to mention the potential impact on our business of the UK leaving the EU. We tend to source raw materials in Euros or Dollars, so may face inflationary pressures in relation to the depreciation of Sterling. Conversely, we are growing our international business where we generate sales in Euros. We believe the Group is well placed to meet these uncertainties and we are alert to both the risks and opportunities, and monitor the costs and sources of supply of raw materials to protect margins. We will assess our deployment of investment capital across our production facilities in the UK and Europe, as the trading impact of Brexit becomes clearer to maintain and maximise the Group's competitive advantage.

Strategy

Our strategy comprises three key strands, outlined on page 19:

- Broaden customer and sector base by diversifying within and beyond automotive.
- Expand geographically by building on our established footprint.
- Improve gross margins by focusing on innovation and operational performance.

This strategy is built upon our three pillars of expertise: specialist component manufacturing, specialist material manufacturing, and innovation and research.

Our Materials division is now at the stage of beginning to sell its Neptune products into the automotive market. Neptune has been specified by a number of OEMs, so will be sold to component suppliers across the industry, as well as becoming a 'material of choice' for our own specialist manufacturing operations.

Board, senior management and employees

Since the year end, we sadly had to accept the resignation of Jim Griffin from his role as CEO of the Group for personal reasons. The Board would like to thank Jim for his immense contribution to the Group's development over the last 27 years.

We were delighted to appoint Michael Jennings as interim Chief Executive of the Group in February. The Board looks forward to working with Michael to continue the strategy and growth of the Group.

In March 2016 we added strength and depth to the Board through the appointment of two Non-Executive Directors, Ian Griffiths and Terry Garthwaite. Ian is the former Managing Director of GKN Automotive. He brings significant automotive and Non-Executive experience. Terry is a former Group Finance Director of Senior plc, and, again, brings a wealth of financial knowledge from quoted groups, as well as extensive experience as a Non-Executive Director.

Alongside delivering on the strategic plan, the principal focus of the Board has been investment in the senior management team to further support our growth and international ambitions. We have appointed a Group Sales Director who has already started and a Group Quality Director starting in April 2017, and will continue to strengthen and develop our organisation.

Investment for growth

Capital expenditure

£5.0m

Revenue expense

£0.6m

➡ **Michael Jennings** — Chief Executive
⬇ **Adam Attwood** — Chairman

With the acquisition of the joint venture partner in our Swedish business, the minority interest in our German business and the trade and assets of a flooring company in Sweden, we now have a strong foundation upon which to grow. Now that formerly independent businesses are part of one Group, we continue to develop our 'one company' culture to enhance the sharing of our collective expertise for the benefit of the whole Group, across all aspects of the business. We wish to thank our colleagues for their continued work in driving the development of the Group.

Dividend

The Group remains in a growth phase and has many strong investment opportunities, each of which is assessed using a disciplined approach to capital allocation and risk. Taking into account the short space of time between the IPO and the year end, the Board has taken the decision to pay a second interim dividend of 0.4 pence per share that will be paid on 4 April 2017 to shareholders on the register on 17 March 2017. The Board intends to adopt a progressive dividend policy alongside continuing investment in the business.

Outlook

In the near term the profile of our results will be significantly weighted to the second half of the year and is dependent on successful deliveries of Neptune product into the market. We expect solid growth for the full year, however, as already announced, this will fall significantly short of previously anticipated levels due to the timing and rate of growth in our automotive business not being as strong as we had expected. The Board remains confident of the importance of our diversification strategy and we are committed to realising the full potential of the Autins Group.

Adam Attwood
Chairman

Michael Jennings
Chief Executive

Positioning for growth

James Larner — Chief Financial Officer

Revenue

The financial year progressed as expected with total revenue up 3% at £20.4 million (FY 2015: £19.8 million). Importantly, component manufacturing sales, which excludes tooling, grew by 13% to £19.5 million (FY 2015: £17.3 million) primarily through the additional volumes secured with the Group's largest customer.

The core Automotive Insulations business continued to be a major driver in terms of organic growth, with sales increasing by 7% to £18.4 million (FY 2015: £17.2 million).

Within component manufacturing, flooring revenue more than doubled in the year to £0.6 million and currently represents over 60% of the external sales within RI Rheinland Insulations. The Group has secured new customer relationships with a number of leading pan European flooring manufacturers in both the domestic and industrial markets and expects further growth in the coming year.

Revenues from non-automotive component work in the UK added £0.3m to turnover in the year and the Board expects to build substantially on this early success with an increase anticipated for 2016/7. The Board continues to be committed to diversifying Group sales by customer, region and product offering and particularly in non-automotive markets.

Sales of tooling reduced to £0.6 million (2015: £2.5 million), as forecast at the time of the IPO. Tooling is a revenue stream for the Group that arises as a function of new programme sales and will fluctuate year on year. The Group anticipates an increased level of tooling sales in 2017, as confirmed new contract platforms are launched.

Gross margin

The Group's component gross margin increased to 33.1% (FY 2015: 31.6%) as a result of three key factors: the investment in value-added processes introduced in 2015; higher flooring volumes which deliver better margins than the Group average; and the inclusion of the post-acquisition Scandins business, where in-house material manufacture allows for improved returns.

The Board will continue the drive to improve margins by focusing on higher added value products and materials, generating growth in non-automotive markets and investing to improve both operational efficiency and develop new product and materials.

EBITDA and operating profit
Reported operating profit was £0.3m (2015: £1.2m) with EBITDA of £0.9m (2015: £1.8m) after charging costs of £0.9m comprising £0.2m of exceptional costs, £0.2m start-up costs, £0.3m investment in staff and facilities to support ongoing growth and £0.2m of additional costs for plc governance.

The acquisition of Scandins and DBX AB added £0.35m of recurring cost to the total Group administrative expense in the period from acquisition and will have a further £0.35m impact in the next full year.

Investing for growth
To develop growth and diversification and in support of product launches the commercial and projects teams were reinforced at a cost of £0.2m in the current year (full year 2016/7: £0.3m).

The development of an in-house specialist technical research and testing facility has increased administrative costs by £0.1m in the year (full year 2016/7: £0.35m) with additional leasehold properties and dedicated technical staff recruited. Once the capex programme of £0.3m has been completed in 2016/7 the Group expects external income to be generated from this enterprise which will support savings from in-sourcing the Group's current testing requirements.

Exceptional items and non recurring costs
The Group had non-capitalised start-up costs for Neptune of £0.2m in the year. New production facility premises were occupied from February 2016 with operational staff employed from July 2016.

After recognising recharged costs of £0.47m from selling shareholders, the Group has incurred £0.18m of exceptional external fees in relation to the IPO.

Joint ventures
The Group's share of joint venture activities represents a small pre-acquisition loss of Scandins and the profitable growth in Indica Automotive.

Indica Automotive's turnover increased 60% to £1.8m (2015: £1.1m) with a profit after tax of £0.33m (2015: £0.13m). Investment in additional management and capital equipment has positioned the joint venture for further growth and diversification away from the Group which is the current largest customer.

Currency
The Group is subject to currency variation in both re-translation of overseas operations and transactional differences from trading and investment activities.

Given the significant capital purchase made from IkSung (and ongoing material supply agreement) the currency with the greatest potential transactional impact on our results is the US Dollar.

The Group also trades in currencies outside of its base currency, Sterling, and has a level of operational transactions conducted in Swedish Kronor and Euros.

At the year-end, and during the year, the Group had no forward currency contracting arrangements. We will use derivatives to manage our foreign currency risks in future periods arising from underlying operational business and significant capital expenditure. Transactions of a speculative nature are and will continue to be prohibited.

Net finance expense
Net finance expense for the year was £0.56m (2015: £0.39m) which includes £0.23m of interest on loan notes issued to complete the buyout of minority shareholders in 2014. The charge includes an accelerated element of £0.12m arising from the Board's decision to commit to early repayment of these debts. An analysis of the net finance expense is presented in note 8 on page 49.

The Group's ongoing investment for growth required increased use of mezzanine, tooling finance and invoice discounting facilities causing an increase of 33% in bank interest in the year. The repayment of these facilities as a result of the IPO will materially reduce financing costs in the next financial year.

Taxation
The effective tax rate was reduced due to a proportion of non-taxable gains arising from an acquisition, enhanced R&D claims for the current year and a revision to the prior year R&D credit arising from a further review of allowable costs.

In the short term the effective tax rate is expected to remain below the UK statutory level. The establishment of a dedicated technical Research and Development facility will increase the Group's ability to access enhance R&D tax credits within the UK.

The Group also has taxable losses available within its overseas subsidiaries which will offset trading profits in higher corporation tax territories of Sweden and Germany in the short term. The Group has an £0.18m (2015: £0.18m) unrecognised tax asset in respect of losses in the German subsidiary.

We continue to work with our advisors to improve compliance and disclosure standards across the Group for all aspects of corporation and social taxes. We currently seek to group relieve losses around the UK entities, but are conducting an assessment of the risk and required documentation that arises from transfer pricing between international entities.

Earnings per share
Reduced profitability due to the planned investment for growth, the exceptional costs of the IPO and the new costs of being a plc (as detailed above) have resulted in a decrease in our earnings per share to 2.03p per share (2015: 5.56p per share).

In calculating EPS for the coming year the Board is aware that the weighted average shares in issue will increase as a result of the issue of 8.33m new shares on 22 August 2016 as part of the IPO.

Finance review continued

Dividends

The Board is proposing a second interim dividend of 0.4p per share for the current year. Our dividend policy is to grow returns progressively whilst balancing investment into the business to support the growth strategy. The dividend will be paid on 4 April 2017 to shareholders on the register on 17 March 2017.

Net cash/(debt) and working capital

The Group ended the year with net cash (being the net of cash and cash equivalents and the Group's loans and borrowings as stated in note 17 on page 54) of £3.3m (2015: Net debt £5.5m) and cash and cash equivalents of £6.3m (2015: £0.5m). Cash raised from the IPO was used to settle £5.9m of invoice finance, tooling finance and mezzanine debt products leaving the Group with £1.28m (2015: £1.46m) hire purchase loans at Automotive Insulations and £0.67m (2015: £0.0m) of long term asset backed finance at Scandins, which reflects the recent investments in facilities across the whole Group.

The Group had, in support of IPO costs, secured short term extended terms from certain key suppliers that required normalising in the new year at a cash cost of £0.25m.

In anticipation of further growth, the Group has, since the year-end, sought to improve working capital monitoring and control systems to maintain working capital days and therefore limit the amount of cash consumed by increased trading activity.

Going concern

Since the year-end, the Group has refinanced with HSBC which facilitates the implementation of a central treasury function to control cash management and borrowings and oversee mitigation of financial risks.

The HSBC facilities come without formal covenants, are over a three-year term and provide trading headroom to facilitate growth.

On the basis of these new facilities, and having reviewed the Group's budgets and forecasts and made appropriate enquiries, the Directors have formed a judgement at the time of approving the financial statements, that the Group can have a reasonable expectation that adequate resources will be available for it to continue its operations for the foreseeable future and consequently it is appropriate to adopt the going concern principle in the preparation of these financial statements.

Acquisitions, goodwill and intangible assets

Two acquisitions were made in the year and the 10% Non Controlling Interest of RI Rheinland Insulations GmbH was purchased to consolidate the Group's control. The total cost of these transactions was £0.55m with £0.5m settled by grant of share options that were exercised on the Group's admission to AIM. There was no contingent consideration.

Details of the acquisitions are made in notes 26 to 27 on page 59.

No amortisation has been charged in relation to intangibles acquired in the year as the Directors are satisfied that after fair valuation of assets and liabilities the remaining intangibles acquired were non separable goodwill.

