

14 March 2018

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*This announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014 ("MAR"). In addition, market soundings (as defined in MAR) were taken in respect of the Placing with the result that certain persons became aware of inside information (as defined in MAR), as permitted by MAR. This inside information is set out in this Announcement. Therefore, those persons that received inside information in a market sounding are no longer in possession of such inside information relating to the Company and its securities.*

**Flowtech Fluidpower plc**  
("Flowtech", the "Group" or the "Company")

**Acquisition of Balu Limited**

**Firm Placing and Conditional Placing to raise up to £11 million**

**Notice of General Meeting**

Flowtech (AIM: FLO), the specialist technical fluid power products supplier, is pleased to announce that on 13 March 2018 it entered into an agreement to acquire the entire issued share capital of Balu and its trading subsidiaries, Beaumanor and Derek Lane, for a total consideration of approximately £10.2 million (the "Acquisition").

Beaumanor was founded in 1974 and is an importer and distributor of fluid power equipment in the UK. The Beaumanor business is based in Leicester and employs 44 staff. Derek Lane was founded in 1979 and is a supplier of fluid power products and engineered solutions. The Derek Lane business is based in Newton Abbot, Devon, and employs 28 staff. The unaudited financial statements of Balu for the year to 31 January 2018 showed revenue of £11.4 million and proforma EBIT of £1.4 million. Unaudited net assets excluding net debt at the same date were £5.9 million.

The Acquisition provides a further complementary business to the Group, creating a co-ordinated approach to three major catalogue brands in the UK market place. The Acquisition widens the target customer base using separate trading "styles" from the same platform and will replicate the Flowtechnology model to deliver cost and service synergies. It also creates a second logistics centre in Leicester to deliver stock optimisation and supply chain improvements across the Group, as well as establishing a substantial operational site in the important Midlands region of the UK and operationally de-risks the main Skelmersdale site.

As part of the transaction, Flowtech is also pleased to announce that Zeus Capital and finnCap have co-ordinated a Firm Placing and Conditional Placing to raise up to £11.0 million by way of the issue of an aggregate 6,470,589 new Ordinary Shares at the Placing Price of 170 pence per Ordinary Share with certain existing and new institutional and other professional investors. Those net funds raised in addition to the cash consideration for the Acquisition will be used to strengthen the balance sheet.

The Placing Price represents a discount of approximately 3.8 per cent. to the closing mid-market price of the Ordinary Shares on 13 March 2018 (being the last practicable dealing day prior to the date of this announcement). The Placing Shares will represent approximately 10.9 per cent. of the ordinary share capital as enlarged by the Acquisition and Placing and will, when issued, rank *pari passu* in all other respects with the Company's Existing Ordinary Shares. Following the Firm Placing, the Conditional Placing and the allotment of the Acquisition Shares, the total number of ordinary shares and voting rights in the Company will be 59,582,531. The Company does not hold any shares in treasury.

Application has been made for the Firm Placing Shares to be admitted to AIM and it is expected that Admission will become effective and trading will commence at 8:00 a.m. on 15 March 2018.

Additional information on the Acquisition and the Placing is included below.

**Sean Fennon, CEO, Flowtech Fluidpower plc commented:**

*"We are delighted to announce the acquisition of Balu which brings together three major catalogue brands in the UK market place and again widens the customer base we serve. It also gives us the opportunity to add a second logistics centre in Leicester which should deliver stock optimisation and supply chain improvements across the Group and operationally de-risk the main Skelmersdale site.*

*We are also pleased to announce the successful placing to raise £11 million which demonstrates clear support from both new and existing shareholders for our ongoing strategy to develop a focused fluid power group that serves a wide number of industry sectors."*

**Enquiries:**

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## EDITORS NOTES

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### About Flowtech Fluidpower plc

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Founded as Flowtech in 1983, the Flowtech Group is the UK's leading specialist supplier of technical fluid power products. The business joined AiM in 2014. Today, the Group has four distinct divisions:

