

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

If you are in any doubt as to any aspect of the proposals referred to in this document or as to the action you should take, you should seek your own personal financial advice from your stockbroker, bank, solicitor, accountant or other appropriate independent professional adviser.

If you have sold or otherwise transferred all of your shares in Flowtech Fluidpower plc ("**Company**"), please pass this document, together with the accompanying documents, as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee

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# Flowtech Fluidpower plc

## Notice of Annual General Meeting

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Flowtech Fluidpower plc  
Registered in England and Wales No. 9010518  
Pimbo Road  
Skelmersdale  
Lancashire  
WN8 9RB

*To ordinary Shareholders*

Dear Shareholder

### **Annual General Meeting 2015**

I am pleased to send you details of our first Annual General Meeting ("**AGM**"), which will be held at Pimbo Road, Skelmersdale, Lancashire, WN8 9RB, on 21 May 2015 at 12 noon. I hope that you will be able to attend.

The formal Notice of the AGM, which is set out on pages 4 to 5 of this document ("**Notice**"), sets out the business to be considered at the AGM. The purpose of this letter is to provide you with further details about those items of business.

This year, Shareholders will be asked to approve nine resolutions. Resolutions 1 to 7 are proposed as ordinary resolutions. This means that, for each of those resolutions to be passed, more than 50 per cent of the votes cast must be in favour of the resolution.

Resolutions 8 and 9 are proposed as special resolutions. This means that, for each of those resolutions to be passed, at least 75 per cent of the votes cast must be in favour of the resolution.

### **Resolution 1: Annual report and accounts**

The Directors must present the Company's 2014 Annual Report and Accounts, strategic report and Directors' and auditors' reports to shareholders at a General Meeting. Those to be presented at the AGM are in respect of the year ended 31 December 2014, and are called the Annual Report 2014.

The Annual Report 2014 is available on the Company's website ([www.flowtechfluidpower.com](http://www.flowtechfluidpower.com)). If you have elected to receive correspondence in hard copy, then a copy of the Annual Report 2014 will accompany this letter.

### **Resolution 2: Final dividend**

The Directors are recommending a final dividend for the year ended 31 December 2014 of 3.33 pence per ordinary share. If approved, the final dividend will be paid on 24 June 2015 to Shareholders whose names appear on the Register at the close of business on 5 June 2015.

### **Resolutions 3: Reappointment of Director**

Resolution 3 proposes the reappointment of Sean Fennon, as a director in accordance with the Company's Articles of Association, which require that one third of the Directors (or the number nearest to but not exceeding one third) retire by rotation at each AGM, with each Director also being subject to reappointment at intervals of not more than three years.

A biography in respect of Sean Fennon is set out on page 26 of the Annual Report 2014, together with a full explanation of the reasons why the Board believes this Director should be reappointed to the Board.

### **Resolutions 4 and 5: Reappointment and remuneration of auditors**

The Company is required to appoint auditors at each general meeting at which its Annual Report and Accounts are presented to Shareholders. Therefore, resolution 4 proposes the reappointment of Grant Thornton UK LLP as auditors (to hold office until the next such meeting), and, in accordance with normal practice, resolution 5 authorises the Directors to determine the auditors' remuneration.

### **Resolution 6: Political donations and political expenditure**

It is not the Company's policy to make donations to political parties, or to make other political donations within the normal meaning of that expression, and the directors have no intention of changing that policy.

However, as a result of the wide definitions of political expenditure, political donations and political organisations in the Companies Act 2006 ("Act"), normal business activities and expenditure which might not be thought to be political expenditure or a political donation to a political organisation in the usual sense may fall within the restrictions of the Act. For example, sponsorship of industry forums, funding of seminars and other functions to which politicians are invited, matching employees' donations to certain charities, expenditure on organisations concerned with matters of public policy, law reform and representation of the business community, and communicating with the Government and political parties at local, national and European level might be construed as political expenditure or as a political donation to a political organisation.