The Board considered the carrying value of Goodwill and other Intangibles (both existing and acquired in the year) at 30 September 2016 and concluded that the carrying value was fully recoverable.

RI Rheinland Insulations GmbH had net liabilities at acquisition (including inter-group working capital loans and trading balances) resulting in a net charge of £0.2m to retained earnings. The acquisition of the Scandins joint venture generated a gain of £0.3m. This gain recognises the excess fair value attributable to the Group's existing 49% shareholding of Scandins.

Capital expenditure

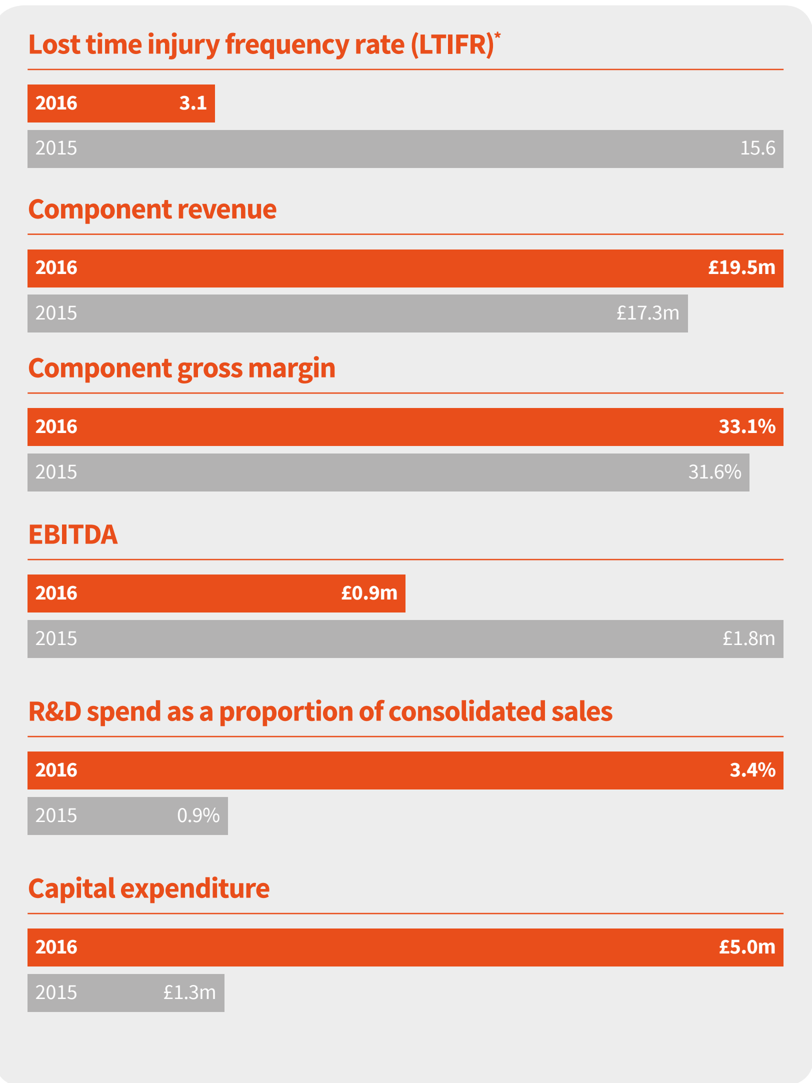
The Group spent £5.0m in the year, with £4.0m being the establishment of the Solar Nonwovens' Neptune operation which had not been brought into use by the year-end. Leasehold improvements of £0.8m were made at the Group's new Tamworth based Neptune facility to both support the first Neptune production line and allow sufficient power and other building services for subsequent expansion.

The Group continued to invest in plant for core component manufacture with additional press, drape moulding and water jet capability added to meet customer demand.

Financial risk management

Details of our financial risk management policies are disclosed in notes 2 and 3 on page 44 to 46.

Key performance indicators



* LTIFR is calculated as the number of lost time injuries dividend by 1 million and multiplied by the number of hours worked

Principal risks and uncertainties

Risk	Description and potential impact	Mitigation
Failing to successfully implement our growth strategies	Our future success will depend on the effective implementation of our growth and expansion strategies, as well as on demand for our products. The execution of our strategies may place strain on our managerial, operational and financial reserves, and the failure to implement our strategies may adversely affect our reputation and prospects.	We have increased the breadth and depth of our management with the appointment to Group roles of several high calibre executives with international experience. Our increased geographical footprint and investment in the Autins Technical Centre provide a sound foundation for growth.
Dependence on certain key customers	A significant proportion of our revenue for the year ended 30 September 2016 was derived from one key customer. Our relationship with key customers could be materially adversely affected by several factors, including a customer decision to diversify or change how, or from whom, they source the products or services that we currently provide, an inability to agree on mutually acceptable pricing terms or a significant dispute with the Group. If our commercial relationship with a key customers terminates for any reason, or if one of our key customers significantly reduces its current or forecast business with us and we are unable to enter into similar relationships with other customers on a timely basis, or at all, our business could be materially adversely affected.	Our strategy to diversify our business in terms of customers, geographies and applications, as well as our vertical integration into materials reduces reliance on individual customers and sectors. Our relationship with our core customer spans several decades, and our key account plans ensure we work closely together to develop NVH solutions.
Dependence on relationship with IkSung	We enjoy 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 breakdown, this could have a significant adverse effect on our business.	Should our relationship with our strategic supplier break down, the terms of our agreement give Autins the right to source the proprietary fibre directly from the manufacturer. We actively engage with universities and R&D centres both to improve our existing materials and to explore new materials.
The potential impact on profitability and cashflow of increasing research and development spend	To remain competitive, we must continually update and develop our products, and the associated investment may affect profitability.	Our work with partners allows us to benefit from their expertise, and also to share investment and risks with them. We have taken steps to ensure that appropriate tax credits are received to offset the costs of research and development. We also seek to secure government grant funding to partially offset the costs of research. Where appropriate, costs of development are capitalised as an intangible asset and amortised over their useful life.
Risk of competing materials to Neptune and Ozone	There may be technological advances in existing or potential substitute materials, which may impede the commercial progress of Neptune and Ozone and cause a reduction in demand.	Our work with universities and other R&D centres to improve our existing materials and to explore new materials, is a mitigating factor. Our strategy to diversify our business into non-automotive applications also counters this risk.

Risk	Description and potential impact	Mitigation
The impact of the EU Referendum (Brexit)	There are significant uncertainties in relation to the terms and time frame within which Brexit will 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 remains uncertainty in relation to how, when and to what extent these developments will impact on the UK economy and the future growth of its various industries, including the automotive sectors' production and supply chain industries. Although it is not possible to fully predict the effects of Brexit, any of these risks, taken singularly or in aggregate, could have a material effect on the Group's business, financial condition and results of operations.	The Group is maintaining an open dialogue regarding Brexit impacts with key third parties, suppliers and automotive industry bodies. The Group has manufacturing operations within Europe, as well as the UK. The Group will closely monitor the impact of Brexit on the European automotive supply chain and will look to optimise investment and local supply to minimise the impact of any future tariff charges. The IPO left the Group with reduced levels of debt, net cash balances and significant financing headroom.
Currency and foreign exchange	A portion of the Group's business is carried out in currencies other than Sterling. To the extent that there are fluctuations in exchange rates, this may have an impact on the Group's financial position or results of operation, as shown in the Group'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.	Where possible the Group buys its materials and services in the functional currency of the entity involved so as to minimise transactional risks. In addition, external borrowings are largely maintained in the functional currency of the local operations. For future capital projects the Board is considering a hedging strategy that would remove uncertainty at the time of order placement. The Board continues to monitor the level of transactional currency risk to which the Group is exposed and may implement a hedging strategy to limit or mitigate risk when the value of these transactions are considered significant enough to have a material impact on results.

Milestones

Over 50 years of **manufacturing experience**

Autins has been well established for 50 years, with exponential growth within the last 5 years. Autins historical moments noted below have equipped the company for future development and growth.

1966
> Set up in 1966 as Automotive Insulations

2006
> Awarded TS 16949

2007
> Awarded Ford Q1
> 1st Large Cut and Seal Technology

2008
> Nominated 1st tier for new XJ

2010
> Nominated 1st tier for Range Rover Evoque

Awards:

- **JLRQ Award** Jaguar Land Rover
- **VDA A Rating** Bentley Motors Limited
- **Investors in People** Investors in People
- **EAL Accredited training facility** ELA
- **ISO/TS 16949 ISO 9001 ISO 14001 OHSAS 18001** NQA

2012

> Formed SI Sweden

scandins
PROVIDING SOUND SOLUTIONS
PART OF THE AUTINS GROUP

2013

> 1st £1m monthly revenues
> Formed RI Germany

rheinland insulations GmbH
SOUND & HEAT SOLUTIONS

2014

> Moved to new headquarters
> 1st Moulding Press installed
> 1st Water Jet installed
> BS OHSAS 18001:2007
> Formed IA Joint Venture

indica automotive
TECHNICAL FOAM SOLUTIONS

2015

> Neptune European exclusivity agreed
> China Part Marking Accredited
> PU Foam Production Started

2016

> Two new European OEMs
> Opened AITC facility
> Formed Solar Nonwovens

SOLAR
NONWOVENS LIMITED

autins | TECHNICAL CENTRE

100 years of service

Throughout the Autins Group, many staff have been loyal to the Company and served for an impressive number of years, equating to a very knowledgeable and experienced team. An exemplary example comes from our Automotive Insulations Ltd team, between these five staff members from the factory, they have achieved 100 years of service.

Market overview

A growing global market

The global automotive market

The global automotive industry has recovered better than many sectors following the economic crisis, with industry profits significantly higher than pre-2007 levels. There has been robust growth in some key markets, with the U.S. achieving record sales in 2015. Falling oil prices, strong growth in employment and low interest rates helped drive the American market above the highs set in 2000, with sales of 17.5 million cars and light trucks, a 5.7% increase on the previous year. Global macroeconomic uncertainty did, however, result in a slowdown in some 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 sizeable proportion of the incremental profits. To a lesser extent, continued strong growth in the US, Europe, Japan and South Korea is also expected to help drive profits through 2020.

The UK automotive market

In the context of a strong global market, the UK is set for further growth across both vehicle production and the local sourcing of components. By 2020 the UK is expected to be producing two million vehicles a year, up 33% on current levels and representing a 5.9% compound annual growth rate. In addition, UK sourced components are expected to increase from 41% to 50% 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 such as Jaguar Land Rover have demonstrated a strong commitment to UK sourcing, with the likes of the Discovery Sport, Jaguar XE, and F-PACE models achieving UK sourcing ratios of around 55%. Given that 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 strengthened its relationship with the domestic automotive industry, and supported several initiatives to help drive the sector. The Automotive Council was established in 2009 to enhance dialogue and strengthen co-operation between UK government and the automotive sector. Several strategies emerging from this body, such as the Advanced Propulsion Centre, are unique 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 strong position to receive further inward investment.

The NVH market

The global automotive noise, vibration and harshness (NVH) materials market is projected to reach $11.6 billion by 2020, growing at a compound annual growth rate of 5.4% between 2015 and 2020. The passenger car segment accounted for the major share of the market.

