Hayward Tyler Group plc
Consolidated interim financial statements for the period ended 30 September 2015

10 November 2015

Hayward Tyler Group plc

("Hayward Tyler Group", the "Group" or the "Company")

Hayward Tyler Group plc – Unaudited interim results for the six months ended 30 September 2015

Hayward Tyler Group plc (AIM: HAYT), the specialist engineering group, today announces its interim results for the six month period ended 30 September 2015. Hayward Tyler is a market leader in the design, manufacture and service of critical application motors and pumps for the power generation and oil and gas markets.

Ewan Lloyd-Baker, Chief Executive Officer, commented:

"We continue to make strong progress in developing the core Hayward Tyler business with the hard work of the team over the past four years now enabling us to complete our first acquisition as a PLC. As with Hayward Tyler, in Peter Brotherhood, we once again have the opportunity to take an underinvested, unloved, orphan asset and transform it both through our proven focus on continuous improvement and our ability to now leverage-off the existing sales networks of the two business. The Peter Brotherhood operation has the potential to mark a significant step change in the scale and size of the overall Hayward Tyler Group.

In relation to Hayward Tyler's performance, as signalled at the time of the finals, we anticipate the normal second-half weighting to deliver the overall growth in both revenue and profit for the year to meet management's expectations. This is likely to be driven in particular by a stronger performance from our US operation and a higher proportion of nuclear related spares. Overall the order outlook remains positive across our range of market segments, particularly in the conventional power market."

Financial Highlights:

- Revenue for 1H2016 was £21.8 million (1H2015: £24.0 million). On a constant exchange rate** basis revenue in 1H2015 would have been higher by £0.9 million;
- Trading* profit before tax level at £1.8 million (1H2015: £1.8 million) despite investment of £0.5 million (1H2015: £0.2 million) in the Luton Centre of Excellence. On a constant exchange rate** basis profit before tax in 1H2015 would have been higher by £0.2 million;
- Fully diluted trading* earnings per share up 19% to 3.87 pence (1H2015: 3.26 pence);
- Net cash generated from operating activities increased to £2.0 million (1H2015: £1.7 million);
- As expected, the net debt to trading EBITDA*** ratio increased to 1.7 times due to investment in the Luton Centre of Excellence but it remains within the Group's target of 2.0 times (at 30 September 2014: 1.4 times). At 30 September 2015 net debt was £10.5 million (at 31 March 2015: £7.9 million); and
- The Board is pleased to declare an interim dividend of 0.552 pence per share (prior year interim dividend: 0.525 pence), which will be paid on 25 February 2016 to all shareholders on the register on 15 January 2016, the ex-dividend date being 14 January 2016.

* *trading represents the underlying performance of Hayward Tyler together with head office costs*
** *constant exchange rate is calculated by rebasing prior year figures at current year average rate of GBP1:USD1.5320*
*** *trading EBITDA is trading earnings before interest tax depreciation and amortisation excluding non-recurring items of £0.3 million*

Business Highlights:

- Strategically important production alliance signed with FMC Technologies, the global market leader in subsea systems to manufacture permanent magnet motors for use in FMC Technologies' 3.2MW subsea pump systems. This production alliance represents a cornerstone for the Group's subsea activity and underpins the investment in the Centre of Excellence;

- Order intake of £26.6 million (1H2015: £27.6 million); and
- The building project for the Luton Centre of Excellence, which is on track and on budget, set to be completed by the end of 2015 and the extended facility expected to be fully operational by June 2016.

Post-Period Highlights:

- Acquisition of the trade and assets of the Peterborough operations of Dresser-Rand Company Limited completed on 30 October 2015. New company, Peter Brotherhood Limited, formed; and
- Agency agreement signed with Ebara Corporation, a leading Japanese manufacturer of pumps for the energy, oil and gas, and general industry sectors to specifically supply Hayward Tyler's boiler circulating pumps in Japan and globally through Ebara with a number of major Engineering, Procurement and Construction groups.

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Chief Executive's Operational Review

Overview

I am pleased to report on another fruitful and exciting period in the development of the Hayward Tyler Group. When we published our results for FY2015 we set out our priorities for the current financial year as follows:

- Complete the building work for the world class Centre of Excellence (ultimately to be commissioned in calendar Q2 2016);
- Develop further strategic alliances with customers to help underpin the longer term growth of the Group;
- Expand our overseas activities to further support growth; and
- Look for businesses sharing similar characteristics to Hayward Tyler to buy, build and grow.

As explained below, I am delighted to say that we have made progress against all of the above priorities, in some cases significantly so, which puts us in stronger position to take the Group forward.

Performance Review

We expected the performance in the first half of this new financial year to represent around 30% to 40% of the total for the year driven by lower order intake in FY2015. As such, revenues were down 9% at £21.8 million (1H2015: £24.0 million) delivering a trading* operating profit of £2.0 million (1H2015: £2.3 million). It is worth noting that the trading operating profit is stated after deducting higher net costs of £0.5 million (1H2015: £0.2 million) relating to the Centre of Excellence. Trading profit after tax for the period was up 20% at £1.8 million (1H2015: £1.5 million), in part as a result of a lower tax charge of £0.1 million (1H2015: £0.4 million), giving a trading fully diluted earnings per share of 3.87 pence (1H2015: 3.26 pence), up 19%.