<b>Division:</b>	<b>What we do:</b>	<b>Locations:</b>
<b>Flowtechnology</b>	Focus on supplying distributors and resellers of industrial MRO products, primarily serving urgent orders rather than bulk offerings. It offers an unrivalled range of OEM and Exclusive Brand products to over 3,400 distributors and resellers. The catalogue is recognised as the definitive source for fluid power products, containing over 100,000 individual product lines and are distributed to more than 80,000 industrial MRO end users.	Flowtechnology Benelux (Deventer) Flowtechnology China (Guangzhou) Flowtechnology UK (Skelmersdale) Indequip (Skelmersdale)
<b>Power Motion Control(PMC)</b>	Specialise in the design, assembly and supply of engineering components and hydraulic systems and is further enhanced by a service and repair function.	Primary Fluid Power (Knowsley) Nelson Fluid Power (Dublin, Dungannon, Lisburn,) TripleSix (West Yorkshire) Albroco (Knowsley) Hydraulics & Transmissions (Ludlow) HiPower Hydraulics (Belfast, Cork, Dublin, Manchester) Hydroflex (Brussels, OudBeijerland, Rotterdam) Hydraulic Equipment Supermarkets (Birmingham, Durham, Gloucester, Leeds) Branch Hydraulics (Gloucester)
<b>Process</b>	Focus on the supply of industrial components and solutions to the process sectors.	Hydravalve (Willenhall) Orange County (Spennymoor)
<b>Onsite Services</b>	In 2018, the Group will extend its service offering to include Onsite Technical Maintenance through highly skilled engineers.	HES Onsite (Birmingham, Durham, Leeds, Gloucester)

All four of the Group's divisions have overlapping product sets, allowing procurement synergies to be maximised.

The above divisions are supported by a centralised back office team at the Skelmersdale site and a procurement and quality control team in Shanghai. In total, the business employs over 500 people. For more information please visit, [www.flowtechfluidpower.com](http://www.flowtechfluidpower.com)

## **Introduction**

On 13 March 2018, Fluidpower, a wholly owned subsidiary of the Company, entered into the Acquisition Agreement to acquire the entire issued share capital of Balu and its trading subsidiaries, Beaumanor and Derek Lane, for a total consideration of approximately £10.2 million.

Pursuant to the Acquisition, the Company has agreed to allot the Acquisition Shares at the Placing Price, which constituted a portion of the consideration under the Acquisition Agreement, of approximately £0.5 million.

As part of the transaction, Zeus Capital and finnCap have co-ordinated a Firm Placing and Conditional Placing to raise in aggregate £11.0 million by way of the issue of an aggregate 6,470,589 new Ordinary Shares at the Placing Price of 170 pence per Ordinary Share.

The Firm Placing Shares and the Conditional Placing Shares have been placed with certain existing and new institutional and other professional investors.

The Firm Placing and the allotment of the Acquisition Shares are both being made pursuant to existing authorities to allot shares and disapply pre-emption rights under section 551 and section 570 of the Act, which the Directors were given at the Company's Annual General Meeting of the Company held on 25 May 2017. Accordingly, completion of the Firm Placing and allotment of the Acquisition Shares are due to take place on First Admission which is expected to occur at 8:00 a.m. on 15 March 2018 and the Second Admission which is expected to occur on 8.00 a.m. on 20 March 2018.

However, the Conditional Placing is conditional, *inter alia*, on the passing of the Resolutions by the Shareholders at the General Meeting, which has been convened for 3 April 2018. If the Resolutions are passed, the Conditional Placing Shares are expected to be allotted immediately after the General Meeting, conditional on Third Admission, which is expected to occur at 8:00 a.m. on 4 April 2018.

The Acquisition (and the allotment of the Acquisition Shares) and the Firm Placing are not conditional upon approval of the Conditional Placing and there is, therefore, a possibility that the Acquisition may complete, the Acquisition Shares be allotted, and the Firm Placing Shares be issued but that the Conditional Placing Shares not be issued.

## **Information on Balu, Beaumanor and Derek Lane**

Balu is the parent company of two trading entities; Beaumanor and Derek Lane.