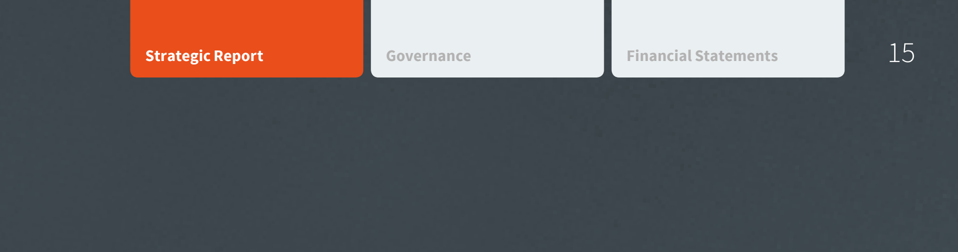
NVH market growth has outpaced that of the automotive market as a whole on account of several factors, notably increased legislation on vehicle noise, 'lightweighting' of vehicles, and consumer demand for a more comfortable and sophisticated environment, not only within the premium segment. Downsized engines and alternative powertrains also present greater NVH challenges and an increasing need for high performance electromagnetic shielding.

Suppliers of automotive NVH materials are predominantly headquartered in Europe and operate globally. Autins' competitors include Autoneum Holding AG, International Automotive Components, 3M Company, Grupo Antolin and Pritex Limited.

33%
increase in UK vehicle production by 2020

50%
UK sourced components by 2020

5.4%
growth forecast in global NVH market



See our strategy on p.19

Our business model

How Autins **deliver value**

Our business model is built on competitive advantages that differentiate us in our marketplace and mean we are well-positioned for growth.

We provide insulation solutions

Based on our innovation and research we manufacture specialist components and materials using a number of different processes, including:

- Thermoforming
- Reaction injection
- Die cutting
- Vacuum forming

For our chosen market sectors

We supply the leading automotive manufacturers in Europe as well as Tier 1 suppliers to the automotive industry. Potential new applications for our solutions include:

- Commercial vehicles
- Marine
- Rail
- Industrial

Applying our key strengths

- Design and know-how
- Patented technology
- Strong European presence
- Highly skilled workforce
- Long-term customer relationships

To deliver value for our stakeholders

Customers
Advanced materials to improve performance and meet increasingly stringent regulations

Employees
Opportunity to work at the leading edge of technology

Investors
Sustainable increase in shareholder value

"I joined Autins 12 years ago as a machine operator and soon progressed. The opportunities for development at Autins are incredible - my 25 year old self would never have imagined that I would become factory manager."

Irek Kimak
— Factory Manager, Rugby

Our strategy

Delivering **sustainable growth**

Our vision

Our objective is to be recognised as one of Europe's premium acoustic and thermal insulation materials and components manufacturers. We will achieve this by delivering sustainable growth through product and process innovation, together with higher gross margins through a commitment to continuous improvement and recognition by customers as a supplier of choice with a highly skilled, motivated and engaged workforce.

Our strategy

Broaden customer and sector base

- > Diversify automotive OEM customers
- > Extend tier one and strategic supplier relationships
- > Target opportunities in non-automotive sectors

Expand geographically

- > Build on established presence in UK, Sweden and Germany
- > Capitalise on Group capabilities to further penetrate European markets
- > Evaluate opportunities in India via joint venture with Indica Industries Ltd

Improve gross margins

- > Focus innovation to better differentiate our solutions
- > Vertically integrate into manufacture of materials
- > Adopt lean enterprise processes to enhance performance

Our strategy is built upon three pillars of expertise

Specialist Component Manufacturing Division

- > 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, e.g. office pods
- > Deployment of auto industry disciplines 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)

Innovation and research

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

See our key performance indicators on p.09

Strategy in action

Continuous **improvement and innovation**

The Autins Technical Centre was established in 2016 to be the core provider of technical research, development and innovation for all Autins Group companies. The technical team provide a high quality, specialist service to colleagues across the Group from concept to production.

Innovation and research

With strength in a range of technical topics, including acoustics, textiles and polymers, the Autins Group is supported by the collaborative research and development service provided by the Autins Technical Centre. The technical staff work closely with all teams across the business to support the development of innovative technical solutions for materials, products and processes. The ongoing vision for the Autins Technical Centre is to continue to provide high quality service to colleagues within the Group, but also to provide a revenue stream through a UKAS-accredited laboratory service to external customers by the end of 2017. Particular areas of innovation and continuous improvement are highlighted below.

- Ongoing evolution of noise, vibration and harshness technology – from commodity to high-value solutions
- Development of complex, technical components
- New manufacturing techniques – drape moulding, water-jet cutting
- Lower-cost solutions – sonic sewing, shaped flat cut parts
- Materials manufacturing within the Group – Light foam, Neptune
- Material and process innovation
- IPR – materials, tooling and manufacturing

"The Autins Technical Centre is the first port of call for staff across the business who need technical knowledge, information and testing resources. We have a strong, multidisciplinary team with extensive experience in acoustic and thermal materials, polymers, fibres, textiles and materials testing."

Dr. Kathy Beresford
— Group Technical Director

Autins Technical Centre based at MIRA Technology Park

Autins Technical Centre (AITC) is based on the expanding enterprise park at MIRA Technology Park. With access to acoustic, mechanical and thermal materials testing equipment, the team can combine their expertise with live data collected within the laboratory environment to enhance and develop Autins Group products and processes.

The technical facility is co-located with office and workshops of both potential and current customers of the Autins Group; this enables the technical team to respond rapidly to customers whilst they're onsite using HORIBA MIRA's extensive test track.

"My PhD focused on polymer materials and I came to Autins on a 12 week industrial internship. I was offered a permanent position and now work at AITC. It is exciting to be part of a team which is at the forefront of innovative developments at Autins."

Dr. Chinemelum Nedolisa
— Materials Researcher

This Strategic Report was approved by the Board on 7 March 2017 and signed by order of the Board by the Chairman.

Adam Attwood
Chairman
7 March 2017

Board of directors

Michael Jennings
Chief Executive

Michael has spent his career in industrial product and technology led businesses in the automotive, electronics and pharmaceutical sectors and, most recently, was Chief Executive of Hydro International plc, the previously AIM quoted global environmental solutions company, from July 2013 until its takeover in late 2016.

Prior to this Michael was the Managing Director of the Industrial and Pharmaceutical Divisions at BOC Group plc where he led the successful sale of the Pharmaceutical Systems business from BOC to IMA Group in 2008. Following the sale Michael joined IMA as Managing Director of its Pharmaceutical division. Prior to this, other roles included Vice-President and General Manager of the Enclosure Systems Division at Flextronics, Director at the Thermo King Division of Ingersoll-Rand and Plant Manager in the Spark Plugs Division of AlliedSignal (now part of Honeywell).

James David Larner
Chief Financial Officer and Company Secretary

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 Division 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.

Adam Richard Attwood
Chairman

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.

Terence (Terry) Brian Garthwaite
Non-Executive Director

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

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.

Directors' report

For the year ended 30 September 2016

The Directors present their report for the year ended 30 September 2016 in accordance with section 415 of the Companies Act 2006. Particulars of important events affecting the Group, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 1 to 21 which is incorporated into this report by reference. In addition, this report should be read in conjunction with information concerning Directors' Remuneration and employee share schemes in notes 7 and 24 to the financial statements, and which is incorporated by way of cross-reference into the Directors' Report.

The Company is an investment holding company and the principal activity of its subsidiary undertakings is the supply of insulating materials to the automotive industry.

The Company did not make any political donations during the year.

Results and dividends

The results for the year are set out in the consolidated income statement, on page 30. Following the year-end, the Directors assessed the appropriateness of the Group declaring a second interim dividend and are recommending that a dividend of 0.4 pence should be paid.

Directors

The Directors who served during the year and up to the date of approval were as follows:

- Adam Attwood (appointed 18 January 2016);
- Terry Garthwaite (appointed 1 March 2016);
- Jim Griffin (resigned 1 February 2017);
- Ian Griffiths (appointed 21 March 2016);
- Karen Holdback (resigned 22 August 2016);
- James Larner (appointed 18 January 2016);
- Kevin Westwood (resigned 22 August 2016); and
- Michael Jennings (appointed 6 February 2017)

Re-election of Directors

At every Annual General Meeting, one-third of the Directors for the time being (excluding any Director appointed since the previous AGM) or, if their number is not a multiple of three, the number nearest to but not exceeding one-third, shall retire from office by rotation. On this basis, James Larner, and Adam Attwood will offer themselves for re-election at the forthcoming AGM.

As announced on 1 February 2017, Jim Griffin resigned as Chief Executive. On 6 February 2017, Michael Jennings was appointed as interim Chief Executive for an initial period of 6 months, during which time he will serve as a member of the Board. He will stand for election at the forthcoming AGM.

Corporate governance

The Directors acknowledge the importance of good corporate governance and, whilst the Group is not required to comply with the UK Corporate Governance Code, they apply its principles so far as is practicable, taking into account the Company's size and stage of development.

Board of Directors and Board Committees

The Board comprises five Directors of whom two are Executives and three Non-Executives, and reflects a blend of different experience and backgrounds. Biographical details of all the Directors at the date of this report are set out on page 23.

Meetings of the Board and its Committees

Audit, Remuneration and Nominations Committees met for the first time after the year end.

In the event that Directors are unable to attend a meeting, their comments on the business to be considered at the meeting are discussed with the Chairman ahead of the meeting so that their contribution can be included in the wider Board discussion.

Board Committees

As noted above, the Board has three principal committees with clearly defined terms of reference. The members of the committees and their duties are set out below.

Audit Committee

The Audit Committee assists the Board in discharging its responsibilities, within agreed terms of reference, with regard to corporate governance, financial reporting and external and internal audits and controls.

The ultimate responsibility for reviewing and approving the Annual Report and Accounts and the half-yearly reports remains with the Board. Membership of the Audit Committee comprises the three Non-Executive Directors under the chairmanship of Terry Garthwaite.

The Audit Committee meets formally not less than three times every year and otherwise as required but did not meet between the date of admission to AIM (22 August 2016) and the financial year end (30 September 2016). However, following the year-end, the Audit Committee met to consider, inter alia, the external auditor's audit plan for the financial year to 30 September 2016.

Remuneration Committee

The Remuneration Committee is responsible, within agreed terms of reference, for establishing a formal and transparent procedure for developing policy on executive remuneration and for setting the remuneration packages of individual Directors. This includes agreeing with the Board the framework for remuneration of the Executive Directors and the executive management team. It is furthermore responsible for determining the total individual remuneration packages of each Director including, where appropriate, bonuses, incentive payments and share options. No Director may be involved in any decision as to their own remuneration. The membership of the Remuneration Committee comprises the two independent Directors and the committee is chaired by Ian Griffiths.

The Remuneration Committee meets not less than twice a year and at such other times as the Chairman of the Committee shall require but did not meet between the date of admission to AIM (22 August 2016) and the financial year end (30 September 2016). Prior to the date of admission to AIM, the Committee met to confirm remuneration arrangements ahead of the IPO, including the approval of the Long-Term Incentive Plan, Annual Bonus Plan and Executive Directors' service contracts.

Nomination Committee

The Nomination Committee has responsibility for reviewing the structure, size and composition of the Board and recommending to the Board any changes required, for succession planning and for identifying and nominating for approval of the Board candidates to fill vacancies as and when they arise. The Committee is also responsible for reviewing the results of any Board performance evaluation process and making recommendations to the Board concerning the Board's committees and the re-election of Directors at the Annual General Meeting. The membership of the Nomination Committee comprises the three Non-Executive Directors and is chaired by Adam Attwood.

The Nomination Committee meets not less than twice a year and at such other times as the Chairman of the Committee shall require but did not meet between the date of admission to AIM (22 August 2016) and the financial year end (30 September 2016).

Board evaluation

The Chairman, as part of his responsibilities, informally assesses the performance of the Board and its Directors on an ongoing basis and brings to the Board's attention any areas for improvement. For the time being, the Board will continue to evaluate in this way the balance of skills, experience, independence and knowledge required to ensure that its composition is appropriate to the Group's size and complexity.