Aftermarket ("AM") revenue was 9% higher at £14.5 million (1H2015: £13.2 million) driven by demand from the Nuclear sector, whilst revenue from Original Equipment ("OE") manufacturing was £7.4 million (1H2015: £10.8 million) as a result of lower Oil and Gas revenue. That gave an AM:OE mix of 66%:34% (1H2015: 55%:45%) driven by a combination of increased Nuclear spares and fewer Oil & Gas units. From a geographical perspective the Far East was our largest market representing 36% of revenue (1H2015: 23%) with the USA remaining strong at 24% (1H2015: 19%). Both the UK and Europe increased to 15% (1H2015: 9%) and 13% (1H2015: 10%) respectively driven by the Nuclear aftermarket. From a market perspective Power remains our principal sector at 55% (1H2015: 63%) of revenue with Nuclear strongly ahead at 34% (1H2015: 10%) driven by demand for spares in the United Kingdom, Europe and the Far East. Oil and Gas fell to 5% (1H2015: 10%) although it is anticipated it will rise in 2H2016. Other fell to 6% (1H2015: 17%) reflecting lower output relating to the chemicals industry.

Gross profit margin increased to 34.3% (1H2015: 31.6%) as a result of the AM:OE mix, which increased in favour of the higher margin AM business. At 45% (1H2015: 46%), AM gross profit margin was at the low end of the typical range of 45% to 50%, which reflected the mix of business, and OE gross profit margin was 13% (1H2015: 14%).

Further details of the financial performance in 1H2016 are set out in the Financial Review.

Beyond the numbers we have continued to make progress across the business. Key points to note include the following:

- Hayward Tyler has been short listed in three categories of The Manufacturer MX Awards for 2015, being Exporter of the Year, People & Skills and Leadership & Strategy, which are to be announced on 26 November. The business won both ICT Manufacturer of the Year and Young Manufacturer of the Year in 2013, which provided great exposure at the time and so we have high hopes for further success this year;
- As part of our marketing efforts we show-cased Hayward Tyler at a number of trade fairs including the Offshore Technology Conference in Houston, which helped to cement our position as a key supplier to the subsea sector, and Power-Gen India, which represents a key strategic market for Hayward Tyler; and

* *trading represents the underlying performance of Hayward Tyler together with head office costs*

Chief Executive's Operational Review (continued)

- We have held a number of events across the Group with customers, suppliers, employees and other stakeholders to record the 200th year of Hayward Tyler. One major event based at Hayward Tyler Luton involved taking all 213 Luton employees through the planned operation of the Centre of Excellence from order intake, through design and build along the single-process flow lines, to assembly, test and despatch. The very positive level of employee engagement reinforced our conviction that development of this 21st century design and manufacturing facility will herald an exciting new chapter in Hayward Tyler's history.

Centre of Excellence
As I have said in the past, the Centre of Excellence represents very much the future of Hayward Tyler. It includes investment into research and development, training and development, as well as the expansion of the Luton facility. This expansion involves building a c.25,000 square foot extension to the existing structure. The building project, which is on track and on budget, is set to be completed by the end of 2015 and the extended facility is expected to be fully operational by June 2016. At the time of writing the steel structure has been erected, the test pits prepared and factory floor laid-out. In addition, the roofing and cladding of the walls of the extension has now commenced. The single process flow-lines in the expanded facility are expected to increase throughput, reduce lead times, reduce working capital and enable Hayward Tyler Luton to double its capacity.

The building project is partly financed by the grant from the Regional Growth Fund, a secured loan note programme and funds generated from operations. We were delighted by the support received from institutional and high net worth investors that invested in the second issue of the programme in July, which raised approximately £1.4 million, taking the aggregate notes outstanding to £3.0 million.

Strategic Alliances
The offshore oil and gas market is of long-term strategic importance to Hayward Tyler and underpins our investment into the Centre of Excellence. In May we were delighted to announce that we had entered into a production alliance agreement with FMC Technologies, the global market leader in subsea systems. Under the terms of the agreement, Hayward Tyler will manufacture permanent magnet motors for use in FMC Technologies' 3.2MW subsea pump systems. This production alliance represents a cornerstone for our subsea activity and the on-going expansion of the Luton manufacturing facility includes a dedicated test facility for subsea motors.

At the same time we were also pleased to report the signing of a letter of intent for the latest order for four submersible motors, valued at approximately USD1.25 million, for use in the Baram field in the South China Sea as a result of Hayward Tyler's long-standing relationship with Eureka and existing relationship with the end user, Petronas. The Company has now installed over 250 submersible motors in offshore locations globally.

Furthermore as part of the Group's on-going market expansion activity the Board is pleased to announce an agency agreement with Ebara Corporation, a leading Japanese manufacturer of pumps for the energy, oil and gas, and general industry sectors. The scope of the agreement covers the supply of Hayward Tyler's boiler circulating pumps in Japan and globally through Ebara with a number of major Engineering, Procurement and Construction groups. Historically Hayward Tyler has over 40 units installed in Japan but it represents a very small fraction of overall business. The agreement with Ebara comes at a time when Japan is planning to build over 40 coal fired power stations during the next decade using ultra-super-critical and other more efficient technologies, which creates huge opportunities for both businesses from which to take advantage.

Order intake
Order intake in 1H2016 was slightly below the prior period at £26.6 million (1H2015: £27.6 million). However, this intake was 1.1x historical revenue, which satisfied our KPI target, and encouragingly the orders were across all sectors and, in particular, included strategically important oil and gas subsea orders that demonstrate the benefit of our plans for the Centre of Excellence.