Resolution 6 does not purport to authorise any particular donation or expenditure, but is expressed in general terms, as required by the Act, and is intended to authorise normal donations and expenditure while avoiding inadvertent infringement of the Act. If passed, resolution 6 would allow the Company and its subsidiaries to make political donations to political parties, other political organisations and independent election candidates and to incur political expenditure up to an aggregate limit of £10,000 in the period beginning with the date on which resolution 6 is passed and ending at the conclusion of the next AGM of the Company. The authority will not be used to make political donations within the normal meaning of that expression. It is the Directors' intention to renew this authority each year.

### **Resolution 7: Authority to allot shares**

Generally, the Directors may only allot shares in the Company (or grant rights to subscribe for, or to convert any security into, shares in the Company) if they have been authorised to do so by shareholders.

Resolution 7 is in two parts:

In line with guidance issued by the Investment Association (previously known as the Investment Management Association), if passed, part 7.1 of resolution 7 will authorise the Directors to allot shares in the Company (and to grant rights to subscribe for, or to convert any security into, shares in the Company) up to an aggregate nominal amount of £7,133,047. This amount represents approximately one third of the issued ordinary share capital of the Company as at 10 April 2015, being the last practicable date before the publication of this letter.

In addition, if passed, part 7.2 of resolution 7 will authorise the Directors to allot ordinary shares in the Company (and to grant rights to subscribe for, or to convert any security into, ordinary shares in the Company) in connection with a rights issue only up to a further aggregate nominal amount of £7,138,047. This amount represents approximately one third of the issued ordinary share capital of the Company as at 10 April 2015, being the last practicable date before the publication of this letter.

If given, these authorities will expire at the conclusion of the Company's next AGM or on 20 August 2016 (whichever is the earlier). It is the Directors' intention to renew the allotment authority each year.

As at the date of this letter, no shares are held by the Company in treasury.

The Directors have no current intention to exercise either of the authorities sought under resolution 7. However, the Directors consider that it is in the best interests of the Company to have the authorities available so that they have the maximum flexibility permitted by institutional shareholder guidelines to allot shares or grant rights without the need for a general meeting should they determine that it is appropriate to do so to respond to market developments or to take advantage of business opportunities as they arise.

### **Resolution 8: Disapplication of pre-emption rights**

Generally, if the Directors wish to allot new shares or other equity securities (within the meaning of section 560 of the Act) for cash, then under the Act they must first offer such shares or securities to shareholders in proportion to their existing holdings. These statutory pre-emption rights may be disapplied by shareholders.

Resolution 8, which will be proposed as a special resolution, if passed, will enable the Directors to allot equity securities for cash shares for cash without having to comply with statutory pre-emption rights, but this power will be limited to allotments:

- a) up to an aggregate nominal amount of (i) £14,276,094 in connection with a rights issue or (ii) £7,138,047 in connection with an open offer or other pre-emptive offer, in each case to ordinary shareholders and to holders of other equity securities (if required by the rights of those securities or the Directors otherwise consider necessary), but (in accordance with normal practice) subject to such exclusions or other arrangements, such as for fractional entitlements and overseas shareholders, as the directors consider necessary; and
- b) in any other case, up to an aggregate nominal amount of £1,070,707 (which represents approximately 5 per cent of the issued ordinary share capital of the Company as at 10 April 2015, being the last practicable date before the publication of this document).

The Directors intend to follow the provisions in the 2015 Statement of Principles issued by the Pre-Emption Group regarding cumulative usage of authorities within a rolling three-year period. The Principles provide that a company should not issue shares representing more than 7.5 per cent of its issued ordinary share capital for cash in any rolling three-year period, other than on a pre-emptive basis, without prior consultation with shareholders. If given, this power will expire at the conclusion of the Company's next AGM or on 20 August 2016 (whichever is the earlier). It is the Directors' intention to renew this power each year.

### **Resolution 9: Purchase by the Company of its own shares**

Resolution 9 will be proposed as a special resolution. If passed, it will allow the Company to purchase up to 4,282,828 ordinary shares in the market (which represents approximately 10 per cent of the issued ordinary share capital of the Company as at 10 April 2015, being the last practicable date before the publication of this letter). The minimum and maximum prices for such a purchase are set out in the resolution. If given, this authority will expire at the conclusion of the Company's next AGM or on 20 August 2016 (whichever is the earlier). It is the Directors' intention to renew this authority each year.