Internal control and risk management

The Board is responsible for the Group's systems of internal controls and, together with the Audit Committee, reviewing those systems. The systems put in place are designed to manage, limit and control risk but cannot eliminate all risk completely.

The Executive Directors of the Company are actively involved in the daily management of the operations of the Group. Business risks are regularly identified and appropriate control systems are implemented to manage those risks. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss. Steps have been taken to embed internal control and risk management further into the operations of the business. The monthly results of each area of the business are reported, discussed and compared to forecast.

Auditor independence

The Audit Committee and the external auditors, BDO LLP, have safeguards in place to avoid the possibility that the auditors' objectivity and independence could be compromised. These safeguards include the auditors' report to the Audit Committee on the actions they take to comply with the professional and regulatory requirements and best practice designed to ensure their independence from the Company.

The non-audit work undertaken in the year by the Group's auditor, BDO LLP, included Reporting Accountant work in relation to the IPO and advice on a tax restructuring and the long term incentive plan for the Group.

Directors' report continued

Directors' interests and indemnity arrangements

At no time during the year did any Director hold a material interest in any contract of significance with the Group or any of its subsidiary undertakings other than an indemnity provision between each Director and the Group and employment contracts between each Executive Director and the Group. The Group has purchased and maintained throughout the year Directors' and Officers' liability insurance in respect of all Group companies.

Directors' interests in shares

The interests of the Directors and their families in the shares of the Company at the date of admission to AIM and the end of the financial year were as follows:

	£0.02 Ordinary Shares as at 22 August 2016	Outstanding options over shares as at 30 September 2016 and 28 February 2017
Adam Attwood (appointed 18 January 2016)	419,650	419,650
James Larner (appointed 18 January 2016)	Nil	Nil
Jim Griffin (resigned 1 February 2017)	3,000,000	3,000,000
Terry Garthwaite	Nil	Nil
Ian Griffiths	Nil	Nil

Share capital

Details of the Company's share capital are set out in note 19 to the financial statements. The Company has one class of share capital: 22,100,984 fully paid Ordinary Shares with a nominal value of £0.02 each which, following the Company's Initial Public Offering, were admitted to the London Stock Exchange Alternative Investment Market on 22 August 2016. The rights and obligations attached to the Ordinary Shares are governed by UK law and the Company's Articles of Association.

Major interests in shares

As at 30 September 2016 and as at 28 February 2017, the following substantial interests (3% or more) in voting rights attaching to the Company's Ordinary Shares had been notified to the Company:

Shareholder	Number of voting rights as at 28 February 2017	% voting rights as at 28 February 2017	Number of voting rights as at 30 September 2016	% voting rights as at 30 September 2016
Schroder Investment Management Limited	4,700,000	21.26%	4,700,000	21.26%
Miton Asset Management Limited	3,321,361	15.2%	3,208,500	14.52%
James (Jim) Griffin	3,000,000	13.6%	3,000,000	13.6%
Hargreave Hale Limited	1,558,500	7.1%	1,558,500	7.1%
Karen Holdback	1,275,000	5.8%	1,275,000	5.8%
Kevin Westwood	1,275,000	5.8%	1,275,000	5.8%
JP Morgan Asset Management	770,000	3.5%	770,000	3.5%
Ruffer LLP	687,500	3.1%	687,500	3.1%

Financial risk management

The Group uses financial instruments to manage certain types of risks, including those relating to credit and foreign currency exchange. The Group's objectives and policies on financial risk management including information on liquidity, capital, credit and risk can be found on pages 44 and 45 of the financial statements and in the risks section on pages 45 to 46.

Future business developments

The strategy of the Group is explained in the Strategic Report section of this Annual Report and Accounts which, as noted in the preamble to the Directors' Report, is incorporated into this report by reference.

Research & development

The Group continues to invest in its research and development activities, as explained in the joint Chairman and Chief Executive's Statement and the Financial Review.

Health and safety

The Group is committed to providing a safe and healthy working environment for all staff and contractors. The Group's health and safety standard sets out the range of policies, procedures and systems required to manage risks and promote wellbeing. The Company Secretary has overall accountability for health and safety across the organisation and reports formally to the Board.

Going concern

The Company's business activities, together with risk factors which potentially affect its future development, performance or position can be found in the Strategic Report on pages 1 to 21. Details of the Company's financial position and its cash flows are outlined in the Financial Review on pages 6 to 8.

After making reasonable enquiries, the Board has an expectation that the Group and the Company have adequate financial resources together with a strong business model to ensure they continue to operate for the foreseeable future. The Company is a cash-generative business that, when required, has access to borrowing facilities to meet the Group's future cash requirements. Accordingly, the Directors have adopted the going concern basis in preparing the financial statements.

Auditors

As recommended by the Audit Committee, pursuant to section 487 of the Companies Act 2006 and having indicated its willingness to act, the Company will propose a resolution at the AGM that BDO LLP be reappointed as auditor of the Company.

Audit information

Each of the Directors at the date of the Directors' Report confirms that so far as he is aware, there is no relevant audit information of which the Company's auditor is unaware and he has taken all the reasonable steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of the information.

The confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Shareholder relations and the Annual General Meeting

The Chief Executive and Chief Financial Officer meet analysts and institutional shareholders of the Company after the interim and annual results announcements and on an as-needed basis at other times in the year to update shareholders on the progress of the Group. Additionally, the Non-Executive Directors are available to meet shareholders if requested.

The Directors encourage the participation of all shareholders, including private shareholders, at the Annual General Meeting. The Annual Report and Accounts are published on the Company's website, www.autins.co.uk, and can be accessed by shareholders and potential investors.

Notice of the Annual General Meeting will be sent to shareholders at least 21 clear days before the meeting. The voting results will be announced following the meeting.

The Company uses its corporate website (www.autins.co.uk) to communicate with its institutional shareholders and private investors and posts the latest announcements, press releases and published financial information together with market updates and other information about the Group.

Details of the Company's first Annual General Meeting and the resolutions to be proposed will be set out in a separate notice of meeting.

The Directors' Report has been approved by the Board of Directors on 7 March 2017.

Signed by order of the Board.

James Larner
Company Secretary
7 March 2017

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

Company number: 8958960

Statement of Directors' responsibilities
In respect of the Annual Report and Accounts

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

Company law requires the Directors to prepare Group and Parent Company financial statements for each financial year. As required by the AIM Rules of the London Stock Exchange, they are required to prepare the Group financial statements in accordance with IFRSs as adopted by the EU and applicable law and have elected to prepare the Parent Company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework. Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of the profit or loss of the Group for that period. In preparing each of the Group and Parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- for the Parent Company financial statements, state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Parent Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are also responsible for taking such steps as are reasonably open to them to safeguard the assets of the Group and the Parent Company and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Parent Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the members of Autins Group plc

We have audited the financial statements of Autins Group plc for the year ended 30 September 2016 which comprise the consolidated and Company statement of financial position, the consolidated income statement and consolidated statement of comprehensive income, the consolidated and Company statement of cash flows, the consolidated and Company statement of changes in equity and the related notes. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the statement of Directors' responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and the Parent Company's affairs as at 30 September 2016 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company's financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Andrew Mair (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Birmingham
7 March 2017

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

Consolidated income statement

For the year ended 30 September 2016

	Note	2016 £000	2015 £000
Revenue	4	**20,378**	19,781
Cost of sales		**(13,845)**	(13,737)
Gross profit		**6,533**	6,044
Other operating income		**291**	191
Distribution expenses		**(693)**	(634)
Administrative expenses excluding exceptional IPO costs		**(5,647)**	(4,403)
Exceptional IPO related administrative expenses (net)		**(182)**	–
Total administrative expenses		**(5,829)**	(4,403)
Operating profit	5	**302**	1,198
Finance expense	8	**(558)**	(386)
Share of post-tax profit of equity-accounted joint ventures	13	**115**	87
Gain on existing interest on acquisition of control	26	**327**	–
Profit before tax		**186**	899
Tax income/(expense)	9	**112**	(182)
Profit after tax for the period		**298**	717
Attributable to equity holders of the Parent Company		**295**	749
Non-controlling interest		**3**	(32)
		298	717
Earnings per share for profit attributable to the owners of the Parent during the period			
Basic (pence)	10	**2.03p**	5.56p
Diluted (pence)	10	**2.03p**	5.56p

All amounts relate to continuing operations.

The notes on pages 38 to 60 form part of these financial statements.

Consolidated statement of comprehensive income

For the year ended 30 September 2016

	Note	2016 £000	2015 £000
Profit after tax for the year		**298**	717
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Currency translation differences			
Attributable to equity holders of the Parent Company		**(88)**	–
Non-controlling interest		**(7)**	–
Total currency translation differences		**(95)**	–
Total comprehensive income for the year		**203**	717
Attributable to equity holders of the Parent Company		**207**	749
Non-controlling interest		**(4)**	(32)
		203	717

The notes on pages 38 to 60 form part of these financial statements.

Consolidated statement of financial position

As at 30 September 2016

	Note	2016 £000	2015 £000
Non-current assets			
Property, plant and equipment	11	8,808	3,444
Intangible assets	12	3,706	3,189
Investments in equity-accounted joint ventures	13	206	111
Total non-current assets		12,720	6,744
Current assets			
Inventories	14	1,565	1,392
Trade and other receivables	15	4,955	4,105
Cash and cash equivalents		6,449	505
Total current assets		12,969	6,002
Total assets		25,689	12,746
Current liabilities			
Trade and other payables	16	6,300	3,975
Loans and borrowings	17	994	2,930
Corporation tax liability		–	87
Total current liabilities		7,294	6,992
Non-current liabilities			
Loans and borrowings	17	2,119	3,039
Deferred tax liability	18	559	657
Total non-current liabilities		2,678	3,696
Total liabilities		9,972	10,688
Net assets		15,717	2,058
Equity attributable to equity holders of the Company			
Share capital	19	442	255
Share premium account	19	12,938	–
Other reserves	21	1,886	1,391
Currency differences reserve	21	(88)	–
Retained earnings	21	539	476
		15,717	2,122
Non-controlling interest		–	(64)
Total equity		15,717	2,058

The notes on pages 38 to 60 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 7 March 2017.

James Larner
Chief Financial Officer

Parent Company statement of financial position

As at 30 September 2016

	Note	2016 £000	2015 £000
Non-current assets			
Investments	13	**16,239**	3,027
Total non-current assets		**16,239**	3,027
Current assets			
Trade and other receivables	15	**6,605**	1,489
Cash and cash equivalents		**5,042**	1
Total current assets		**11,647**	1,490
Total assets		**27,886**	4,517
Current liabilities			
Trade and other payables	16	**10,778**	871
Loans and borrowings	17	**270**	440
Corporation tax liability		**–**	14
Total current liabilities		**11,048**	1,325
Non-current liabilities			
Loans and borrowings	17	**894**	930
Deferred tax liability	18	**55**	51
Total non-current liabilities		**949**	981
Total liabilities		**11,997**	2,306
Net assets		**15,889**	2,211
Equity attributable to equity holders of the Company			
Share capital	19	**442**	255
Share premium account	19	**12,938**	–
Other reserves	21	**1,886**	1,391
Retained earnings	21	**623**	565
Total equity		**15,889**	2,211

The Company has elected to take the exemption under section 408 of the Companies Act not to present the Parent Company profit and loss account. The profit for the Parent Company for the year was £71,000 (2015: £253,000).

The notes on pages 38 to 60 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 7 March 2017.