Chief Executive's Operational Review (continued)

Order intake for AM and OE were £13.8 million (1H2015: £17.7 million) and £12.8 million (1H2015: £9.9 million) respectively, which gave an AM:OE mix of 52%:48% (1H2015: 64%:36%). Prior year orders were skewed somewhat towards AM by the USD10.0 million order from KHNP in South Korea. From a geographical perspective the USA was our largest market for orders at 32% (1H2015: 28%) whilst the Far East was down to 24% of orders (1H2015: 44%) the prior year having included the KHNP order. Rest of the World was up at 25% (1H2015: 15%), reflecting OE and AM orders from India, a key market for the Group, whilst Europe increased to 12% (1H2015: 3%) on the back of an order from GE Oil & Gas to supply Hayward Tyler's subsea motor. The UK represented 7% (1H2015: 11%) of orders in the period. From a sector perspective Power remains our principal sector at 64% (1H2015: 51%) of orders with Nuclear down to 13% (1H2015: 34%), the prior period having included the KHNP order. Oil and gas was ahead at 15% (1H2015: 3%), which included subsea orders from FMC and GE, and Other was 8% (1H2015: 11%) of order intake.

Post-Period Acquisition of Peter Brotherhood
In October we announced the acquisition of the trade and assets of the Peter Brotherhood business from Dresser-Rand Company Ltd, a Siemens-owned business, for a total consideration of USD15.0 million, subject to an adjustment for a working capital benchmark. The consideration was paid in cash wholly funded through new facilities from National Westminster Bank (see Financial Review). The Board considers the acquisition to be of strategic significance as it brings important diversification to the Group's operations in our chosen markets, widens the customer base and offers the opportunity to cross-sell products. The Board likewise expects the acquisition to be immediately earnings enhancing whilst increasing Hayward Tyler's scale.

As announced in October, Peter Brotherhood is a UK engineering business based in Peterborough with 145 employees that can trace its history back to 1867. More recently it has focused on energy efficient solutions for land and marine based applications including steam turbines, reciprocating gas compressors and combined heat and power units for the power generation, oil and gas and marine markets. It was acquired by Dresser-Rand Inc in 2008 (a company that was subsequently acquired by Siemens) and was now a non-core disposal. Peter Brotherhood is the UK's only producer of steam turbines with an output up to 40MW which has applications in waste heat recovery, the FPSO and FLNG markets and the British Navy Astute class submarine new build programme. Steam turbines tend to have higher operational availability and lower operating costs, when compared to gas turbines. Peter Brotherhood has nearly 1,500 units that continue to operate across 100 countries globally, having supplied steam turbines to many of the world's leading operators including Woodside, SBM, Saipem, Aker, Fred Olsen, Samsung and Maersk. In the year to 31 December 2014, the Peter Brotherhood business (on a stand-alone basis) generated revenues of USD46.7 million and normalised operating profit of USD3.2 million. The net assets acquired, which include an 11.5 acre freehold property in Peterborough, plant and machinery, receivables and stock, had an adjusted unaudited value of USD16.0 million as at 30 June 2015.

Over the past near 150 years Peter Brotherhood has built up a leading reputation in its end markets for reliability and on-time delivery at a competitive price. We believe there is a significant opportunity to re-invigorate the Peter Brotherhood brand to win new business and drive revenues from its existing installed base. Furthermore we are confident that, operating within the Hayward Tyler Group, Peter Brotherhood will benefit from improved manufacturing processes, broader geographical coverage and access to overseas service facilities as well as accelerated investment in new product development and design.

Outlook
Over the last four years we have transformed Hayward Tyler into a forward-thinking, profitable market-leader in its specific niche markets. We believe the same philosophy will allow us to drive significant growth from Peter Brotherhood's strong installed base and into new market areas and technologies. This acquisition, which the Directors expect will be significantly earnings enhancing during the first full financial year following completion of the acquisition, will also underpin the strength and depth of the wider Hayward Tyler Group and set the stage for our next level of growth across the global energy sector whilst further cementing our position in the oil and gas and specialty chemical markets. The Board likewise remains fully committed to delivering on its progressive dividend policy in the current financial year.

Chief Executive's Operational Review (continued)

Separately I'd like to again thank the management team, which is proving its ability to deliver, and each and every one of our employees for their unrelenting enthusiasm and drive to ensure that we continue to improve, to deliver and to take advantage of whatever opportunities arise in our chosen markets.

E Lloyd-Baker
Chief Executive Officer
10 November 2015

Financial Review

Introduction
I am pleased to report on the results for the 6 month period to 30 September 2015 (referred to below as *1H2016*). The results have been compared to those for the 6 month period to 30 September 2014 (*1H2015*).

Basis of Reporting
The Group financial statements in this report have been prepared in accordance with International Financial Reporting Standards ("IFRSs").

Operating Results
Revenue for 1H2016 was down 9% to £21.8 million (1H2015: £24.0 million) driven by lower OE revenue offset by higher AM revenue. Gross profit margin was higher at 34% (1H2015: 32%) as a result of the AM;OE mix. Overall the revenue and margin delivered a trading* operating profit for the period of £2.0 million (1H2015: £2.3 million) and a return on revenue of 9.2% (1H2015: 9.6%). Trading operating profit in 1H2016 is stated after deducting net operating charges relating to the development of the Centre of Excellence of £0.5 million (1H2015: £0.2 million). Trading profit before tax was £1.8 million (1H2015: £1.8 million).

There were non-trading operating charges in the period of £0.3 million (1H2015: £nil), which relate to costs incurred on the acquisition of Peter Brotherhood up to 30 September 2015. Further details of the acquisition are given in note 13 to these financial statements.

The Group is exposed to the US Dollar through its operating business in the USA and from UK exports to China. On a constant exchange rate** basis revenue and trading profit before tax in 1H2015 would have been higher by £0.9 million and £0.2 million respectively.

Finance Charges
Finance costs in the period, which mainly represent interest payable, were £0.3 million (1H2015: £0.3 million). In addition, there was a gain on the fair value of derivatives of £0.1 million (1H2016: loss of £0.2 million) that arose on the revaluation of foreign exchange hedge contracts to exchange rates that applied at 30 September 2015.

