HAYNES PUBLISHING GROUP P.L.C.

PRELIMINARY UNAUDITED RESULTS FOR THE YEAR ENDED
31 May 2010

Haynes Publishing Group P.L.C. is the worldwide market leader in the production and sale of automotive and motorcycle repair manuals. Every Haynes manual is based on a complete vehicle strip-down and rebuild in our workshops, so that the instructions to our customers are inherently practical, accurate and easy to follow.

Through its subsidiary Vivid Holding BV, the Haynes Group is a leading European supplier of digital technical information to the motor trade, thereby broadening the Group's business to include professional as well as DIY mechanics and enthusiasts.

The Haynes Group also publishes many other DIY titles as well as an extensive array of books about motor sport, vehicles and general transport.

Financial Highlights

- Turnover of £33.3 million down 6% (2009: £35.3 million) primarily due to disposal of loss making UK print operation in February 2009.
- Operating profit of £7.7 million (2009: £7.6 million)
- Profit before tax of £7.2 million (2009: £7.1 million)
- Basic earnings per share of 28.6 pence (2009: 29.4 pence). Earnings in 2009 benefited from fiscal stimulus tax incentives on purchase of new US production equipment.
- Net funds of £3.8 million (2009: £1.4 million)
- Final dividend of 9.3 pence per share, giving a total dividend of 15.5 pence per share (2009: 15.5 pence)

Enquiries :

Haynes Publishing Group P.L.C.
J Haynes, Group Chairman 01963 442009
Eric Oakley, Group Chief Executive 01963 442009

Smith & Williamson
Barrie Newton 0117 376 2117

Cautionary Statement :
This report contains certain forward-looking statements with regard to the financial condition and results of the operations of Haynes Publishing Group P.L.C. These statements and forecasts involve risk factors which are associated with, but are not exclusive to, the economic and business circumstances occurring from time to time in the countries and sectors in which the Group operates. These forward-looking statements are made only as at the date of this announcement. Nothing in this announcement should be construed as a profit forecast. Except as required by law, Haynes Publishing Group P.L.C., has no obligation to update the forward-looking statements or to correct any inaccuracies therein.

Business Description

The Haynes Group comprises two geographical business segments as follows :

- UK & Europe
- North America & Australia.

The UK & European business has headquarters in Somerset, England and subsidiaries in the Netherlands, Italy, Spain, Romania and Sweden. The core business of the European operations is the publication of DIY Repair Manuals for Cars and Motorcycles. Through its Dutch operation, Vivid, the European business is also a major supplier of technical information to the professional sector of the automotive aftermarket around Europe. All Vivid products are sold in a digital format. The European business also publishes a wide range of titles which are practical, instructional, easy to read and aimed at those with an interest in more general DIY related activities as well as motoring, motor sport, transport, aviation and military.

The North American & Australian business has headquarters near Los Angeles, California and publishes DIY Repair Manuals for Cars and Motorcycles under the Haynes and Chilton brands, in both the English and Spanish languages. It has a branch operation in Sydney, Australia which publishes similar products under both the Haynes and Gregory's brands. The Australian business also publishes information for the professional automotive market. Through its print facility in Nashville, Tennessee the North American business is also the central print facility for the Group's printed products.

Chairman's Statement

It was 50 years ago that the Founder Director, my father, John Haynes first came up with the simple but effective idea of stripping down a vehicle and recording the step-by-step processes in a highly visual photographic manner. The resulting manual was unlike anything else available in the market and enabled people to confidently work on and repair their cars. Today and over 150 million manuals later, the step-by-step approach and attention to detail remain firmly rooted as the core of our business and in large part explains why millions of consumers worldwide have come to trust the Haynes brand. Whilst the technologies used to photograph, write, edit and print the manuals have changed since 1960, the authentic and established Haynes approach to writing one of our instructional manuals whether to maintain your car, to repair a computer, fix a Fender Stratocaster or to build your own house, remains the same.