James Larner
Chief Financial Officer

Consolidated statement of changes in equity

For the year ended 30 September 2016

	Share capital £000	Other reserves £000	Retained earnings £000	Total £000	Non-controlling interest £000	Total equity £000
At 1 October 2014	255	2,403	(264)	2,394	(32)	2,362
Comprehensive income for the year						
Profit for the year	–	–	749	749	(32)	717
Total comprehensive income for the year	–	–	749	749	(32)	717
Contributions by and distributions to owners						
Dividends	–	–	(9)	(9)	–	(9)
Bonus share issue	1,014	(1,014)	–	–	–	–
Repayment of capital	(1,014)	–	–	(1,014)	–	(1,014)
Issue of share capital	–	2	–	2	–	2
Total contributions by and distributions to owners	–	(1,012)	(9)	(1,021)	–	(1,021)
At 30 September 2015	**255**	**1,391**	**476**	**2,122**	**(64)**	**2,058**

	Share capital £'000	Share premium account capital £000	Other reserves £000	Cumulative currency differences reserve £000	Retained earnings £000	Total £000	Non-controlling interest £000	Total equity £000
At 1 October 2015	255	–	1,391	–	476	2,122	(64)	2,058
Comprehensive income for the year								
Profit for the year	–	–	–	–	295	295	3	298
Other comprehensive income	–	–	–	(88)	–	(88)	(7)	(95)
Total comprehensive income for the year	–	–	–	(88)	295	207	(4)	203
Contributions by and distributions to owners								
Share option expense	–	–	–	–	10	10	–	10
Dividends	–	–	–	–	(9)	(9)	–	(9)
Bonus share issue	14	–	–	–	(14)	–	–	–
Issue of share capital (net of expenses of issue)	173	12,938	495	–	–	13,606	–	13,606
Acquisition of minority interest (note 27)	–	–	–	–	(219)	(219)	68	(151)
Total contributions by and distributions to owners	187	12,938	495	–	(232)	13,388	68	13,456
At 30 September 2016	442	12,938	1,886	(88)	539	15,717	–	15,717

The cumulative currency differences reserve may be reclassified subsequently to profit and loss.

Parent Company statement of changes in equity

For the year ended 30 September 2016

	Share capital £000	Share premium account £000	Other reserves £000	Retained earnings £000	Total equity £000
At 1 October 2014	255	–	2,403	321	2,979
Comprehensive income for the year					
Profit for the year and total comprehensive expense	–	–	–	253	253
Total comprehensive income for the year	255	–	2,403	574	3,232
Contributions by and distributions to owners					
Dividends	–	–	–	(9)	(9)
Bonus share issue	1,014	–	(1,014)	–	–
Repayment of capital	(1,014)	–	–	–	(1,014)
Issue of share capital	–	–	2	–	2
Total contributions by and distributions to owners	–	–	(1,012)	(9)	(1,021)
At 1 October 2015	255	–	1,391	565	2,211
Comprehensive income for the year					
Profit for the year and total comprehensive expense	–	–	–	71	71
Total comprehensive income for the year	**255**	**–**	**1,391**	**636**	**2,282**
Contributions by and distributions to owners					
Dividends	**–**	**–**	**–**	**(9)**	**(9)**
Share option expense	**–**	**–**	**–**	**10**	**10**
Bonus share issue	**14**	**–**	**–**	**(14)**	**–**
Issue of share capital (net of expenses of issue)	**173**	**12,938**	**495**	**–**	**13,606**
Total contributions by and distributions to owners	**187**	**12,938**	**495**	**(13)**	**13,607**
At 30 September 2016	**442**	**12,938**	**1,886**	**623**	**15,889**

Consolidated statement of cash flows

For the year ended 30 September 2016

	2016 £000	2015 £000
Operating activities		
Profit after tax	298	717
Adjustments for:		
Income tax (credit)/expense	(112)	182
Finance expense	558	386
Employee share-based payment charge	10	–
Depreciation of property, plant and equipment	379	339
Amortisation of intangible assets	237	237
Gain on existing interest on acquisition of control	(327)	–
(Profit)/loss on sale of fixed assets	(96)	93
Share of post-tax profit of equity-accounted joint ventures	(115)	(87)
	832	1,867
Increase in trade and other receivables	(840)	(240)
(Increase)/decrease in inventories	(67)	259
Increase in trade and other payables	748	862
	(159)	881
Cash generated from operations	673	2,748
Income taxes paid	(173)	(79)
Net cash flows from operating activities	500	2,669
Investing activities		
Purchase of property, plant and equipment	(3,417)	(405)
Proceeds from sale of property, plant and equipment	187	2
Purchase of intangible assets	(180)	–
Acquisition of subsidiary (net of overdraft acquired)	(56)	–
Dividend received from equity-accounted for joint venture	15	–
Net cash used in investing activities	(3,451)	(403)
Financing activities		
Share capital issued	14,000	–
Share issue expenses	(895)	–
Interest paid	(324)	(250)
Loan notes repaid	(425)	(254)
Bank loans repaid	(3,908)	(1,195)
Hire purchase repaid	(420)	(253)
(Decrease)/increase in invoice discounting	(1,893)	219
Bank loans drawn	2,976	250
Repayment of Directors' loans	(300)	(369)
Dividends paid	(9)	(9)
Net cash used in financing activities	8,802	(1,861)
Net increase in cash and cash equivalents	5,851	405
Cash and cash equivalents at beginning of year	505	100
Overdraft on acquisition	(56)	–
Cash and cash equivalents at end of year	6,300	505
Cash and cash equivalents comprise:		
Cash balances	6,449	505
Bank overdraft	(149)	–
	6,300	505

Non-cash transactions

Ordinary Shares with a value of £500,000 were issued to settle the consideration for the acquisition of Scandins AB and of the non-controlling interest in RI Rheinland Insulations GmbH.

The Group acquired plant and equipment at a cost of £240,000 and £922,000, respectively, under hire purchase arrangements in 2016 and 2015 and at 30 September 2016 there was a capital accrual of £1,410,000. These transactions have been shown net in the consolidated statement of cash flows.

Parent Company statement of cash flows
For the year ended 30 September 2016

	2016 £000	2015 £000
Operating activities		
Profit after tax	**71**	253
Adjustments for:		
Income tax (credit)/expense	**(171)**	(36)
Finance expense	**234**	136
Employee share-based payment charge	**10**	–
	144	353
Increase in trade and other receivables	**(7,942)**	(356)
Increase in trade and other payables	**483**	621
	(7,459)	265
Net cash flows from operating activities	**(7,315)**	618
Financing activities		
Share capital issued	**14,000**	–
Share issue expenses	**(895)**	–
Loan notes repaid	**(440)**	(240)
Repayment of Directors' loans	**(300)**	(369)
Dividends paid	**(9)**	(9)
Net cash from financing activities	**12,356**	(618)
Net increase in cash and cash equivalents	**5,041**	–
Cash and cash equivalents at beginning of year	**1**	1
Cash and cash equivalents at end of year (all cash balances)	**5,042**	1

Non-cash transactions
A restructure of the wholly-owned Group subsidiary companies from indirect to directly held investments in shares increased the cost of investment in subsidiaries by £13,212,000. This was settled on intercompany balances and, accordingly, these are not included in the cash flow statement.

Notes to the financial statements

For the year ended 30 September 2016

1. Accounting policies

Description of business

Autins Group is a public limited Company incorporated and domiciled in the UK and listed on the Alternative Investment Market of the London Stock Exchange ('AIM'). The principal activity of the Group is the supply of Noise Vibration and Harshness (NVH) insulating materials primarily to the automotive industry. The address of the registered office is Central Point One, Central Park Drive, Rugby, Warwickshire CV23 0WE.

Accounting convention and basis of preparation

The financial statements have been prepared in accordance with the historical cost convention, International Financial Reporting Standards ('IFRS') and IFRIC interpretations issued by the International Accounting Standards Board as adopted by the European Union. The stated accounting policies have been consistently applied to all periods presented. The date of transition to IFRS and the effect of transition on the Group financial statements was set out in the placing document at Admission to AIM.

The Parent Company financial statements have been prepared under applicable UK Accounting Standards (FRS 101) in order to apply IFRS accounting standards with the option of the FRS 101 disclosure exemptions. The effect of transition to FRS 101 is set out in note 28.

The financial statements are drawn up in sterling, the functional currency of Autins Group plc. The level of rounding for the financial statements is the nearest thousand pounds.

Composition of the Group

A list of the subsidiary undertakings and joint ventures is given in note 13 to the financial statements.

Changes in accounting policies

These financial statements have been prepared in accordance with IFRS and IFRIC Interpretations issued by the International Accounting Standards Board as adopted by the European Union for periods beginning on or after 1 October 2015. There were no new standards or interpretations effective for the first time for the period beginning on 1 October 2015.

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 these financial statements and are not expected to have an effect on the Company's or Group's future financial statements are:

- Annual improvements to IFRSs 2012–2014 (effective 1 January 2016)
- Clarification of acceptable methods of depreciation and amortisation (effective 1 January 2016)
- Accounting for acquisitions of interests in joint operations (effective 1 January 2016)

These that may have an effect on the Company's or Group's future financial statements are:

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 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 statements incorporate the results of business combinations using the acquisition method. In the statement of financial position, the acquiree's identifiable assets (both tangible and intangible), 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. Any non-controlling interest in a subsidiary entity is recognised at a proportionate share of the subsidiary's net assets or liabilities. On acquisition of a non-controlling interest, the difference between the consideration paid and the non-controlling interest at that date is taken to equity reserves.

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.

Exceptional expenses
The Group classifies certain one-off charges or credits that have a material impact on the financial results, and which are largely non-trading or not expected to recur, as 'exceptional items'. These are disclosed separately to provide further understanding of the financial performance of the Group.

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. This is applied either on initial acquisition or where control is gained over a previously equity-accounted interest in an entity. A fair value is measured for the entire holding on taking control and in respect of all assets and liabilities resulting in a gain or loss on a previously held and equity-accounted investment.

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.

Notes to the financial statements continued
For the year ended 30 September 2016

1. Accounting policies continued
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 an 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, pre-production plant commissioning costs and interest incurred during the course of construction.

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 from the date when they are brought into use. It is provided at the following rates:

Plant and machinery	–	5-20 years straight-line
Leasehold improvements	–	Period of the lease
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 is 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:
- It is technically feasible to complete the development such that it will be available for use, sale or licence;
- There is an intention to complete the development;
- There is an ability to use, sell or licence the resultant asset;
- The method by which probable future economic benefits will be generated is known;
- There are adequate technical, financial and other resources required to complete the development;
- 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 ten 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 income statement.

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.

Capital grants

Grants received relating to tangible fixed assets are treated as deferred income and released to the income statement over the expected useful lives of the assets concerned.

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 consolidated income statement.

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 and accumulated in a separate equity reserve.

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 income statement 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 income statement in the period to which they relate.

Share-based payment

The Group operates an equity-settled share-based compensation plan in which the Group receives services from Directors and certain employees as consideration for share options. The fair value of the services is recognised as an expense over the vesting period, determined by reference to the fair value of the options granted.

Invoice discounting

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

Charges and interest were recognised in the consolidated income statement as they accrue.

Investments in subsidiaries

Investments in subsidiaries are stated at cost or at the fair value of shares issued as consideration less provision for any impairment.

Notes to the financial statements continued

For the year ended 30 September 2016

1. Accounting policies continued

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:

(a) 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 and are included within the consolidated statement of financial position.

(b) Cash and cash equivalents

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

(c) Impairment of financial assets

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 nor 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 considers 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. 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 income statement. No differences exist between the basis of preparation of the performance measures used by management and the figures in the Group financial statements.

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 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 judgements 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.