Tax
The tax charge for the period was £0.1 million (1H2015: £0.4 million). This low tax charge reflects (1) over 90% of profit before tax in the period arose in the UK at an effective tax rate of 15% and (2) a prior year tax credit in the US of £0.2 million.

Profit After Tax
Trading profit after tax for the period was £1.8 million (1H2015: £1.5 million), which delivered a trading basic earnings per share (EPS) up 20% over prior period of 3.91 pence (1H2015: 3.26 pence) and a trading fully diluted EPS up 19% at 3.87 pence (1H2015: 3.26 pence). Basic EPS was 3.33 pence (1H2015: 3.26 pence) and fully diluted EPS was 3.30 pence (1H2015: 3.26 pence).

Dividends
The Group paid its final dividend of 0.79 pence per share in respect of the year to 31 March 2015 in August 2015. An interim dividend in respect of the current year of 0.552 pence per share will be paid on 25 February 2016 to all shareholders on the register on 15 January 2016, the ex-dividend date being 14 January 2016.

* *trading represents the underlying performance of Hayward Tyler together with head office costs*
** *constant exchange rate is calculated by rebasing prior year figures at current year average rate of GBP1:USD1.5320*

Financial Review (continued)

Centre of Excellence
Purchase of fixed assets was £5.0 million in the period (1H2015: £0.7 million). The vast majority of these purchases relate to investment in the Centre of Excellence including expenditure on the building works as well as new plant and machinery.

Working Capital
Management of working capital continues to be a key focus of the Group. This focus enabled the Group to generate £2.0 million net cash from operating activities (1H2015: £1.7 million) such that headroom (cash plus undrawn borrowing facilities) at 30 September 2015 was £5.7 million (at 31 March 2015: £5.9 million).

Borrowings
In line with management's expectation net debt was higher at £10.5 million at 30 September 2015 (at 31 March 2015: £7.9 million) driven by the purchase of fixed assets in the period of £5.0 million (1H2015: £0.7 million), which mainly relates to investment in the Centre of Excellence. Net debt comprised term borrowings of £6.9 million (at 30 September 2014: £5.2 million), finance leases of £1.3 million (at 30 September 2014: £0.5 million) and drawings under revolving credit facilities of £5.5 million (at 30 September 2014: £4.0 million) offset by cash of £3.2 million (at 30 September 2014: £1.7 million). During the period just under £1.4 million was drawn from the loan note programme (total drawn: £3.0 million) to fund part of the building works at the Centre of Excellence.

The net debt to EBITDA ratio was 1.7x (at 31 March 2015: 1.2x), which is well within the Group's target of 2.0x. This ratio will increase post-period end, pursuant to the Peter Brotherhood acquisition.

Pensions
Within the UK, the Group operates a defined benefit plan, with benefits linked to final salary, and a defined contribution plan. With effect from 1 June 2003 the defined benefit plan was closed to future service accruals and new UK employees offered membership of the defined contribution plan. The majority of UK employees are members of one of these arrangements.

A full actuarial valuation of the defined benefit plan is produced every three years (the last one being as at 1 January 2014), however, a valuation is prepared at each period end for the purposes of the report and accounts by independent qualified actuaries. The net obligation at 31 March 2015 was £0.2 million and this has been maintained at 30 September 2015.

Further comment on pensions is given in note 10 to these financial statements.

Key Performance Indicators
As discussed in the Company's report and accounts for the year to 31 March 2015, we use various internal and external measures to assess our performance against our strategy. The key performance indicators (*KPIs*) set out below help to determine how successful we have been in achieving our strategic objectives:

KPI	Target	Progress in period
Strategic Objective – to ensure the strength of our business		
Order Intake	Achieve orders of >1.1x historical revenue	On target at 1.1x
Cash conversion	Convert >85% of EBITDA to cash	Strongly ahead of target at 123% mainly reflecting collection of receivables
Net debt to EBITDA	Achieve a ratio of 2:1 or lower	Well within target at 30 September 2015 at 1.7:1 in spite of significant capital expenditure of £5.0 million in the period

Financial Review (continued)

KPI	**Target**	**Progress in period**
Strategic Objective – to increase profitability		
Gross Profit %	Generate a gross profit margin of >35%	Marginally below target at 34.3% reflecting the AM margin at 45%, which is at the low end of the typical range of 45% to 50%
Trading EBIT %	Generate EBIT which is 10-15% of revenue for the period	Below target at 9.2% reflecting the gross profit margin and increased expenditure on the Centre of Excellence
Strategic Objective – to generate positive shareholder return		
Trading EPS Growth	Generate year on year growth of >10%	Ahead of target at 19%

Total Equity
Total equity increased by £1.2 million from 31 March 2015 to £16.6 million as a result of the net profit in the 6 month period to 30 September 2015 (£1.5 million) offset by the final dividend in respect of the prior year (£0.3 million).

Post-Balance Sheet Event
On 30 October 2015 the Group took control of the trade and assets of Peter Brotherhood, a division of Dresser-Rand Company Limited, a Siemens owned company, for a total consideration of USD15 million, subject to an adjustment for a working capital benchmark. The acquisition was funded through a package of new committed borrowing facilities provided by the Group's existing bankers, National Westminster Bank. A summary of the additional facilities provided is as follows:

	Maturity	**£ million**
Property term loan	September 2020	2.5
Term loan	September 2018	3.5
Revolving credit facility	November 2018	3.0
Bridging facility	October 2016	5.0
		14.0
Bonds and guarantees facility	n/a	0.9
		14.9

As part of the banking arrangements the maturity of the existing property term loans and revolving credit facility of Hayward Tyler were extended to September 2020 and November 2018 respectively.