Beaumanor, founded in 1974 and based in Leicester, is an importer and distributor of fluid power equipment in the UK. It has a large customer base with no major customer concentration and sources products from a range of suppliers. It provides products through its website and a biennial catalogue, and is one of Flowtech's largest competitors in the "catalogue-based" market. It employs 44 staff. The unaudited financial statements for the year to 31 January 2018 showed revenue of £8.1 million and operating profit after certain add backs of £1.3 million.

Beaumanor will be part of the Flowtechology Division and Beaumanor management will report directly to Flowtech CEO, Sean Fennon, who will have specific responsibility for the Beaumanor integration plan.

Derek Lane, founded in 1979 and based in Newton Abbot, Devon, is a supplier of fluid power products and engineered solutions. Derek Lane's largest customer supports Ministry of Defence naval contracts in the Devon area. It employs 28 staff. The unaudited financial statements for the year to 31 January 2018 showed revenue of £3.3 million and operating profit of £0.2 million.

Derek Lane will be part of the PMC Division and management will report directly to Nick Fossey, Managing Director UK & Ireland.

## **Strategic rationale for the Acquisition and the Placing**

The Company's long-term growth model is based on both organic growth, coupled with complementary acquisitions in the UK and Europe in a fragmented market place. The Acquisition is in line with this strategy.

The Board considers Balu and its trading subsidiaries to be a clear strategic fit with Flowtech and believes the Acquisition will provide a number of commercial, operational and financial benefits which are expected to create value for Shareholders. In particular:

- creating a co-ordinated approach to three major catalogue brands in the UK market place;
- widen target customer base using separate trading “styles” from the same platform;
- replicating the Flowtechnology model to deliver cost and service synergies;
- create a second Logistics Centre in Leicester to deliver stock optimisation and supply chain improvements across the Group, as well as establish a substantial operational site in the important Midlands region of the UK; and
- operationally de-risk the main Skelmersdale site.

### **Details of the Acquisition**

On 13 March 2018, the Company entered into the Acquisition Agreement with the Seller to acquire the entire issued share capital of Balu, for an aggregate sum of approximately £10.2 million comprised of £2.0 million net debt absorbed and £8.2 million equity consideration to be satisfied as follows:

- c.£4.65 million cash paid on Completion of the Acquisition, subject to certain completion adjustments (inclusive of a deposit amount of £300,000 which was paid to Seller on entry by the parties into the Acquisition Agreement);
- c.£0.5 million paid by means of the Acquisition Shares at the Placing Price. The Seller has agreed not to dispose of any of the Consideration Shares for a period of 12 months (except under limited circumstances with the approval of the Board) from Completion of the Acquisition and thereafter orderly market arrangements for a further period of 12 months;
- c.£1.0 million cash to be paid approximately one month after Completion of the Acquisition, subject to certain completion adjustments;
- c.£1.7 million cash to be paid 6 months after Completion of the Acquisition, subject to certain completion adjustments; and
- c.£0.35 million cash paid pending the resolution of a corporation tax claim which is expected to be resolved within 12 months of Completion of the Acquisition.

The Seller will leave the business on Completion of the Acquisition and is subject to a non-compete covenant lasting for 2 years from Completion of the Acquisition. The Managing Director of Balu will leave the business on Completion of the Acquisition, and the Financial Director will leave after remaining at Balu until 29 March 2018 and are both subject to a non-compete covenant lasting for 12 months from Completion of the Acquisition.

Other than the individuals outlined above, the main operating management teams in Beaumanor and Derek Lane will continue in the business. The Sales Director and Operations Director of Derek Lane will also retain an aggregate 10% minority interest in Derek Lane.

Completion of the Acquisition and the allotment of the Acquisition Shares are conditional on First Admission and the receipt of proceeds from the Firm Placing. Pursuant to the terms of the Acquisition Agreement, Completion of the Acquisition would occur and the condition would be satisfied by the transfer of the initial consideration price of £4,650,000 to the Seller (less the deposit amount of £300,000, which had been paid to Seller on entry by the parties into the Acquisition Agreement). If the condition is not satisfied on or before 30 April 2018 the Acquisition will not proceed.