Notes to the financial statements continued
For the year ended 30 September 2016

2. Critical accounting estimates and judgements continued
(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 12.

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 hire purchase agreements
> Floating-rate invoice discounting
> Fixed-rate loan notes

Group financial instruments by category
Financial assets

	Loans and receivables	
	2016 £000	2015 £000
Cash and cash equivalents	**6,449**	505
Trade and other receivables	**4,385**	3,833
Total financial assets	**10,834**	4,338

Financial liabilities

	Financial liabilities at amortised cost	
	2016 £000	2015 £000
Trade and other payables	**5,922**	3,616
Loans and borrowings	**3,113**	5,969
Total financial liabilities	**9,035**	9,585

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 2016, the Group has trade receivables of £3,965,000 (2015: £3,503,000).

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 15. There have been no material impairments to trade or other receivables in the two years included within these financial statements and no indication of enhanced customer credit risk.

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 2016, 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. There was an unutilised £2.75m (2015: £0.3m) invoice discounting facility at 30 September 2016 which in November 2016 was replaced with an unutilised £6m discounting facility and up to £4.5m for asset finance.

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

At 30 September 2016	**Up to 1 year £000**	**1 to 2 years £000**	**2 to 5 years £000**
Overdrafts	**149**	**–**	**–**
Trade and other payables	**5,922**	**–**	**–**
Bank loans	**174**	**142**	**203**
Hire purchase (including fixed interest)	**455**	**447**	**550**
Loan notes*	**270**	**330**	**630**
Total	**6,970**	**919**	**1,383**

At 30 September 2015	Up to 1 year £000	1 to 2 years £000	2 to 5 years £000
Trade and other payables	3,616	–	–
Bank loans	198	56	1,229
Hire purchase (including fixed interest)	453	301	904
Loan notes	440	270	960
Invoice discounting	1,893	–	–
Total	6,600	627	3,093

* The loan notes were redeemed early in November 2016 utilising Group cash balances.

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 net foreign currency-denominated assets/liabilities in the Group other than a US dollar capital equipment creditor of £1,410,000 at 30 September 2016, and Swedish krona-denominated goodwill and fixed assets in respect of Scandins AB.

The Directors consider that reasonably foreseeable exchange rate fluctuation will not result in a material movement in these balances.

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 asset-backed loans in the Swedish subsidiary and, until their repayment in August 2016, on the 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.

	2016 £000	2015 £000
Invoice discounting	**–**	1,893
Tooling loan	**–**	165
Asset-bridging facility	**–**	33
Unsecured mezzanine debt	**–**	382
Asset backed bank loans	**519**	–
Total floating rate debt	**519**	2,473

At 30 September 2015, £680,000 of the unsecured mezzanine debt was subject to a fixed-rate arrangement.

Borrowings with loan note holders and under asset finance/hire purchase arrangements are at a fixed interest rate over their term. The loan notes were repaid shortly after the year end and book hire purchase obligations are considered to equate to fair values in the context of current long term interest rates.

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.

Notes to the financial statements continued
For the year ended 30 September 2016

3. Financial instruments – risk management continued

Capital management

The Group's IPO in August 2016 raised cash which was used to repay prior debt finance and the Group is principally now equity financed with undrawn facilities available and with term finance utilised for certain capital projects. The capital comprises all components of equity which includes share capital, non-controlling interests, retained earnings and other reserves.

The Company and 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 Company and 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 Company and 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.

Parent Company financial instruments by category

Financial assets

	Loans and receivables	
	2016 £000	2015 £000
Cash and cash equivalents	**5,042**	1
Trade and other receivables	**6,516**	1,045
Total financial assets	**11,558**	1,046

Financial liabilities

	Financial liabilities at amortised cost	
	2016 £000	2015 £000
Trade and other payables	**10,765**	871
Loans and borrowings	**1,164**	1,370
Total financial liabilities	**11,929**	2,241

All financial instruments are carried at amortised cost and the carrying value of the Company'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 and placed on deposit in UK banks.

Liquidity risk

Liquidity risk arises from the management of working capital and the continued availability of Group funding facilities. It is the risk that the Company 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 including those of the Parent Company.

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

At 30 September 2016	**Up to 1 year £000**	**1 to 2 years £000**	**2 to 5 years £000**
Loan Notes*	270	330	630

At 30 September 2015	**Up to 1 year £000**	**1 to 2 years £000**	**2 to 5 years £000**
Loan Notes	440	270	960

*The loan notes were redeemed early in November 2016 utilising cash balances.

Interest rate risk

The Company has no borrowings subject to interest rate risks.

4. Revenue and segmental information

Revenue analysis

	2016 £000	2015 £000
Revenue arises from:		
Component sales	**19,745**	17,250
Sales of tooling	**633**	2,531
	20,378	19,781

Segmental information

The Group currently has one main reportable segment 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). Automotive remained the only significant segment in the year although there has been investment and costs incurred in the development and commissioning of equipment which can manufacture both automotive and other products.

Segmental analysis for the year ended 30 September 2016

	Automotive NVH £000	Others £000	2016 total £000
Group's revenue per consolidated statement of comprehensive income	19,514	864	20,378
Depreciation	379		379
Amortisation	237		237
Segment operating profit	218	84	302
Finance expense			(558)
Share of post-tax profit of equity-accounted joint ventures			115
Gain on equity interest in joint venture			327
Group profit before tax			186
Additions to non-current assets	6,511	–	6,511
Reportable segment assets	25,483	–	25,483
Investment in joint ventures	206	–	206
Reportable segment assets/total Group assets	25,689	–	25,689
Reportable segment liabilities/total Group liabilities	9,972	–	9,972

Segmental analysis for the year ended 30 September 2015

	Automotive NVH £000	Others £000	2015 total £000
Group's revenue per consolidated statement of comprehensive income	19,548	232	19,781
Depreciation	339	–	339
Amortisation	237	–	237
Segment operating profit	1,148	50	1,198
Finance expense			(386)
Share of post tax profit of equity-accounted joint ventures			87
Group profit before tax			899
Additions to non-current assets	1,327	–	1,327
Reportable segment assets	12,635	–	12,635
Investment in joint ventures	111	–	111
Reportable segment assets/total Group assets	12,746	–	12,746
Reportable segment liabilities/total Group liabilities	10,688	–	10,688

Revenues from one customer in 2016 total £13,158,000 (2015: £12,503,000). This major customer purchases goods from Automotive Insulations Limited in the UK.

External revenues by location of customers

	2016 £000	2015 £000
UK	18,940	18,999
Sweden	461	369
Germany	916	374
Rest of the World	61	39
	20,378	19,781

Notes to the financial statements continued

For the year ended 30 September 2016

4. Revenue and segmental information continued

The only material non-current assets in any location outside of the UK are £1,099,000 (2015: £nil) of fixed assets and £574,000 (2015: £nil) of goodwill in respect of the Swedish subsidiary acquired in the year.

5. Profit from operations

The operating profit is stated after charging:

	2016 £000	2015 £000
Foreign exchange (gains)/losses	(89)	46
Depreciation	379	339
Amortisation of intangible assets	237	237
(Profit)/loss on disposal of fixed assets	(96)	93
Cost of inventory sold	12,930	12,938
Research and development	684	173
Revenue grant income	(264)	(142)
Employee benefit expenses (see note 6)	4,814	3,399
Lease payments	1,031	522
Auditors' remuneration:		
Fees for audit of the Group	41	11
Fees for taxation compliance	9	7
Fees for taxation advisory services	23	–
Fees for other services	23	11

In addition, auditor's remuneration of £199,000 in respect of corporate finance services and £11,000 in respect of other assurance services has been included in share issue costs which have been allocated between the share premium account and operating costs.

Exceptional IPO related administrative expenses of £648,000 were incurred offset by £466,000 recharged to Director shareholders who sold shares (£182,000 net).

The operating costs in 2016 include £229,000 relating to the set-up of the Solar business before sales commence. In addition, the Group strategically invested in research and development work as disclosed above and as required to deliver growth in future periods. Revenue grants of £264,000 (2015: £142,000) are in relation to government assistance on a research project.

Group key personnel are considered to be the Directors and Senior Management team of Autins Group plc and Automotive Insulations Limited, which is the largest trading entity in the Group. The remuneration of Company and Group key personnel is disclosed in note 24. Company key personnel are considered to be the Directors.

6. Staff costs

	2016 £000	2015 £000
Wages and salaries	4,237	3,124
Social security costs	516	247
Share-based payments	10	–
Other pension costs	51	28
	4,814	3,399

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

	2016 £000	2015 £000
Directors	5	3
Administrative, sales and development	60	43
Production staff	89	65
	154	111

7. Directors remuneration

	Salary £000	Benefits £000	Pension £000	Total £000
Year ended 30 September 2016				
A. Attwood	**45**	**–**	**–**	**45**
J. Griffin*	**35**	**5**	**–**	**40**
J. Larner	**73**	**6**	**4**	**83**
T. Garthwaite	**26**	**–**	**–**	**26**
I. Griffiths	**23**	**–**	**–**	**23**
K. Holdback	**17**	**3**	**–**	**20**
K. Westwood	**15**	**5**	**–**	**20**
	234	**19**	**4**	**257**
Year ended 30 September 2015				
J. Griffin	17	–	–	17
K. Holdback	6	–	–	6
K. Westwood	18	–	–	18
	41	–	–	41

* J. Griffin's salary under his new service contract only commenced from August 2016.

8. Finance expense

	2016 £000	2015 £000
Bank loan interest	**266**	200
Loan note interest (note 17)	**234**	136
Interest element of hire purchase agreements	**58**	50
	558	386

9. Income tax

(i) Tax (credit)/expense in income statement excluding share of tax of equity accounted for joint ventures

	2016 £000	2015 £000
Current tax expense		
Current tax on profits for the period	**43**	214
Adjustment in respect of previous periods	**–**	(28)
Total current tax	**43**	186
Deferred tax expense		
Origination and reversal of temporary differences	**(105)**	(4)
Impact of change in UK tax rate	**(29)**	–
Adjustment in respect of previous periods	**(21)**	–
	(112)	182

(ii) Total tax (credit)/expense

	2016 £000	2015 £000
Tax (credit)/expense excluding share of tax of equity accounted for joint ventures (as stated above)	**(112)**	182
Share of tax of equity-accounted joint ventures	**38**	29
	(74)	211

No tax arises in respect of other comprehensive income.

Notes to the financial statements continued
For the year ended 30 September 2016

9. Income tax continued
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 the profit for the year are as follows:

	2016 £000	2015 £000
Profit for the year	298	717
Income tax (credit)/expense (including tax on joint ventures)	(74)	211
Profit before income taxes	224	928
Expected tax charge based on Corporation Tax rate of 20.0% in 2016 (2015: 20.5%)	45	190
Expenses not deductible for tax purposes	17	13
Gain on equity interest not taxable	(65)	–
Enhanced R&D tax relief	(30)	(27)
Impact of different tax rates	(33)	2
Tax losses not recognised	13	61
Adjustments in respect of previous periods	(21)	(28)
Total tax including joint ventures	**(74)**	211

The current rate of UK Corporation Tax is 20%. Changes to reduce the UK Corporation Tax rate to 19% from 1 April 2017 and to 17% from 1 April 2020 have been substantively enacted and accordingly are applied to deferred taxation balances at 30 September 2016.

The current rate of Corporation Tax in Sweden is 22% and the current rate of Corporation Tax in Germany is 30–33%. The Group's Swedish and German subsidiaries did not have taxable profits during the years under review.