N Flanagan
Chief Financial Officer
10 November 2015

Consolidated interim income statement

		Unaudited Six months to 30 September 2015			Unaudited Six months to 30 September 2014			Audited Year to 31 March 2015		
	Notes	£000 Trading	£000 Non-Trading	£000 Total	£000 Trading	£000 Non-Trading	£000 Total	£000 Trading	£000 Non-Trading	£000 Total
Revenue		21,835	-	21,835	24,005	-	24,005	48,619	-	48,619
Cost of sales		(14,352)	-	(14,352)	(16,425)	-	(16,425)	(31,554)	-	(31,554)
Gross profit		**7,483**	-	**7,483**	**7,580**	**-**	**7,580**	**17,065**	**-**	**17,065**
Gross profit margin		34%			32%			35%		
Operating charges	13	(5,477)	(270)	(5,747)	(5,278)	-	(5,278)	(11,718)	-	(11,718)
Operating profit		**2,006**	**(270)**	**1,736**	**2,302**	**-**	**2,302**	**5,347**	**-**	**5,347**
Finance costs	6	(297)	-	(297)	(290)	-	(290)	(694)	-	(694)
Gain/(loss) on fair value of derivatives		136	-	136	(168)	-	(168)	(294)	-	(294)
Profit before tax		**1,845**	**(270)**	**1,575**	**1,844**	**-**	**1,844**	**4,359**	**-**	**4,359**
Taxation	9	(77)	10	(67)	(373)	-	(383)	(1,210)	-	(1,210)
Profit for the period		**1,768**	**(260)**	**1,508**	**1,471**	**-**	**1,471**	**3,149**	**-**	**3,149**
Basic earnings per share (pence)	7	**3.91**	**(0.58)**	**3.33**	**3.26**	**-**	**3.26**	**6.98**	**-**	**6.98**
Diluted earnings per share (pence)	7	**3.87**	**(0.57)**	**3.30**	**3.26**	**-**	**3.26**	**6.98**	**-**	**6.98**

Consolidated interim statement of financial position

	Notes	Unaudited At 30 September 2015 £000	Unaudited At 30 September 2014 £000	Audited At 31 March 2015 £000
Non-current assets				
Goodwill		2,219	2,219	2,219
Other intangible assets		981	683	1,034
Property, plant and equipment		15,824	9,214	11,288
Deferred tax assets		2,472	2,804	2,555
Other debtors		521	3,499	806
		22,017	18,419	17,902
Current assets				
Inventories		5,759	6,669	6,015
Trade and other receivables		15,072	11,952	16,599
Other current assets		1,305	885	1,139
Current tax assets		716	376	500
Cash and cash equivalents		3,197	1,672	1,769
		26,049	21,554	26,022
Total assets		**48,066**	**39,973**	**43,924**
Current liabilities				
Trade and other payables		10,925	9,874	9,976
Borrowings		6,927	5,316	4,270
Provisions		838	932	884
Current tax liabilities		712	115	1,084
Other liabilities		2,368	1,873	3,722
Financial liabilities - derivatives	12	117	127	252
Current liabilities		**21,887**	**18,237**	**20,188**
Net current assets		4,162	3,317	5,834
Total assets less current liabilities		26,179	21,736	23,736
Non-current liabilities				
Borrowings		6,752	4,351	5,359
Pension and other employee obligations	10	179	1,538	179
Other creditors		2,642	3,374	2,757
		9,573	9,263	8,295
Net assets		**16,606**	**12,473**	**15,441**
Equity				
Called-up share capital	11	458	455	455
Share premium account		28,705	28,705	28,705
Merger reserve		14,502	14,502	14,502
Treasury stock reserve		-	(274)	(274)
Reverse acquisition reserve		(19,973)	(19,973)	(19,973)
Other equity		52	18	18
Foreign currency translation reserve		(54)	(321)	238
Retained earnings		(7,084)	(10,639)	(8,230)
Total equity		**16,606**	**12,473**	**15,441**

Please see note 13 for Post-Balance Sheet Event disclosure

Consolidated interim statement of comprehensive income

	Unaudited Six months to 30 September 2015	Unaudited Six months to 30 September 2014 £000	Audited Year to 31 March 2015 £000
Profit for the period	**1,508**	**1,471**	3,149
Other comprehensive income/loss:			
Items that will not be reclassified subsequently to profit and loss			
Remeasurement of net defined benefit liability	-	-	1,221
Income tax relating to items not reclassified	-	-	(256)
Items that will be reclassified subsequently to profit and loss			
(Loss)/gain on translation of overseas subsidiaries	(292)	100	659
Other comprehensive income/(charge) for the period net of tax	(292)	100	1,624
Total comprehensive profit for the period	1,216	1,571	4,773

Consolidated interim statement of changes in equity

Unaudited	Share Capital £000	Share Premium £000	Merger Reserve £000	Reverse Acquisition Reserve £000	Treasury Stock Reserve £000	Other Equity £000	Foreign Currency Translation Reserve £000	Retained Earnings £000	Total £000
Balance at 1 April 2015	**455**	**28,705**	**14,502**	**(19,973)**	**(274)**	**18**	**238**	**(8,230)**	**15,441**
Dividends	-	-	-	-	-	-	-	(362)	**(362)**
Sale of shares	-	-	-	-	274	-	-	-	**274**
Share based compensation	3	-	-	-	-	34	-	-	**37**
Transactions with owners	458	-	-	-	274	34	-	(362)	**(51)**
Profit for the period	-	-	-	-	-	-	-	1,508	**1,508**
Other comprehensive income/(loss):									
Loss on translation of overseas subsidiaries	-	-	-	-	-	-	(292)	-	**(292)**
Total comprehensive income/(loss)	-	-	-	-	-	-	(292)	1,508	1,216
Balance at 30 September 2015	**458**	**28,705**	**14,502**	**(19,973)**	**-**	**52**	**(54)**	**(7,084)**	**16,606**