During the past twelve months, the Group has, once again, demonstrated an underlying financial stability with profits maintained, strong cash generation and a balance sheet free of gearing. Following the structural changes and operational improvements which have been made under the leadership of Eric Oakley in recent years, the Group has a strong operating and financial platform from which to drive growth in the business, whether organically or through complimentary and value driven acquisitions. Today, the Haynes Group has a market leading presence in all major English speaking territories around the world, with the in-house capability to both technically and commercially develop new multi-language digital platforms for our products. The business has truly come a long way since its inception in 1960 and it was a splendid moment for me in June this year when I took over the role of Group Chairman.

Results summary

Group revenue, on a like-for-like basis, excluding £2.5 million of external print revenue received in 2009 from our UK Print business, which we sold in February 2009 and excluding £0.8 million of foreign exchange benefit in this year's figures, ended the 12 month period close to the previous year at £32.5 million (2009: £32.8 million). However, after taking account of the above movements, reportable Group revenue was down 6% at £33.3 million (2009: £35.3 million). Whilst we have seen a reduction in revenue following the disposal of our UK print business, this was lower margin activity for the Group, and it has, therefore, not had a detrimental impact on Group profitability. Moreover, following the disposal, we have been able to focus our attention on the Group's higher margin businesses and coupled with a continuous drive for cost efficiencies we are able to report a small improvement in pre-tax profits of 1% to £7.2 million (2009: £7.1 million).

With an effective Group tax rate of 34.7% (2009: 32.1%) basic earnings per share were 28.6 pence (2009: 29.4 pence).

The Board

After 50 years at the helm, John Haynes OBE stepped down as Group Chairman on 1 June 2010, but remains on the Main Board as Founder Director. On behalf of my fellow Board Directors I would like to sincerely thank him for the stewardship, dedication and vision he demonstrated as Chairman over many years. Coinciding with my appointment as Group Chairman in June, I was delighted to welcome Jeremy Yates-Round onto the Board as the new Managing Director of the Haynes UK and European operations. Jeremy has been with the Group since 2000 and has a wealth of publishing experience gained both here in the UK and also in international markets.

Dividends

As reported at the half year, following the pay down of acquisition debt, the Group returned to its underlying policy of a more evenly spread interim and final dividend payment. The higher interim dividend of 6.2 pence (2009: 4.0 pence) is reflected in the Board's recommendation for a lower final dividend of 9.3 pence (2009: 11.5 pence) giving a total dividend for the year of 15.5 pence (2009: 15.5 pence).

Subject to the final approval by shareholders, the final dividend will be paid on 27 October 2010 to shareholders on the register at the close of business on 1 October 2010. The shares will be declared ex-dividend on 29 September 2010.

People

In this, my first year as Group Chairman, I would like to say a big thank you to all our employees worldwide. Recent years have seen significant changes to the structure of the Group as senior management has focused on creating long term value and identifying growth opportunities, a process which has resulted in a number of acquisitions and disposals. During this period of change it has been the continued dedication, hard work and commitment of our colleagues worldwide that has helped to drive the business forward. In what remain very challenging times their continued professionalism and enthusiasm has been a major contributing factor to the success of the Group over the last twelve months.

On behalf of the Founder Director I would also like to thank all past directors and employees who have each played their part in helping the Group accomplish all that has been achieved over the last 50 years.

Future prospects

There is much uncertainty over the pace of the global economic recovery but I firmly believe the Group is well placed to tackle the challenges ahead and to seek actively and take advantage of new commercial opportunities as they arise. The principal objective is to build on the success of the last 50 years and I am confident we have the people across the entire Group who are eager to, and capable of, taking on these challenges, to drive the business forward and to deliver future growth.

J HC Haynes
Group Chairman
25 August 2010

Group Chief Executive's Review

Business overview

Over 50 years ago, when John Haynes wrote his first book on the Austin Seven, little could he have foreseen how the business would grow into the world's leading automotive publisher, with offices in three continents, books translated into more than 20 languages and sales in excess of 150 million units. The business has changed since those early days, but the values of hard work, integrity and simplicity remain very much at the heart of the modern day Haynes businesses.