The Directors have no current intention to exercise the authority sought under resolution 9 to make market purchases, but consider the authority desirable to provide maximum flexibility in the management of the Company's capital base. If passed, the Directors will only exercise this authority if they believe that to do so would result in an increase in earnings per share and would be in the best interests of the Company and of its shareholders generally.

The Company is permitted to hold shares it has purchased in treasury, as an alternative to cancelling them. Shares held in treasury may subsequently be cancelled, sold for cash or used to satisfy options exercised under the Company's share schemes. While held in treasury, the shares are not entitled to receive any dividend or dividend equivalent (apart from any issue of bonus shares) and have no voting rights. The Directors believe that it is appropriate for the Company to have the option to hold its own shares in treasury if, at a future date, the Directors exercise this authority, in order to provide the Company with additional flexibility in the management of its capital base. However, the Directors currently intend to cancel any shares purchased under this authority. The Directors will have regard to institutional shareholder guidelines which may be in force at the time of any such purchase, holding or resale of shares held in treasury.

### **Recommendation**

The Directors consider that all the resolutions set out in the Notice are in the best interests of the Company and its Shareholders as a whole. The Directors will be voting in favour of them, and unanimously recommend that you do so as well.

### **Action to be taken**

**If you would like to vote on the resolutions set out in the Notice but cannot come to the AGM, please appoint a proxy or proxies:**

- **by completing the Proxy Form sent to you with this document, and returning it to our registrars; or**
- **(if you are a CREST member) using the CREST electronic proxy appointment service.**

**Your proxy appointment must be received by 12 noon on 19 May 2015. Further details relating to voting by proxy are set out in the notes to the Notice on pages 6 and 7 of this document and in the Proxy Form.**

Yours sincerely

Malcolm Diamond, MBE  
Non-Executive Chairman

# FLOWTECH FLUIDPOWER PLC

## NOTICE OF ANNUAL GENERAL MEETING

**Notice is given** that the 2015 Annual General Meeting of Flowtech Fluidpower plc ("**Company**") will be held at Pimbo Road, Skelmersdale, Lancashire, WN8 9RB on 21 May 2015 at 12 noon for the following purposes:

To consider and, if thought fit, to pass the following resolutions as ordinary resolutions:

1. To receive the Company's 2014 Annual Report, strategic report and Directors' and auditors' reports for the year ended 31 December 2014.
2. To declare a final dividend for the year ended 31 December 2014 of 3.33 pence per ordinary share in the capital of the Company, to be paid on 24 June 2015 to shareholders whose names appear on the register at the close of business on 5 June 2015.
3. To reappoint Sean Fennon, who retires by rotation, as a director of the Company.
4. To reappoint Grant Thornton UK LLP as Auditors of the Company.
5. To authorise the Directors to determine the remuneration of the Auditors.
6. That, pursuant to section 366 of the Companies Act 2006 ("**Act**"), the Company and all companies that are subsidiaries of the Company at any time during the period for which this resolution is effective be and are authorised, in aggregate:
  - 6.1 to make political donations to political parties and/or to independent election candidates not exceeding £10,000 in total;
  - 6.2 to make political donations to political organisations other than political parties not exceeding £10,000 in total; and
  - 6.3 to incur political expenditure not exceeding £10,000 in total,

in each case, during the period beginning with the date on which this resolution is passed and ending at the conclusion of the next Annual General Meeting of the Company held after such date, provided that (i) the aggregate amount of political donations made and political expenditure incurred by the Company and its subsidiaries pursuant to this authority shall not exceed £10,000; and (ii) each of the amounts referred to in this resolution may comprise one or more sums in different currencies which, for the purposes of calculating any such amount, shall be converted at such rate as the Directors may, in their absolute discretion, determine to be appropriate.

In this resolution, the terms "political donations", "political parties", "independent election candidates", "political organisations" and "political expenditure" have the meanings set out in sections 363 to 365 of the Act.