### **Details of the Placing**

The Company proposes to raise £11.0 million (before commissions, fees and expenses), by way of a Firm Placing and Conditional Placing of an aggregate 6,470,589 new Ordinary Shares at the Placing Price.

The Firm Placing and the allotment of the Acquisition Shares are both being made pursuant to existing authorities to allot shares and dis-apply pre-emption rights under section 551 and section 570 of the Act, which the Directors were given at the Company’s Annual General Meeting of the Company held on 25 May 2017. Accordingly, completion of the Firm Placing is due to take place on First Admission which is expected to occur at 8:00 a.m. on 15 March 2018 and, subject to satisfaction of the condition

under the Acquisition Agreement being the transfer of the initial consideration price of £4,650,000 to the Seller (less the deposit amount of £300,000, which had been paid to Seller on entry by the parties into the Acquisition Agreement), the completion of the allotment of the Acquisition Shares is due to take place on the Second Admission which is expected to occur on 8.00 a.m. on 20 March 2018.

The Conditional Placing is conditional, *inter alia*, on the passing of the Resolutions by the Shareholders at the General Meeting, which has been convened for 3 April 2018, notice of which is set out at the end of this document and Admission. If the Resolutions are passed, the Conditional Placing Shares are expected to be allotted immediately after the General Meeting, conditional on Third Admission, which is expected to occur at 8:00 a.m. on 4 April 2018.

Subscribers for the Placing Shares have, pursuant to the Placing Agreement, been procured by Zeus Capital and finnCap, as agents for the Company, comprising existing and new institutional and other professional investors.

The Placing Price represents a discount of approximately 3.8 per cent. to the closing mid-market price of the Ordinary Shares on 13 March 2018 (being the last practicable dealing day prior to the date of this document). The Placing Shares will represent approximately 10.9 per cent. of the ordinary share capital as enlarged by the Placing and will, when issued, rank *pari passu* in all respects with the other Ordinary Shares then in issue, including all rights to all dividends and other distributions declared, made or paid following Admission.

The Placing Agreement is conditional upon (amongst other things) the Placing Agreement not having been terminated, the passing of the Resolutions at the General Meeting and Admission occurring on or before 8.00 a.m. on 4 April 2018 (or such later date as Zeus Capital, finnCap and the Company may agree, being not later than 5:00 p.m. on 30 April 2018).

The Placing Agreement contains warranties from the Company in favour of Zeus Capital and finnCap in relation to (amongst other things) the Company and its business. In addition, the Company has agreed to indemnify Zeus Capital and finnCap in relation to certain liabilities each of them may incur in undertaking and in relation to the Placing. Zeus Capital and finnCap have the right to terminate the Placing Agreement in certain circumstances prior to Admission. In particular, they may terminate in the event that there has been a material breach of any of the warranties or for force majeure.

### Related party transactions

The following Related Parties (as defined, in each case by nature of their status of Substantial Shareholders, in the AIM Rules for Companies) will be participating in the Placing.

<i>Related Party</i>	<i>Current Holding as per latest TR-1 / FLO Annual accounts</i>	<i>% of Existing Ordinary Shares</i>	<i>Subscription for Firm and Conditional Placing</i>	<i>Holding post subscription</i>	<i>% of Enlarged Issued Share Capital*</i>
Premier Asset Managers	6,450,650	12.2%	88,236	6,538,886	11.0%
Canaccord Genuity Group Inc	5,865,373	11.1%	588,236	6,453,609	10.8%
Close Brothers Asset Management	5,457,549	10.3%	387,131	5,844,680	9.8%
Miton Asset Management	5,389,198	10.2%	588,236	5,977,434	10.0%

\* the issued share capital of the Company immediately following Third Admission.

The Directors consider, having consulted with the Company's nominated adviser, Zeus Capital, that the terms of the Related Parties' participation in the Placing are fair and reasonable insofar as the Company's Shareholders are concerned.

### Current trading update and board strategy for 2018

On 23 January 2018, the Company announced a trading update on its performance for the year ended 31 December 2017. Since this trading update the Group has continued to trade in line with management's expectations. The Company will announce its final results on 17 April 2018.