Over the last 10 years, the Group has undergone some radical restructuring. Loss making UK & European operations have been sold or closed, internal operations restructured or outsourced, acquisition debt paid down and the focus of the business re-aligned. Through strategic acquisitions we have extended our geographical reach, realised financial synergies and acquired expertise in areas we consider to be fundamentally important to the future development and growth of our business. The adoption of digital technology in our Nashville print facility has opened up new possibilities in book publishing and now allows the Group to extend the life of titles which, under traditional printing methods, would no longer be viable to hold in inventory.

Over the last few years we have made a strategic move to widen our range of practical and easy to follow, step-by-step format DIY titles. If today you want to grow your own vegetables, Haynes has a manual to show you how. If you are looking to get into shape, the Royal Marines Fitness Manual, the first title in our new publishing association with the Royal Marines could fit the bill. Alternatively, with more people keeping chickens than at any time since the Second World War, you may be one of the many people who could benefit from our Haynes Chicken Manual. Whilst the publication of automotive repair manuals remains very much the core of our global publishing business, the diversity of subject matters we now cover helps to demonstrate how we are also establishing Haynes as a leading publisher of more general DIY titles.

The structural changes to the business outlined above have been a major contributing factor in placing the Group on a stronger financial platform which, over the last twelve months, has enabled the Group to deliver another solid trading performance in what continue to be very challenging conditions.

Operating results overview

The soft trading conditions experienced by the Group in its major markets over the last 24 months have hampered the Group's ability to drive top-line revenue growth. Nevertheless, we did experience revenue improvements in some parts of the business during the year, particularly in the UK, Scandinavia and Australia.

In the important US market, revenue in local currency was 6% down against the prior year as re-ordering patterns from a small number of key customers continue to fall short of levels we would consider to be normal. Outside of this small group, the customer base is performing ahead of last year. As a Group we gained a benefit during the year from a weaker Sterling exchange rate against the US Dollar, ending the year with an average rate of $1.58 (2009: $1.64) giving a positive movement of 4% and increasing US revenue by £0.6 million. As a result, US revenue ended the year down 3% when reported in Sterling. In Australia, sales performed well, finishing the year 13% ahead of the prior period.

In the UK & Europe, the loss of the external print revenue meant that reportable UK & European revenue finished the year down 9%. However, on a like-for-like basis, revenue was ahead by 6% helped by strong manual sales growth in Scandinavia and strong sales in the UK's general publishing and licensing divisions. In Holland, Vivid sales finished the year 2% ahead of the prior period, which in the prevailing economic climate was a satisfactory outcome.

Following the disposal of the UK print business in February 2009, we gained the expected benefit to UK margins during the year, with the UK gross margin increasing to 49% (2009: 42%). This in turn helped improve the overall Group gross margin to 64.2% (2009: 62.1%). We continue to experience upward pressures on raw material costs. However, the move earlier this year to centralise our Group printing in the US means that we are able to benefit from improved economies of scale and greater production synergies which both go some way to help mitigate the increasing cost pressures we are facing.

Overhead expenses were down £0.4 million, or 3%, helped by lower US advertising costs, as performance linked promotional expenditure was reduced following the revenue shortfall from the small group of key customers. Partially offsetting the lower US advertising costs was the impact of exchange rates, which increased US overheads in comparison to last year by £0.3 million, the first year of amortisation on the new UK computer system implemented in June 2009 adding £0.1 million of additional expense and one-off headcount restructuring costs in the UK business of £0.1 million. With other operating income increasing by £0.2 million, Group operating profit ended the year up 1% at £7.7 million (2009: £7.6 million).

Net finance costs were in line with last year at £0.5 million leaving pre-tax profits also ahead of last year by 1% at £7.2 million (2009: £7.1 million).

Segmental overview

North America and Australia

The performance of the North American business continues to be adversely impacted by sales from a small number of key customers where long standing inventory reduction programmes have and continue to affect re-ordering patterns. As a result, revenue in local currency was down 6% against the prior year at $29.1 million (£18.4 million) with the shortfall being largely attributable to these customers. With the remaining US customer base performing ahead of last year, the underlying performance of the business is somewhat masked by the above factor. Notwithstanding the reduction in US revenue during the year, this part of the business remains the major revenue and profit generator for the Group.