Consolidated interim statement of changes in equity (continued)

Unaudited	Share Capital £000	Share Premium £000	Merger Reserve £000	Reverse Acquisition Reserve £000	Treasury Stock Reserve £000	Other Equity £000	Foreign Currency Translation Reserve £000	Retained Earnings £000	Total £000
Balance at 1 April 2014	**455**	**28,705**	**14,502**	**(19,973)**	**(274)**	**18**	**(421)**	**(11,769)**	**11,243**
Dividends	-	-	-	-	-	-	-	(341)	**(341)**
Transaction with owners	**-**	**-**	**-**	**-**	**-**	**-**	**-**	(341)	(341)
Profit for the period	-	-	-	-	-	-	-	1,471	**1,471**
Other comprehensive income:									
Gain on translation of overseas subsidiaries	-	-	-	-	-	-	100	-	**100**
Total comprehensive income	-	-	-	-	-	-	100	1,471	1,571
Balance at 30 September 2014	**455**	**28,705**	**14,502**	**(19,973)**	**(274)**	**18**	**(321)**	**(10,639)**	**12,473**

Consolidated interim statement of changes in equity (continued)

Audited	Share Capital	Share Premium	Merger Reserve	Reverse Acquisition Reserve	Treasury Stock Reserve	Other Equity	Foreign Currency Translation Reserve	Retained Earnings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 1 April 2014	**455**	**28,705**	**14,502**	**(19,973)**	**(274)**	**18**	**(421)**	**(11,769)**	**11,243**
Dividends	-	-	-	-	-	-	-	(575)	**(575)**
Transactions with owners	-	-	-	-	-	-	-	(575)	**(575)**
Profit for the period	-	-	-	-	-	-	-	3,149	**3,149**
Actuarial gain for the period on pension scheme	-	-	-	-	-	-	-	1,221	**1,221**
Deferred tax on actuarial movement on pension scheme	-	-	-	-	-	-	-	(256)	**(256)**
Gain on translation of overseas subsidiaries	-	-	-	-	-	-	659	-	**659**
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**659**	**4,114**	**4,773**
Balance at 31 March 2015	**455**	**28,705**	**14,502**	**(19,973)**	**(274)**	**18**	**238**	**(8,230)**	**15,441**

Consolidated cash flow statement

	Unaudited Six months to 30 September 2015 £000	Unaudited Six months to 30 September 2014 £000	Audited Year to 31 March 2015 £000
Operating activities			
Profit before tax	**1,575**	1,844	4,359
Non-cash adjustment	**772**	928	2,001
Net changes in working capital	**50**	(736)	(1,976)
Profit on disposal of property, plant and equipment	**-**	67	10
Taxes paid	**(440)**	(374)	(426)
Net cash generated from operating activities	**1,957**	**1,729**	**3,968**
Investing activities			
Purchase of property, plant and equipment	**(4,998)**	(653)	(2,944)
Purchase of intangible assets	**(61)**	-	(446)
Disposal of property, plant and equipment	**-**	-	(5)
Net cash arising used in investing activities	**(5,059)**	**(653)**	**(3,395)**
Financing activities			
Proceeds from borrowings	**3,915**	500	4,035
Repayment of borrowings	**(660)**	(966)	(4,626)
Re-banking costs	**-**	-	(199)
Dividends paid	**(362)**	(341)	(575)
Sale of treasury shares	**274**	-	-
Grant income received	**962**	(125)	1,138
Draw down of finance leases	**1,091**	62	364
Repayment of finance leases	**(397)**	(87)	(166)
Interest paid	**(293)**	(195)	(523)
Net cash generated from/(used in) financing activities	**4,530**	**(1,152)**	**(552)**
Net increase/(decrease) in cash and cash equivalents	**1,428**	(76)	21
Cash and cash equivalents at beginning of period	**1,769**	1,748	1,748
Cash and cash equivalents at end of period	**3,197**	1,672	1,769

Notes to the interim financial statements

1. General Information

Hayward Tyler Group plc's consolidated financial statements are presented in Pounds Sterling (£), which is also the functional currency of the ultimate parent company.

Established in 1815 in the UK, Hayward Tyler designs, manufactures and services a comprehensive range of fluid filled electric motors and pumps. These units are custom designed to meet the most demanding of applications and environments. Focused on the power generation (conventional and nuclear), oil and gas (topside and deep subsea) and industrial markets, Hayward Tyler is a market leader in its technology solutions. Furthermore, Hayward Tyler supplies and services a range of mission critical motors and pumps for the Royal Navy submarine fleet in the UK. Hayward Tyler also undertakes service, overhaul and upgrading of third party motor and pump equipment across all sectors.

In addition to the head office in Luton, England, Hayward Tyler has manufacturing and service support facilities in Kunshan (China), Delhi (India), East Kilbride (Scotland) and Vermont (USA). These facilities and staff provide cover 24 hours 7 days a week for maintenance, overhaul and repair.

2. Basis of preparation

These unaudited condensed consolidated interim financial statements of Hayward Tyler Group plc are for the six months ended 30 September 2015. They do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of Hayward Tyler Group plc for the year ended 31 March 2015. The financial information for the year ended 31 March 2015 set out in these interim consolidated financial statements does not constitute statutory accounts as defined in the Isle of Man Companies Act 1931 to 2006. The Group's statutory financial statements for the year ended 31 March 2015 have been filed with the Companies Registry. The auditor's report on those financial statements was unqualified and did not contain a statement under section 15.4 of the Isle of Man Companies Act 1982.

3. Accounting policies

The condensed interim consolidated financial statements have been prepared in accordance with the accounting policies adopted in the last audited financial statements for the year ended 31 March 2015.