7. That, pursuant to section 551 of the Companies Act 2006 ("**Act**"), the directors be generally and unconditionally authorised to allot Relevant Securities:
  - 7.1 up to an aggregate nominal amount of £7,138,047; and
  - 7.2 comprising equity securities (as defined in section 560(1) of the Act) up to a further aggregate nominal amount of £7,138,047 in connection with an offer by way of a rights issue:
    - 7.2.1 to holders of ordinary shares in the capital of the Company in proportion (as nearly as practicable) to the respective numbers of ordinary shares held by them; and
    - 7.2.2 to holders of other equity securities in the capital of the Company, as required by the rights of those securities or, subject to such rights, as the directors otherwise consider necessary,

but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates or any legal or practical problems under the laws of any territory or the requirements of any regulatory body or stock exchange, provided that these authorities shall expire at the conclusion of the next annual general meeting of the Company after the passing of this resolution or on 20 August 2016 (whichever is the earlier), save that, in each case, the Company may make an offer or agreement before the authority expires which would or might require Relevant Securities to be allotted after the authority expires and the directors may allot Relevant Securities pursuant to any such offer or agreement as if the authority had not expired.

In this resolution, "**Relevant Securities**" means shares in the Company or rights to subscribe for or to convert any security into shares in the Company; a reference to the allotment of Relevant Securities includes the grant of such a right; and a reference to the nominal amount of a Relevant Security which is a right to subscribe for or to convert any security into shares in the Company is to the nominal amount of the shares which may be allotted pursuant to that right.

These authorities are in substitution for all existing authorities under section 551 of the Act (which, to the extent unused at the date of this resolution, are revoked with immediate effect).

To consider and, if thought fit, to pass the following resolutions as special resolutions:

8. That, subject to the passing of resolution 7 and pursuant to section 570 of the Companies Act 2006 ("**Act**"), the directors be and are generally empowered to allot equity securities (within the meaning of section 560 of the Act) for cash pursuant to the authorities granted by resolution 7 as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of Equity Securities:
  - 8.1 in connection with an offer of equity securities (whether by way of a rights issue, open offer or otherwise, but, in the case of an allotment pursuant to the authority granted by paragraph 7.2 of resolution 7, such power shall be limited to the allotment of Equity Securities in connection with an offer by way of a rights issue:
    - 8.1.1 to holders of ordinary shares in the capital of the Company in proportion (as nearly as practicable) to the respective numbers of ordinary shares held by them; and
    - 8.1.2 to holders of other Equity Securities in the capital of the Company, as required by the rights of those securities or, subject to such rights, as the Directors otherwise consider necessary, but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates or any legal or practical problems under the laws of any territory or the requirements of any regulatory body or stock exchange; and
  - 8.2 otherwise than pursuant to paragraph 8.1 of this resolution, up to an aggregate nominal amount of £1,070,707, and this power shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or on 20 August 2016 (whichever is the earlier), save that the Company may make an offer or agreement before this power expires which would or might require Equity Securities to be allotted for cash after this power expires and the directors may allot Equity Securities for cash pursuant to any such offer or agreement as if this power had not expired.

This power is in substitution for all existing powers under section 570 of the Act (which, to the extent unused at the date of this resolution, are revoked with immediate effect).

9. That, pursuant to section 701 of the Companies Act 2006 ("**Act**"), the Company be and is generally and unconditionally authorised to make market purchases (within the meaning of section 693(4) of the Act) of ordinary shares of £0.50 each in the capital of the Company ("**Shares**"), provided that:
  - 9.1 the maximum aggregate number of Shares which may be purchased is 4,282,828;
  - 9.2 the minimum price (excluding expenses) which may be paid for a Share is £0.50;
  - 9.3 the maximum price (excluding expenses) which may be paid for a Share is an amount equal to 105 per cent of the average of the middle market quotations for a Share as derived from the Daily Official List of the London Stock Exchange plc for the five business days immediately preceding the day on which the purchase is made,and (unless previously revoked, varied or renewed) this authority shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or on 20 August 2016 (whichever is the earlier), save that the Company may enter into a contract to purchase Shares before this authority expires under which such purchase will or may be completed or executed wholly or partly after this authority expires and may make a purchase of Shares pursuant to any such contract as if this authority had not expired.