During the second half of the year, the Group centralised the manufacturing of all its printed material to the US's print facility in Nashville, Tennessee. This now allows the Group to take advantage from production synergies which will benefit both the US and European operations going forward.

In Australia, the new management team is making good progress with sales in the second six months 19% ahead of the prior year and ending the twelve month period 13% ahead of last year. With the expanded industry knowledge of the new management team, coupled with the financial synergies from printing the general publishing titles in the US, there is an opportunity to improve the performance of the Group's general publishing title sales in this market place.

During the year, the Group reviewed the allocation of overheads to and from the operating segments and as a result of this review, costs of $0.4 million which had previously been treated as central costs have been retained in the North American and Australian business. This helps to explain the reduction in segmental operating profits of the North American and Australian business for the year which were down 11% at $6.4 million (2009: $7.2 million). However, with a stronger US Dollar against Sterling during the year, segmental operating profit when translated to Sterling was down 9% at £4.0 million (2009: £4.4 million).

United Kingdom and Europe

Overall revenue in the UK & Europe ended the year 9% down on the prior period. However, on a like-for-like basis, excluding revenue from the UK print business sold last year, revenue was ahead of the prior year by 6% helped by year-on-year increases in sales of both the UK automotive and general publishing titles.

In Vivid, despite the difficult market conditions, revenue in local currency ended the year 2% ahead of the prior period. The Vivid business continued to invest in its own core digital applications during the year as well as supporting the Group in developing new digital platforms for the other Haynes businesses.

Through the activities of the UK Licensing division, the exposure of the Haynes brand continues to develop with recent licensing tie-ups including Hornby's well-known Airfix and Corgi brands and a compilation Fathers Day CD album with Sony.

During the year, UK & European operating costs were affected by the first year of amortisation on the new UK computer system of £0.1 million and one-off headcount restructuring costs of a similar amount. As a result, UK & European segmental profits ended the year in line with last year at £2.2 million (2009: £2.2 million).

Taxation

The charge to taxation on continuing operations for the year was £2.5 million (2009: £2.3 million) giving an effective tax rate of 34.7% (2009: 32.1%). In 2008/9, as part of a US fiscal stimulation package, the North American business benefited from accelerated first year capital allowances on the purchase of a new binding line which led to a lower overall Group tax charge. However, with capital expenditure during the current year back to more usual levels, the Group's tax charge in 2009/10 reflects our more normal geographical mix of profits.

Working capital and cash flows

The conversion of profit into cash is a key ratio for the business and during the year the net cash generated from operations before tax was £10.2 million (2009: £9.3 million) and represented 133% of Group operating profit (2009: 123%). The Group's strong cash generation is a key strength of the business and despite the difficult trading conditions we have been able to improve our net cash position. We started the year with net cash of £1.4 million and following expenditure on US production equipment of £0.8 million to accommodate the printing of the UK general publishing titles and expenditure on new customer display racking of £0.2 million, we ended the year with net cash of £3.8 million, clearing down the UK overdraft of £1.7 million in the process.

We continue to monitor closely our inventory levels and excluding the impact of exchange on the North American and Australian figures, which increased the year-end balances by £0.8 million, inventory levels ended the year 1% or £0.1 million down on the prior year. During the year the US business purchased a new digital press which now allows the Group to print shorter runs and is an important tool for management in controlling quantities of finished goods inventory.

Pensions

The Group has a number of different retirement programmes in the countries within which it operates. The principal pension programmes are a contributory defined benefit scheme in the UK, a non-contributory defined benefit plan in the US and defined contribution scheme in The Netherlands.

As at 31 May 2010, the aggregate deficit on the two retirement benefit schemes, as reported under International Accounting Standard 19, was £14.0 million (2009: £10.4 million) with an increased deficit in the UK Scheme of £4.7 million being partially offset by a reduction in the US Scheme deficit of £1.1 million. Whilst equity values have come under pressure in the UK in recent months reducing asset values, it is the reduction in the UK discount rate from 6.6% last year to 5.45% this year, increasing the Scheme's liabilities, which has been the major factor in increasing the UK Scheme deficit.