On 1 March 2018, the Company entered into a restated facilities agreement with Barclays Bank plc to replace its existing facilities with a £16 million committed revolving credit facility and £4 million term loan for a period of three years.

The Board does not intend to implement further significant M&A in 2018. The Board's focus will be on extracting operating efficiencies from the six acquisitions made in the last 12 months. In particular:

- inter-company procurement and stock holding benefits by using logistics centres in Skelmersdale and Leicester;
- upgrade information systems, with Sage X3 Financials to be implemented Group-wide by the end of 2018; and
- an operational review to identify efficiencies that could be achieved through geographic consolidation of existing assets.

The Group will also introduce a new regional structure with the appointment of new regional Managing Directors. In particular:

- Nick Fossey was appointed UK & Ireland Managing Director on 1 February 2018 with a focus on synergy extraction, cash generation and continuing to develop commercial and cross selling opportunities; and
- Mark Richardson was appointed Benelux Managing Director on 23 February 2018 with a focus on operational efficiencies between Hydroflex and Flowtechnology Benelux.

Sean Fennon, CEO, will have specific responsibility for the Acquisition integration plan.

### **General Meeting**

For the purposes of effecting the Conditional Placing, the General Meeting of the Company at which the Resolutions will be proposed is to be held at the offices of DLA Piper UK LLP, 1 St. Peter's Square, Manchester M2 3DE at 11.00 a.m. on 3 April 2018.

The Circular to Shareholders containing the Notice of General Meeting and the full text of the Resolutions along with details of the Acquisition and the Placing will be sent to Shareholders shortly.

### **Expected timetable of principal events**

	<b>2018</b>
Circular and Form of Proxy posted to Shareholders	14 March
First Admission and dealings in the Firm Placing Shares	8:00 a.m. on 15 March
CREST stock accounts expected to be credited for the Firm Placing Shares (where applicable)	15 March
Acquisition of Balu	expected 19 March
Second Admission and dealings in the Acquisition Shares expected to commence on AIM	8:00 a.m. on 20 March
CREST stock accounts expected to be credited for the Acquisition Shares (where applicable)	20 March
Latest time and date for receipt of Forms of Proxy	11.00 a.m. on 28 March
Posting of share certificates for Firm Placing Shares by Link Asset Services (where applicable)	29 March
General Meeting	11.00 a.m. on 3 April

Posting of share certificates for the Acquisition Shares by Link Asset Services (where applicable)	3 April
Third Admission and dealings in the Conditional Placing Shares expected to commence on AIM	8.00 a.m. on 4 April
CREST stock accounts expected to be credited for the Conditional Placing Shares (where applicable)	4 April
Posting of share certificates for Conditional Placing Shares by Link Asset Services (where applicable)	18 April

### **Forward-looking statements**

This announcement contains statements about Flowtech that are or may be deemed to be "forward-looking statements".

All statements, other than statements of historical facts, included in this announcement may be forward-looking statements. Without limitation, any statements preceded or followed by, or that include, the words "targets", "plans", "believes", "expects", "aims", "intends", "will", "may", "should", "anticipates", "estimates", "projects", "would", "could", "continue" or words or terms of similar substance or the negative thereof, are forward-looking statements. Forward-looking statements include, without limitation, statements relating to the following: (i) future capital expenditures, expenses, revenues, earnings, synergies, economic performance, indebtedness, financial condition, dividend policy, losses and future prospects and (ii) business and management strategies and the expansion and growth of the operations of Flowtech.

These forward-looking statements are not guarantees of future performance. These forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of any such person, or industry results, to be materially different from any results, performance or achievements expressed or implied by such forward-looking statements. These forward-looking statements are based on numerous assumptions regarding the present and future business strategies of such persons and the environment in which each will operate in the future. Investors should not place undue reliance on such forward-looking statements and, save as is required by law or regulation (including to meet the requirements of the AIM Rules, the Prospectus Rules and/or the FSMA), Flowtech does not undertake any obligation to update publicly or revise any forward-looking statements (including to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based). All subsequent oral or written forward-looking statements attributed to Flowtech or any persons acting on their behalf are expressly qualified in their entirety by the cautionary statement above. All forward-looking statements contained in this announcement are based on information available to the Directors of Flowtech at the date of this announcement, unless some other time is specified in relation to them, and the posting or receipt of this announcement shall not give rise to any implication that there has been no change in the facts set forth herein since such date.