By order of the Board

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Bryce Brooks  
Company Secretary  
28 April 2015

**Registered office**

Pimbo Road  
Skelmersdale  
Lancashire  
WN8 9RB

**Registered in England and Wales No. 9010518**

## Notes

### *Entitlement to attend and vote*

1. The right to vote at the AGM is determined by reference to the register of members. Only those shareholders registered in the register of members of the Company as at 6.00pm on 19 May 2015 (or, if the AGM is adjourned, 6.00pm on the date which is two days before the date of the adjourned meeting) shall be entitled to attend and vote at the AGM in respect of the number of shares registered in their name at that time. Changes to entries in the register of members after that time shall be disregarded in determining the rights of any person to attend or vote (and the number of votes they may cast) at the AGM.

### *Proxies*

2. A shareholder is entitled to appoint another person as his or her proxy to exercise all or any of his or her rights to attend and to speak and vote at the AGM. A proxy need not be a shareholder of the Company.

A shareholder may appoint more than one proxy in relation to the AGM, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. Failure to specify the number of shares each proxy appointment relates to or specifying a number which when taken together with the numbers of shares set out in the other proxy appointments is in excess of the number of shares held by the shareholder may result in the proxy appointment being invalid.

A proxy may only be appointed in accordance with the procedures set out in notes 3 to 4 below and the notes to the proxy form.

The appointment of a proxy will not preclude a shareholder from attending and voting in person at the AGM.

3. A form of proxy is enclosed. When appointing more than one proxy, complete a separate proxy form in relation to each appointment. Additional proxy forms may be obtained by contacting the Company's Registrar, Capita, on 0871 664 0300 (calls cost 10 pence per minute plus network extras, lines are open 8:30 am to 5:30 pm Monday to Friday) or on +44 208 639 3399 (if calling from outside the UK), or photocopy this form of proxy as required. State clearly on each proxy form the number of shares in relation to which the proxy is appointed.

To be valid, a proxy form must be received by post or (during normal business hours only) by hand at the offices of the Company's Registrar, Capita Asset Services at PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU, no later than 12 noon on 19 May 2015 (or, if the meeting is adjourned, no later than 48 hours before the time of any adjourned meeting).

4. CREST members who wish to appoint a proxy or proxies for the meeting (or any adjournment of it) through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by Capita Asset Services (ID RA10) no later than 12 noon on 19 May 2015 (or, if the meeting is adjourned, no later than 48 hours before the time of any adjourned meeting). For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which Capita Asset Services is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his or her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat a CREST Proxy Instruction as invalid in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

### *Corporate representatives*

5. A shareholder which is a corporation may authorise one or more persons to act as its representative(s) at the AGM. Each such representative may exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual shareholder, provided that (where there is more than one representative and the vote is otherwise than on a show of hands) they do not do so in relation to the same shares.

*Documents available for inspection*

6. The following documents will be available for inspection during normal business hours at the Registered office of the Company from the date of this Notice until the time of the AGM. They will also be available for inspection at the place of the meeting from at least 15 minutes before the meeting until it ends.
  - 6.1 Copies of the service contracts of the Executive Directors.
  - 6.2 Copies of the letters of appointment of the Non-Executive Directors.

*Biographical details of Directors*

7. Biographical details of all those Directors who are offering themselves for re-appointment at the AGM are set out on page 26 of the enclosed Annual Report and Accounts and also on the Company's website.

*Communications with the Company*

8. Except as provided above, shareholders who wish to communicate with the Company in relation to the meeting should do so using the following means:
  - 8.1 calling our shareholder helpline on 01695 52759; or
  - 8.2 by email to [info@flowtechfluidpower.com](mailto:info@flowtechfluidpower.com)
  - 8.3 No other methods of communication will be accepted. Any electronic communication sent by a shareholder to the Company or Capita Asset Services which is found to contain a virus will not be accepted by the Registrar.