The Group funds its pension contributions based on actuarial valuations which are undertaken annually in the US and triennially in the UK, with the latest UK triennial valuation being for the Scheme year ended 30 June 2008. On 8 July 2010, the Pensions Minister informed Parliament that the index to be used to calculate the minimum increases in pensions would switch from the Retail Price Index ("RPI") to the Consumer Price Index ("CPI"). This was followed on 12 July 2010 by an announcement from the Department for Work and Pensions which indicated that this change could be retrospective, but draft legislation is currently awaited. In common with other companies who hold defined benefit pension schemes we are in the process of establishing what impact this change will have on the Haynes UK scheme. However, on current information available it seems more likely that this change will lower the reported deficit but this is dependent on the rates of CPI and RPI from time to time and the wording of legislation. We hope to be in a position to update on the impact of this change when we next report our results at the half year.

Group outlook

Over the years the Haynes Group has demonstrated it has a sustainable business model which has been reinforced once again during the difficult trading conditions experienced over the last twenty four months. The business is currently free of debt, with strong cash generation and a proven record in identifying, securing and managing acquisitions. The underlying business is performing well and whilst we are aware that we face challenges in the coming year, we are confident in the quality of our people to manage the business through this period and to take advantage of opportunities as they arise.

Over the coming months we will be looking to utilise the Group's geographical reach to maximise sales of our general publishing titles. We will also try to establish new distribution channels for the Group's core products and through innovative and commercial product development programmes seek to identify new product opportunities whether in printed or digital format. Finally we will actively pursue acquisitive growth opportunities, where such opportunities will provide long term and sustainable benefits for the Group.

Eric Oakley
Group Chief Executive
25 August 2010

Consolidated Income Statement

	Note	Year Ended 31 May 2010 Unaudited £'000	Year Ended 31 May 2009 Audited £'000
Continuing operations			
Revenue	3	33,310	35,335
Cost of sales		(11,910)	(13,378)
Gross profit		21,400	21,957
Other operating income		325	101
Distribution costs		(7,926)	(8,622)
Administrative expenses		(6,113)	(5,861)
Operating profit		7,686	7,575
Finance income	4	1,053	1,123
Finance costs	5	(1,571)	(1,642)
Profit before taxation		**7,168**	**7,056**
Taxation	6	(2,486)	(2,267)
Profit for the period from continuing operations		**4,682**	**4,789**
Attributable to :			
Equity holders of the Company		4,677	4,810
Non-controlling interests		5	(21)
		4,682	**4,789**
Earnings per 20p share from continuing operations	7	Pence	Pence
- Basic		28.6	29.4
- Diluted		28.6	29.4

Consolidated Statement of Comprehensive Income

	Year Ended 31 May 2010 Unaudited £'000	Year Ended 31 May 2009 Audited £'000
Profit for the period	4,682	4,789
Other comprehensive income :		
Exchange differences on translation of foreign operations	2,520	4,634
Actuarial (losses)/gains on retirement benefit obligation		
- UK Scheme	(4,535)	(1,627)
- US Scheme	1,003	(1,594)
Deferred tax on retirement benefit obligation		
- UK Scheme	1,270	455
- US Scheme	(401)	637
Other comprehensive income for the year	**(143)**	**2,505**
Total comprehensive income for the financial period	**4,539**	**7,294**
Attributable to :		
Equity holders of the Company	4,534	7,315
Non-controlling interests	5	(21)
	4,539	**7,294**