10. Earnings per share

	2016 £000	2015 £000
Profit		
Profit used in calculating basic and diluted EPS	295	749
Number of shares		
Weighted average number of £0.02 shares for the purpose of basic earnings per share (000s)	14,513	13,470
Weighted average number of £0.02 shares for the purpose of diluted earnings per share (000s)	14,524	13,470
Earnings per share (pence)	2.03p	5.56p
Diluted earnings per share (pence)	2.03p	5.56p

Earnings per share have been calculated based on the share capital of Autins Group plc and the earnings of the Group for both years. There are options in place over 436,152 shares (2015: nil) that may dilute earnings per share.

11. Property, plant and equipment

Group	Plant and machinery £000	Leasehold improvements £000	Fixtures and fittings £000	Total £000
COST				
At 1 October 2014	3,096	–	437	3,533
Additions	1,205	–	122	1,327
Disposals	(140)	–	–	(140)
At 30 September 2015	4,161	–	559	4,720
Additions	4,230	781	24	5,035
Acquisition of subsidiary	744	–	–	744
Foreign exchange movement	55	–	–	55
Disposals	(133)	–	(2)	(135)
At 30 September 2016	**9,057**	**781**	**581**	**10,419**
DEPRECIATION				
At 1 October 2014	978	–	4	982
Charge for year	286	–	53	339
Eliminated on disposal	(45)	–	–	(45)
At 30 September 2015	1,219	–	57	1,276
Charge for year	300	1	78	379
Eliminated on disposal	(44)	–	–	(44)
At 30 September 2016	**1,475**	**1**	**135**	**1,611**
NET BOOK VALUE				
At 30 September 2016	**7,582**	**780**	**446**	**8,808**
At 30 September 2015	2,942	–	502	3,444

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

	Plant and Machinery £000	Leasehold Improvements £000	Fixtures and fittings £000	Total £000
At 30 September 2016	**1,767**	**–**	**86**	**1,853**
At 30 September 2015	1,758	–	21	1,779

Depreciation of £110,000 was charged on these assets in the year (2015: £104,000).

Plant and machinery and leasehold improvements include assets of £3,204,000 and £771,000, respectively, in respect of Solar Nonwovens Limited which had not yet been brought into economic use.

The Company has no fixed assets.

12. Intangible assets

Group	Goodwill £000	Development costs £000	Customer relationships £000	Tooling intellectual property £000	Total £000
COST					
At 1 October 2014	1,616	–	1,079	830	3,525
Additions	–	–	–	–	–
At 30 September 2015	**1,616**	**–**	**1,079**	**830**	**3,525**
Additions	**552**	**180**	**–**	**–**	**732**
Foreign currency differences	**22**	**–**	**–**	**–**	**22**
At 30 September 2016	**2,190**	**180**	**1,079**	**830**	**4,279**
AMORTISATION					
At 1 October 2014	–	–	64	35	99
Charge for the year	–	–	154	83	237
At 30 September 2015	**–**	**–**	**218**	**118**	**336**
Charge for the year	**–**	**–**	**154**	**83**	**237**
At 30 September 2016	**–**	**–**	**372**	**201**	**573**
NET BOOK VALUE					
At 30 September 2016	**2,190**	**180**	**707**	**629**	**3,706**
At 30 September 2015	1,616	–	861	712	3,189

Further details of the acquisitions and goodwill are given in notes 26 and 27.

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 is based on projected four-year post-tax discounted cash flows together with a terminal value. The cash flows have been discounted at pre-tax rates of 11.8%, reflecting the Group's weighted average cost of capital adjusted for country-specific tax rates and risks. The Directors have reviewed a range of reasonably foreseeable sensitivities which would not impair the asset and recurring operating cashflows would have to fall to £1m before an impairment arose.

The Company has no intangible assets.

13. Fixed asset investments

Company	Investments in subsidiaries £000
COST	
At 30 September 2014 and 2015	3,027
Additions	13,212
Net book value at 30 September 2016	**16,239**

Notes to the financial statements continued
For the year ended 30 September 2016

13. Fixed asset investments continued
Additions arose as a result of an internal restructuring in order for the Company to directly hold all UK trading subsidiaries with a fair value paid for the transfer resulting in an increase in the cost of investment.

The subsidiaries of the Company, which have all been included in the consolidated financial statements based on their results to 30 September 2016, are as follows:

Name	Principal activity	2016 Ownership %	2015 Ownership %
Automotive Insulations Limited	Supply of insulating materials	**100**	100
Auto Insulations Limited	Letting of plant and machinery	**100**	100
Solar Nonwovens Limited	Supply of insulating materials	**100**	100
Autins Technical Centre Limited	Development of insulating materials	**100**	100
Acoustic Insulations Limited	Dormant	**100**	100
RI Rheinland Insulations GmbH	Supply of insulating materials	**100**	90
Scandins AB	Supply of insulating materials	**100**	49
DBX Acoustics AB	Supply of insulating materials	**100**	–

The Group agree to guarantee the liabilities of Auto Insulations Limited, Acoustic Insulations Limited and Autins Technical Centre Limited, thereby allowing them to take exemption from an audit under Section 479 of the Companies Act 2006.

Scandins AB was a joint venture and RI Rheinland Insulations GmbH had a non-controlling interest of 10% until 20 April 2016. DBX Acoustics AB was acquired in Sweden by Scandins AB on 20 April 2016. Scandins AB and RI Rheinland Insulations GmbH operate in and are incorporated in Sweden and Germany respectively. They are held by Automotive Insulations Limited.

Interests in joint ventures comprise the following:

Name	Principal activity	2016 Ownership %	2015 Ownership %
Indica Automotive Limited	Supply of insulating materials	**50**	50

Group	Interest in joint ventures £000
COST AND NET BOOK VALUE	
At 30 September 2014	24
Share of profit for the year	87
Net book value at 30 September 2015	**111**
Share on acquisition of full control	**(5)**
Share of profit after tax for the year	**115**
Dividend paid by JV	**(15)**
Net book value at 30 September 2016	**206**

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

	2016 £000	2015 £000
Profit before tax	**153**	116
Taxation	**(38)**	(29)
Profit after tax	**115**	87

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

As at 30 September	2016 £000	2015 £000
Current assets	**621**	749
Non-current assets	**271**	446
Current liabilities	**(360)**	(618)
Non-current liabilities	**(120)**	(353)
Included in the above amounts are:		
Cash and cash equivalents	**60**	9
Current financial liabilities (excluding trade payables)	**(85)**	(213)
Non-current financial liabilities (excluding trade payables)	**(60)**	(353)
Net assets (100%)	**412**	224
Group share of net assets	**206**	111

Year ended 30 September	2016 £000	2015 £000
Revenues	**2,907**	2,905
Profit after tax	**225**	175
Total comprehensive income (100%)	**225**	175
Group share of total comprehensive income	**115**	87
Included in the above amounts are:		
Depreciation and amortisation	**94**	77
Interest expense	**9**	29
Income tax expense	**(76)**	(58)

14. Inventories

Group	£000	£000
Raw materials	**623**	207
Work in progress	**463**	627
Finished goods	**176**	304
Tooling stock for resale	**303**	254
	1,565	1,392

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. The Company has no inventories.

15. Trade and other receivables

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Trade receivables	**3,965**	3,503	**–**	–
Amounts owed by subsidiaries	**–**	–	**6,201**	1,489
Amounts owed by equity-accounted joint ventures	**–**	135	**–**	–
Other receivables	**420**	196	**315**	–
Total financial assets other than cash equivalents classified as receivables	**4,385**	3,834	**6,516**	1,489
Corporation tax debtor	**43**	–	**–**	–
Prepayments	**527**	271	**89**	–
Total trade and other receivables	**4,955**	4,105	**6,605**	1,489
The analysis of trade receivables is as follows:				
Not yet due	**3,906**	3,476	**–**	–
Past due but not impaired	**59**	27	**–**	–
	3,965	3,503	**–**	–

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 periods presented.

The Group had financing agreements until August 2016 whereby certain trade debts were subject to an invoice discounting agreement which was secured against the associated trade receivables. The amounts outstanding at 30 September 2015 were £1,893,000. The credit risk remained with the Group and accordingly the trade receivable and amounts drawn down under the financing arrangements are presented gross.

Notes to the financial statements continued
For the year ended 30 September 2016

16. Trade and other payables

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Current				
Trade payables	**3,210**	2,498	**393**	–
Amounts owed to subsidiaries	**–**	–	**10,295**	331
Amount owed to equity-accounted joint ventures	**393**	346	**–**	–
Other creditors	**402**	133	**2**	–
Amounts due to Directors	**–**	540	**–**	540
Accruals	**1,917**	99	**75**	–
Total financial liabilities, excluding borrowings, classified as financial liabilities measured at amortised cost	**5,922**	3,616	**10,765**	871
Social security and other taxes	**378**	359	**13**	–
Total trade and other payables	**6,300**	3,975	**10,778**	871

Accruals includes £1,410,000 in respect of capital equipment.

No interest is payable on the amounts owed to the Company or by the Company to its subsidiaries.

17. Loans and borrowings

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Bank loans and overdrafts	**668**	1,260	**–**	
Loan notes	**1,164**	1,355	**1,043**	1,370
Hire purchase	**1,281**	1,461	**–**	–
Invoice discounting	**–**	1,893	**–**	–
Total loans and borrowings	**3,113**	5,969	**1,043**	1,370
Bank overdrafts	**149**	–	**–**	–
Bank loans	**174**	198	**–**	–
Loan notes	**270**	440	**270**	440
Hire purchase	**401**	399	**–**	–
Invoice discounting	**–**	1,893	**–**	–
Current	**994**	2,930	**270**	440
Bank loans	**345**	1,062	**–**	–
Loan notes	**894**	915	**894**	930
Hire purchase	**880**	1,062	**–**	–
Non-current	**2,119**	3,039	**894**	930

Bank loans and loan notes are secured by fixed and floating charges 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	SEK	Secured	Repayable by instalments	Base rate + 3.75%	Up to 2020
Loan notes	Sterling	Secured	Repaid post year end	0%	2019
Bank loans A	Sterling	Secured	Repaid August 2016	LIBOR + 2.5%	2016
Bank loans B	Sterling	Secured	Repaid August 2016	LIBOR + 3.0%	2016
Bank loans C	Sterling	Unsecured	Repaid August 2016	10.0%	2019

The secured loan notes are subordinated to the debts held by the Group's principal bankers. Interest on these loan notes was being imputed on a fair value basis over the remainder of the period of repayment. On 11 November 2016, the remaining loan notes were repaid by the Company for an amount of £1,136,000 and the loan interest charge was accelerated by £121,000 in the year to 30 September 2016.

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 were 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:

Group	2016 £000	2015 £000
Less than one year	455	453
Between one and five years	997	1,205
Total gross payments	1,452	1,658
Less: interest charge allocated to future periods	(171)	(197)
Carrying amount of liability	1,281	1,461

18. Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 19% (2015: 20%). The movement on the deferred tax account is as shown below:

	2016 £000	2015 £000
Opening balance	657	660
On acquisition of subsidiary	57	–
Expensed/(credited) in profit and loss in respect of:		
Accelerated capital allowances	(49)	93
Losses carried forward	(99)	–
Amortisation of intangible fixed assets	(47)	(47)
Finance income and other timing differences	40	(49)
Total credit	(155)	(3)
Closing balance	559	657

Group	2016 £000	2015 £000
Details of the net deferred tax liability are as follows:		
Accelerated capital allowances	246	295
Losses	(105)	–
Deferred tax on intangible asset	274	315
On fair valued assets	57	–
Other temporary differences	87	47
Closing balance	559	657

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.

The Company deferred tax liability of £55,000 (2015: £51,000) relates solely to the timing differences in respect of finance income arising on the loan notes.