### **Important Information**

This Announcement or any part of it does not constitute or form part of any offer to issue or sell, or the solicitation of an offer to acquire, purchase or subscribe for, any securities in the United States (including its territories and possessions, any state of the United States and the District of Columbia), Canada, Australia, the Republic of South Africa, Japan, Jersey or any other jurisdiction in which the same would be unlawful. No public offering of the Placing Shares is being made in any such jurisdiction.

All offers of the Placing Shares will be made pursuant to an exemption under the Prospectus Directive from the requirement to produce a prospectus. In the United Kingdom, this Announcement is being directed solely at persons in circumstances in which section 21(1) of the Financial Services and Markets Act 2000 (as amended) (the "FSMA") does not apply.

The Placing Shares have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission or other regulatory authority in the United States, nor have any of the foregoing authorities passed upon or endorsed the merits of the Placing or the accuracy or adequacy of this Announcement. Any representation to the contrary is a criminal offence in the United States. The relevant clearances have not been, nor will they be, obtained from the securities commission of any province or territory of Canada, no prospectus has been lodged with, or registered

by, the Australian Securities and Investments Commission or the Japanese Ministry of Finance; the relevant clearances have not been, and will not be, obtained for the South Africa Reserve Bank or any other applicable body in the Republic of South Africa in relation to the Placing Shares and the Placing Shares have not been, nor will they be, registered under or offering in compliance with the securities laws of any state, province or territory of Australia, Canada, Japan, Jersey or the Republic of South Africa. Accordingly, the Placing Shares may not (unless an exemption under the relevant securities laws is applicable) be offered, sold, resold or delivered, directly or indirectly, in or into Australia, Canada, Japan, Jersey or the Republic of South Africa or any other jurisdiction outside the United Kingdom.

## DEFINITIONS

<b>“Act”</b>	the Companies Act 2006
<b>“Acquisition”</b>	the acquisition of the entire issued share capital of Balu and its trading subsidiaries Beaumanor and Derek Lane
<b>“Acquisition Agreement”</b>	the acquisition agreement dated 13 March 2018 made between the Seller (1), Paul Douglas McGreevy (2), Adrian McGreevy (3), the Company (4) and Fluidpower Limited (5), pursuant to which Fluidpower Limited has agreed to acquire the entire issued share capital of Balu from the Seller
<b>“Acquisition Shares”</b>	292,942 new Ordinary Shares, to be allotted and issued pursuant to Acquisition
<b>“Admission”</b>	admission of the Placing Shares to trading on AIM becoming effective in accordance with the AIM Rules on each date pursuant to the Firm Placing and the Conditional Placing
<b>“AIM”</b>	the market of that name operated by the London Stock Exchange
<b>“AIM Rules”</b>	the AIM Rules for Companies, which sets out the rules and responsibilities for companies whose shares are admitted to trading on AIM, as amended from time to time
<b>“Balu”</b>	Balu Limited, a private limited company incorporated in England and Wales with company number 05808696
<b>“Beaumanor”</b>	Beaumanor Engineering Limited, a private limited company incorporated in England and Wales with company number 01180154
<b>“Board” or “Directors”</b>	the board of directors of the Company
<b>“Circular”</b>	the circular of the Company giving (amongst other things) details of the Placing and incorporating the Notice of General Meeting
<b>“Company” or “Flowtech”</b>	Flowtech Fluidpower plc, a public limited company incorporated in England and Wales under registered number 09010518
<b>“Completion of the Acquisition”</b>	completion of the Acquisition Agreement in accordance with its terms
<b>“Conditional Placing”</b>	the conditional placing by Zeus Capital and finnCap (on behalf of the Company) of 3,235,305 Ordinary Shares at the Placing Price subject to, <i>inter alia</i> , the passing of the Resolutions and Admission