Trading and non-trading

The consolidated income statement reports the results for the period under the headings Trading and Non-trading. Trading represents the underlying performance of Hayward Tyler together with head office costs. Non-trading represents non-recurring items, which in the period relate to costs and management time incurred on the acquisition of Peter Brotherhood.

RDEC

During the period management have chosen to take advantage of the legislation which was enacted to allow UK companies to elect for the Research and Development Expenditure Credit (RDEC) on qualifying expenditure incurred since 1 April 2013, instead of the existing super-deduction rules. At the balance sheet date, management has concluded that the election will be made and therefore the RDEC is recorded as income included in profit before tax, netted against research and development expenses as the RDEC is of the nature of a government grant. The RDEC has been included for prior year periods from 1 April 2013.

Estimates

When preparing the interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses.

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty, were the same as those applied in the last annual financial statements for the year ended 31 March 2015.

Notes to the interim financial statements (continued)

4. Segmental reporting
Management currently identifies the Group's two service lines, original equipment manufacturing ("OE") and aftermarket services ("AM"), as operating segments.

The activities undertaken by the OE segment include the design and manufacture of motors and pumps. The AM segment provides a comprehensive range of aftermarket services and spares supporting the Group's own product range as well as those of other original equipment manufacturers.

The measurement policies the Group uses for segment reporting are the same as those used in its financial statements, except that:

- post-employment benefit expenses;
- site modernisation costs and associated grant income;
- expenses relating to share-based payments;
- research costs relating to new business activities; and
- unallocated central costs

are not included in arriving at the operating profit of the operating segments. In addition, corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment. There have been no changes from prior periods in the measurement methods used to determine reported segment profit of loss.

Notes to the interim financial statements (continued)

4. Segmental reporting (continued)
Segmental information can be analysed as follows for the reporting periods under review:

	OE £000	AM £000	Total £000
Six months to 30 September 2015			
Segment revenues from:			
External customers	7,355	14,480	21,835
Other segments	-	-	-
Segment revenues	7,355	14,480	21,835
Cost and expenses	(7,462)	(11,237)	(18,699)
Segment operating (loss)/profit	(107)	3,243	3,136
Segment assets	19,663	17,031	36,693

	OE £000	AM £000	Total £000
Six months to 30 September 2014			
Segment revenues from:			
External customers	10,765	13,240	24,005
Other segments	-	-	-
Segment revenues	10,765	13,240	24,005
Cost and expenses	(11,225)	(9,821)	(21,046)
Segment operating (loss)/profit	(460)	3,419	2,959
Segment assets	14,577	10,212	24,789

	OE £000	AM £000	Total £000
Year to 31 March 2015			
Segment revenues from:			
External customers	19,689	28,930	48,619
Other segments	-	-	-
Segment revenues	19,689	28,930	48,619
Cost and expenses	(19,961)	(21,289)	(41,250)
Segment operating (loss)/profit	(272)	7,641	7,369
Segment assets	19,076	14,958	34,034

Notes to the interim financial statements (continued)

4. Segmental reporting (continued)
The totals presented by the Group's operating segments reconcile to the entity's key financial figures as presented in its financial statements as follows:

	Six months to 30 September 2015 £000	Six months to 30 September 2014 £000	Year to 31 March 2015 £000
Segment revenues			
Segment revenues	21,835	24,005	48,619
Elimination of inter-segmental revenues	-	-	-
	21,835	24,005	48,619
Segment profit			
Segment operating profit	3,136	2,959	7,369
Centre of Excellence expenses net of grant income	(532)	(188)	(548)
Other operating costs not allocated	(496)	(568)	(1,378)
Foreign currency exchange differences	(102)	99	(96)
Recurring operating profit	**2,006**	**2,302**	**5,347**
Non-recurring expenses	(270)	-	-
Operating profit	**1,736**	**2,302**	**5,347**
Finance costs plus fair value of derivatives	(161)	(458)	(988)
Group profit before tax	**1,575**	**1,844**	**4,359**
Segment total assets			
Total segment assets	36,693	24,789	34,034
Group	49,623	55,463	48,062
Consolidation	(38,250)	(40,279)	(38,172)
Group total assets	48,066	39,973	43,924

Notes to the interim financial statements (continued)

4. Segmental reporting (continued)
The Group's revenues from external customers and its non-current assets (other than goodwill and deferred tax assets) are divided into the following geographical areas:

	Six months to 30 September 2015		Six months to 30 September 2014		Year to 31 March 2015	
	£000 Revenue	**£000 Non-current assets**	**£000 Revenue**	**£000 Non-current assets**	**£000 Revenue**	**£000 Non-current assets**
United Kingdom	3,343	17,521	2,245	8,430	6,008	13,058
USA	5,139	1,258	5,250	1,293	11,577	1,205
Other countries	13,353	163	16,510	174	31,034	180
	21,835	18,941	24,005	9,898	48,619	14,443

Revenues from external customers in the Group's domicile, United Kingdom, as well as its major market the USA have been identified on the basis of the customers' geographical location. Non-current assets are allocated based on their physical location.

5. Trading EBITDA
The trading earnings before interest, tax, depreciation and amortisation are as follows:

	Six months to 30 September 2015 £000	**Six months to 30 September 2014 £000**	**Year to 31 March 2015 £000**
Trading EBITDA			
Operating profit	2,006	2,302	5,347
Depreciation and amortisation	577	470	1,013
	2,583	2,772	6,360

Notes to the interim financial statements (continued)

6. Finance costs

	Six months to 30 September 2015	Six months to 30 September 2014	Year to 31 March 2015
	£000	**£000**	**£000**
Interest payable on bank borrowing	203	257	496
Finance costs of pensions	31	33	62
(Gain)/loss arising on fair value of derivative contracts	(136)	168	294
Finance charges - re-banking	63	-	136
	161	458	988

7. Earnings per share

Both the basic and diluted earnings per share have been calculated using the profit attributable to shareholders of the parent company (Hayward Tyler Group plc) as the numerator (i.e. no adjustments to profits were necessary during the six month periods to 30 September 2015 and 30 September 2014 or the year ended 31 March 2015).