The Group has an unrecognised deferred tax asset of approximately £180,000 at 30 September 2016 (2015: £180,000) in respect of losses carried forward in an overseas subsidiary as it is, as yet, uncertain when these will be utilised. UK tax losses have been recognised as an asset as they are expected to be utilised against trading profits in the short term.

19. Share capital

	2016 £000	2015 £000
Allotted, issued and fully paid		
22,100,984 Ordinary Shares of £0.02 each	442	–
Nil (2015: 255,000) Ordinary Shares of £1 each	–	255
Nil (2015: 3) Ordinary A Shares of £1 each	–	–
	442	255

On 12 August 2016, a bonus issue of 14,390 Ordinary A Shares of £1 was made in order to satisfy the rights attaching to the A Shares with the 14,393 A Shares then converted to £1 Ordinary Shares.

On 15 August 2016 all £1 Ordinary Shares were converted into 50 £0.02 Ordinary Shares.

Notes to the financial statements continued
For the year ended 30 September 2016

19. Share capital continued
On 22 August 2016, 8,333,334 £0.02 Ordinary Shares were issued on Admission to AIM for cash consideration of £1.68 per share and 298,000 £0.02 Ordinary Shares were issued to satisfy the consideration under option agreements for the acquisition of Scandins AB and the remaining 10% of RI Rheinland Insulations GmbH (see notes 26 and 27).

A share premium of £13,833,000 arose on the issued shares and £895,000 of issue expenses have been debited to the share premium account resulting in a net balance of £12,938,000. No share premium arises on the 298,000 of consideration shares issued due to the application of merger relief under the Companies Act 2006.

Recording the fair value of the cost of investment at £1.68 per share and £507,000 in total results in an Other reserve of £495,000.

Movements in share capital	Nominal value £000	Number
At beginning of the year		
255,003 Ordinary and 3 A Ordinary Shares of £1 each	255	255,003
Issues during the year		
Bonus issue	14	14,390
Additional shares on conversion into £0.02 shares		13,200,257
Placing of new shares	167	8,333,334
Issue of shares as consideration	6	298,000
Closing share capital at 30 September 2016	**442**	**22,100,984**

In the year ended 30 September 2015 a bonus issue of 1,013,850 £1 Ordinary Shares was followed by a repayment of the 1,013,850 shares. 3 'A' Ordinary Shares were issued with a total value of £2,000 in the same year.

20. Share-based payment *(Company and Group)*
Share options are granted to Directors and selected employees and are conditional on the employees completing three years' service. The exercise price is equal to the market price of the shares at the grant date. Options become exercisable three years from the grant date for a period of seven years, with 50% subject to achieving target growth in the share price and 50% growth in the earnings per share. 436,152 options were granted at Admission to AIM with an exercise price of £1.68 (2015; none).

The fair value of the options was determined using a Log-Normal Monte-Carlo stochastic model and was calculated at 49.5 pence per share and 56.2 pence per share, respectively, for the market-based and performance conditions with an expected vesting period of four and a half years. The main assumptions in the valuation model were a volatility of 51.8%, a dividend yield of 0.525% and an annual risk free rate of 0.2%.

21. 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.

The cumulative currency differences reserve represents translation differences in respect of the net assets of overseas subsidiaries.

Other reserves of £1,391,000 represent the difference between the fair value and nominal value of shares issued in partial satisfaction of the acquisition of 100% of the equity of Acoustic Insulations Limited in April 2014 and the £495,000 disclosed in note 19.

22. Commitments
The total value of minimum lease payments due until the end of the lease are payable as follows:

Group	2016 £000	2015 £000
Land and buildings:		
Within one year	**972**	468
Later than one year and not later than five years	**3,530**	1,502
Later than five years	**5,597**	3,045
Other:		
Within one year	**123**	97
Later than one year and not later than five years	**117**	122
	10,339	5,234

There are no contingent lease payables in respect of renewal or purchase options.

The Group had capital commitments at 30 September 2016 of £282,000 (2015: £nil).

The Company had no lease or capital commitments.

23. Dividends

	2016 £000	2015 £000
Dividends paid of £0.035p per share on £1 Ordinary shares	**9**	9

For the period from 29 April 2014 to 15 August 2016 the Group had 255,000 £1 Ordinary Shares in issue.

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

24. Related party transactions

	30 Sept 2016 £000	30 Sept 2015 £000
The following amounts due from/(to) directors existed:		
J. Griffin		
Opening balance	**(180)**	34
Amounts arising on share re-purchase	**–**	(338)
Amounts withdrawn from Company	**100**	124
Recharge of share sale expenses	**78**	–
Closing balance	**(2)**	(180)

	£000	£000
K. Holdback		
Opening balance	**(180)**	34
Amounts arising on share re-purchase	**–**	(338)
Amounts withdrawn from Company	**100**	124
Recharge of share sale expenses	**185**	–
Closing balance	**105**	(180)

	£000	£000
K. Westwood		
Opening balance	**(180)**	34
Amounts arising on share re-purchase	**–**	(338)
Amounts withdrawn from Company	**100**	124
Recharge of share sale expenses	**185**	–
Closing balance	**105**	(180)
A. Attwood	**–**	–
Recharge of share sale expenses	**18**	–
Closing balance	**18**	–

The loans did not bear interest and were repayable on demand. The Directors have been recharged an amount of £466,000 relating to the costs of the listing in respect of existing shares sold, of which £238,000 was offset against the loan account liabilities and £228,000 is now included in other debtors as shown above.

Share options

Directors and other Senior Management members hold the following share options (see note 20).

	Number of options	
	EPS target	Share price target
J. Griffin (options lapsed on his resignation in February 2017)	65,104	65,104
J. Larner	44,643	44,643
Other Senior Management	108,329	108,329
	218,076	**218,076**

Notes to the financial statements continued
For the year ended 30 September 2016

24. Related party transactions continued
Transactions with related parties and key management personnel
Group and Company key management personnel costs

	2016 £000	2015 £000
Group aggregate salaries and post-employment benefits	1,063	643
Company aggregate salaries and post-employment benefits	283	41

The aggregate value of transactions with entities over which related parties have control or significant influence were as follows. No amounts were owed at the year end.

	2016 £000	2015 £000
Salaries and wages paid to close family members on a normal commercial basis*	33	57
Legal and advisory fees**	18	9
Donations***	7	3
Consumables****	4	1

* 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 or event sponsorship paid to a charity, RDA (Trading) Ltd in which one of the Directors held office.
**** Purchases were made on normal commercial terms from a Company controlled by 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 had joint control until acquiring a full controlling interest on 20 April 2016.

	2016 £000	2015 £000
Transactions:		
Sales to joint venture	123	97
Purchases from joint venture	727	1,554
Sale of fixed assets	185	–
Hire of plant and machinery to Scandins AB	–	33
Balance owed to the Group at 20 April 2016/30 September 2015	289	135

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

	2016 £000	2015 £000
Transactions:		
Sales to joint venture	116	131
Purchases from joint venture	1,781	1,130
Balance at the year end (owed by) the Group	(393)	(347)

25. Control
In the opinion of the Directors there is no one ultimate controlling party.

26. Acquisition of Scandins AB

On 20 April 2016 the Group acquired the remaining 51% 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 for 51% was satisfied by the grant of share options in Autins Group Limited to Örjan Karlsson Holdings AB. The options were exercised by Örjan Karlsson Holding AB upon Admission to AIM. This placed an overall fair value of £687,000 on the Company and in accordance with IFRS 3 a gain of £327,000 has been recognised on the previous equity interest. This arises from the fair value of £337,000 placed on the existing 49% share held less the equity accounted interest and costs incurred at the date of acquisition.

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

	At book value £000	Fair value adjustment £000	Fair value £000
Fair value of assets acquired			
Property, plant and equipment	505	239	744
Trade and other receivables	207	–	207
Inventories	106	–	106
Trade and other payables	(279)	–	(279)
Bank overdraft	(56)	–	(56)
Owed to Autins Group	(289)	–	(289)
Loans and other borrowings	(191)	–	(191)
Deferred taxation	–	(57)	(57)
			185
Fair value of consideration for 100%			687
Goodwill (note 12)			502

Scandins' principal customer is the Group and the goodwill is considered to primarily represent the benefit of gaining control of the integral manufacturing in Sweden for the Group's automotive activity. From the acquisition date to the Group's 30 September 2016 year end, Scandins AB contributed £302,000 of external sales to Group revenues, a result of £nil to the Group result and a cash outflow from operating activities of £85,000. If Scandins had been consolidated for the full year, Group revenue would have been £354,000 higher and an additional loss of £23,000 included.

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 know-how, from KBKE I Goteburg AG. Consideration of £50,000 was payable and is all considered to represent goodwill. As part of this agreement DBX Acoustics AB also committed to purchase, at book value, the saleable flooring inventory from KBKE I Goteburg AG.

27. Acquisition of non-controlling interest in RI Rheinland Insulations GmbH

On 19 April 2016 Automotive Insulations Limited acquired the 10% 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 which were exercised by Matthias Migl upon Admission to AIM.

At this date the non-controlling interest represented £68,000 of the net liabilities and under the IFRS accounting, this results in a £219,000 debit to equity.

28. Parent Company restatement and transition to FRS 101

The Company has adopted FRS 101 and the application of International Financial Reporting Standards (IFRS) with reduced disclosure from 1 October 2014.

The main items contributing to the changes in the financial statements compared with that reported under UK GAAP as at the transition date are shown below as reconciliations between UK GAAP and IFRS of both equity and profit.

Reconciliation of equity as at 1 October 2014:

	UK GAAP £000	Restatement £000	IAS 39 Financial Instruments £000	Tax adjustments £000	IFRS £000
Capital and reserves					
Issued capital	255	–	–	–	255
Other reserves	4,989	(2,586)	–	–	2,403
Retained earnings	103	–	319	(101)	321
Total equity	5,347	(2,586)	319	(101)	2,979

Notes to the financial statements continued
For the year ended 30 September 2016

28. Parent Company restatement and transition to FRS 101 continued

Reconciliation of equity as at 30 September 2015:

	UK GAAP £000	Restatement £000	IAS 39 Financial Instruments £000	Tax adjustments £000	IFRS £000
Capital and reserves					
Issued capital	255	–	–	–	255
Other reserves	3,977	(2,586)	–	–	1,391
Retained earnings	447	–	183	(65)	565
Total equity	4,679	(2,586)	183	(65)	2,211

Restatement

The additional rigour applied in assessing the transition adjustments also led to the identification of an error 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 to the cost of investment was recognised in other reserves.

IAS 39 Financial Instruments

An adjustment was made to recognise the loan notes issued by the Company 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 at inception to record the liability at fair value at inception. A deferred tax liability was recognised in relation to this adjustment.

In 2015, £136,136 (2014: £72,246) was charged to the income statement as an unwinding of the discount applied. A reduction in income tax payable was also recognised in relation to this charge together with the change in tax in respect of the finance income recognised in 2014.

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

	UK GAAP £000	IAS 39 Financial Instruments £000	Other adjustments £000	IFRS £000
Administrative expenses	(3)	–	–	(3)
Investment income	356	–	–	356
Finance expense	–	(136)	–	(136)
Profit before tax	353	(136)		217
Taxation	–	–	36	36
Profit for the year/total comprehensive income	353	(136)	36	253

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 deferred tax credit.

Directors, secretary, registered office and advisers

Directors
Adam Attwood, Non-Executive Chairman
Jim Griffin, Chief Executive Officer (Resigned 1 February 2017)
James Larner, Chief Financial Officer
Terry Garthwaite, Non-Executive Director
Ian Griffiths, Non-Executive Director
Michael Jennings (Appointed 6 February 2017)

Company Secretary
James Larner

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