<b>“Conditional Placing Shares”</b>	the 3,235,305 new Ordinary Shares, to be allotted and issued pursuant to the Conditional Placing
<b>“CREST”</b>	the relevant system (as defined in the Regulations) which enables title to units of relevant securities (as defined in the Regulations) to be evidenced and transferred without a written instrument and in respect of which Euroclear UK & Ireland Limited is the Operator (as defined in the Regulations)
<b>“Derek Lane”</b>	Derek Lane & Co Limited, a private limited company incorporated in England and Wales with company number 07847352
<b>“Enlarged Share Capital”</b>	the issued share capital of the Company immediately following Third Admission
<b>“Existing Ordinary Shares”</b>	the 52,819,000 Ordinary Shares in issue at the date of this document, all of which are admitted to trading on AIM
<b>“Fluidpower”</b>	Fluidpower Limited, a private limited company incorporated in England and Wales with company number 01672034
<b>“finnCap”</b>	finnCap Limited, a company incorporated in England and Wales with company number 06198898, authorised and regulated by the Financial Conduct Authority
<b>“Firm Placing”</b>	the firm placing by Zeus Capital and finnCap (on behalf of the Company) of 3,235,284 Ordinary Shares at the Placing Price
<b>“Firm Placing Shares”</b>	the 3,235,284 new Ordinary Shares, to be allotted and issued pursuant to the Firm Placing
<b>“First Admission”</b>	admission of the Firm Placing Shares to trading on AIM becoming effective in accordance with the AIM Rules (which is expected to take place at 8:00 a.m. on 15 March 2018)
<b>“Form of Proxy”</b>	the accompanying form of proxy for use by Shareholders in relation to the General Meeting
<b>“General Meeting”</b>	the general meeting of the Company to be held at 11.00 a.m. on 3 April 2018
<b>“Group”</b>	the Company, its subsidiaries and subsidiary undertakings
<b>“London Stock Exchange”</b>	London Stock Exchange plc
<b>“Notice of General Meeting”</b>	the notice of General Meeting, set out at the end of this document
<b>“Ordinary Shares”</b>	ordinary shares of 50 pence each in the capital of the Company
<b>“Placing”</b>	together the Firm Placing and the Conditional Placing
<b>“Placing Agreement”</b>	the conditional agreement dated 13 March 2018 relating to the Placing, between the Company, Zeus Capital and finnCap
<b>“Placing Price”</b>	170 pence per Placing Share
<b>“Placing Proceeds”</b>	the aggregate net proceeds of the issue of both the Firm Placing Shares and the Conditional Placing Shares pursuant to the Firm Placing and the Conditional Placing

<b>“Placing Shares”</b>	6,470,589 new Ordinary Shares, to be allotted and issued pursuant to the Firm Placing and the Conditional Placing
<b>“Regulations”</b>	the Uncertificated Securities Regulations 2001 (SI 2001 No.3755), as amended
<b>“Resolutions”</b>	the resolutions to be proposed at the General Meeting as set out in the Notice of General Meeting
<b>“Second Admission”</b>	admission of the Acquisition Shares to trading on AIM becoming effective in accordance with the AIM Rules (which is expected to take place at 8:00 a.m. on 20 March 2018)
<b>“Seller”</b>	Sambasiva Gounder Thirumalai
<b>“Shareholders”</b>	the holders of Ordinary Shares from time to time, each individually a “Shareholder”
<b>“Third Admission”</b>	admission of the Conditional Placing Shares to trading on AIM becoming effective in accordance with the AIM Rules (which, subject to the passing of the Resolutions at the General Meeting, is expected to take place at 8:00 a.m. on 3 April 2018)
<b>“UK” or “United Kingdom”</b>	the United Kingdom of Great Britain and Northern Ireland
<b>“Zeus Capital”</b>	Zeus Capital Limited, a company incorporated in England and Wales with company number 04417845, authorised and regulated by the Financial Conduct Authority

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