The weighted average number of shares for the purposes of the calculation of diluted earnings per share can be reconciled to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

	Six months to 30 September 2015	Six months to 30 September 2014	Year to 31 March 2015
Weighted average number of shares (used for basic earnings per share)	45,266,877	45,088,200	45,088,200
Shares deemed to be issued for no consideration in respect of share-based payments	385,042	-	-
Weighted average number of shares used in diluted earnings per share	**45,651,919**	**45,088,200**	**45,088,200**

8. Dividends

A final dividend of 0.79 pence per ordinary share was declared during the period representing a total of £361,831 (1H2015: £341,304). An interim dividend in respect of the current year of 0.552 pence per ordinary share will be paid in February 2016.

Notes to the interim financial statements (continued)

9. Tax

	Six months to 30 September 2015 £000	**Six months to 30 September 2014 £000**	**Year to 31 March 2015 £000**
Current tax			
UK tax corporation tax at 20% (H1 2014: 21%)	74	-	-
Amounts under provided in prior years	15	-	-
Overseas taxation	59	(133)	674
Adjustment in respect of prior years	(163)	-	35
Total current tax (credit)/charge	(15)	(133)	709
Deferred tax			
Acceleration of capital allowances	(56)	44	109
Losses available for offset against future taxable income	140	277	400
Retirement benefit obligations	-	-	286
Less movement recorded in other comprehensive income	-	-	(256)
Other temporary differences	(19)	194	43
Derivatives	27	(35)	(62)
Effect of change in tax rate	-	(19)	(34)
Amounts (over)/under provided in prior years	(10)	45	15
Deferred tax charge	82	506	501
Tax charge reported in the income statement	67	373	1,210

Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available in future against which deductible temporary differences can be utilised. This recognition is supported by the profitability of the trading operations of the business.

Notes to the interim financial statements (continued)

10. Pensions
No interim valuation of the pension liability has been carried out at 30 September 2015. As a result no actuarial gain or loss has been recognised in the consolidated statement of other comprehensive income and no change has been made to the net obligation for pensions recognised in the statement of financial position from that at 31 March 2015. The gains and losses for the full year together with any surplus or deficit at the year-end will be presented in the Annual Report and Accounts of the Group for the year to 31 March 2016.

The net obligation for pensions recognised in the statement of financial position as at 31 March 2015 was £0.2 million. This obligation represented the difference between the value of the scheme assets and the scheme liabilities. The value of the scheme liabilities were determined using actuarial assumptions developed by management under consideration of expert advice provided by independent actuarial advisers. The assumptions included a discount rate of 3.1%, which was based on prevailing relevant bond yields at the time, and inflation rates of 2.0% per annum in respect of CPI and 2.8% per annum in respect of RPI, based on the market's expectation of future inflation at that time.

Taking together the value of the scheme assets, the discount rate and the expectations for inflation at 30 September 2015, the value of the pension liability is not expected to have changed materially from that at 31 March 2015 of £0.2 million.

11. Share capital

	At 30 September 2015 No.	At 30 September 2014 No.	At 30 September 2013 No.
Shares issued and fully paid:			
Beginning of the period	45,507,404	45,507,404	45,507,404
Issued under share-based payment plans	294,118	-	-
Total shares authorised at the end of the period	45,801,522	45,507,404	45,507,404

Shares issued under share based payment plans represent those shares awarded under the LTIP scheme. These shares have been awarded to senior management and are subject to recall if vesting conditions associated with the share options are not met.

Notes to the interim financial statements (continued)

12. Fair value measurement of financial instruments

IAS 34 requires disclosure of the fair value of financial instruments addressed in IFRS 13 and IFRS 7. These disclosures include the classification of fair values within a three level hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: unobservable inputs for the asset or liability.

The following table shows the hierarchy of financial liabilities measured at fair value at each reporting date:

Level 2	**At 30 September 2015**	At 30 September 2014	At 31 March 2015
Financial liabilities			
Forward exchange contracts	(117)	(127)	(252)
Total liabilities	(117)	(127)	(252)
Net fair value	**(117)**	(127)	(252)

Measurement of fair value

The forward exchange contracts have been valued by the Group's bank using observable forward exchange rates and interest rates corresponding to the maturity of the contract. The effects of the unobservable inputs are not significant for forward exchange contracts.

13. Post-Balance Sheet Event

On 30 October 2015 the Group took control of the trade and assets of Peter Brotherhood, a division of Dresser-Rand Company Limited, for a total consideration of USD15.0 million, subject to an adjustment for a working capital benchmark.

The acquisition was funded through a package of new committed borrowing facilities provided by the Group's existing bankers, National Westminster Bank. A summary of the additional facilities provided is as follows:

	Maturity	**£ million**
Property term loan	September 2020	2.5
Term loan	September 2018	3.5
Revolving credit facility	November 2018	3.0
Bridging facility	October 2016	5.0
		14.0
Bonds and guarantees facility	n/a	0.9
		14.9

Management are currently in the process of reviewing the records of the business to assess the value of the assets and liabilities purchased.

Costs incurred on the acquisition of Peter Brotherhood up to 30 September 2015 are included as non-trading operating charges in the period of £0.3 million (1H2015: £nil). The majority of the acquisition costs will be incurred in 2H2016.