Consolidated Balance Sheet

	Note	Year Ended 31 May 2010 Unaudited £'000	Year Ended 31 May 2009 Audited £'000
Non-current assets			
Property, plant and equipment		10,725	9,831
Intangible assets		16,537	14,979
Deferred tax assets		5,424	3,996
Total non-current assets		**32,686**	**28,806**
Current assets			
Inventories		13,193	12,523
Trade and other receivables		10,651	11,765
Cash and cash equivalents		3,842	3,029
Total current assets		**27,686**	**27,317**
Total assets		**60,372**	**56,123**
Current liabilities			
Trade and other payables		(4,288)	(4,446)
Current tax liabilities		(254)	(122)
Bank overdrafts		-	(1,659)
Total current liabilities		**(4,542)**	**(6,227)**
Non-current liabilities			
Deferred tax liabilities		(3,353)	(2,691)
Retirement benefit obligation	10	(14,017)	(10,390)
Total non-current liabilities		**(17,370)**	**(13,081)**
Total liabilities		**(21,912)**	**(19,308)**
Net assets		**38,460**	**36,815**
Equity			
Share capital		3,270	3,270
Share premium		638	638
Retained earnings		28,448	29,328
Foreign currency translation reserve		6,096	3,576
Capital and reserves attributable to equity shareholders		**38,452**	**36,812**
Equity attributable to non-controlling interests		8	3
Total equity		**38,460**	**36,815**

Consolidated Statement of Changes in Equity (unaudited)

	Share capital £'000	Share premium £'000	Foreign currency translation reserve £'000	Retained earnings £'000	Sub total £'000	Non-controlling interests £'000	Total £'000
Balance at 1 June 2008	3,270	638	(1,058)	29,018	31,868	14	31,882
Profit for the period	-	-	-	4,810	4,810	(21)	4,789
Other comprehensive income :							
Currency translation adjustments	-	-	4,634	-	4,634	-	4,634
Actuarial losses on defined benefit plans (net of tax)	-	-	-	(2,129)	(2,129)	-	(2,129)
Total other comprehensive income/(expense) for the period	**-**	**-**	**4,634**	**(2,129)**	**2,505**	**-**	**2,505**
Total comprehensive income/(expense) for the period	**-**	**-**	**4,634**	**2,681**	**7,315**	**(21)**	**7,294**
Dividends	-	-	-	(2,371)	(2,371)	-	(2,371)
Increase in non-controlling interests share capital/share premium	-	-	-	-	-	10	10
Balance at 1 June 2009	**3,270**	**638**	**3,576**	**29,328**	**36,812**	**3**	**36,815**
Profit for the period	-	-	-	4,677	4,677	5	4,682
Other comprehensive income :							
Currency translation adjustments	-	-	2,520	-	2,520	-	2,520
Actuarial losses on defined benefit plans (net of tax)	-	-	-	(2,663)	(2,663)	-	(2,663)
Total other comprehensive income/(expense) for the period	**-**	**-**	**2,520**	**(2,663)**	**(143)**	**-**	**(143)**
Total comprehensive income/(expense) for the period	**-**	**-**	**2,520**	**2,014**	**4,534**	**5**	**4,539**
Dividends	-	-	-	(2,894)	(2,894)	-	(2,894)
Balance at 31 May 2010	**3,270**	**638**	**6,096**	**28,448**	**38,452**	**8**	**38,460**

Consolidated Cash Flow Statement

	Year Ended 31 May 2010 Unaudited £'000	Year Ended 31 May 2009 Audited £'000
Cash flows from operating activities - continuing		
Profit after tax	4,682	4,789
Adjusted for :		
Income tax expense	2,486	2,267
Interest payable and similar charges	9	116
Interest receivable	(29)	(38)
Interest charges on pension liabilities less expected returns on pension assets	538	441
Operating profit	**7,686**	**7,575**
Depreciation on property, plant and equipment	1,014	864
Amortisation of intangible assets	874	418
IAS 19 pensions current service cost net of contributions paid	(693)	(407)
(Gain)/loss on disposal of property, plant and equipment	(19)	139
	8,862	**8,589**
Changes in working capital :		
Decrease/(increase) in inventories	105	(300)
Decrease in receivables	1,492	1,918
Decrease in payables	(226)	(917)
Net cash generated from operations	**10,233**	**9,290**
Tax paid	(1,796)	(2,024)
Net cash from operating activities	**8,437**	**7,266**
Investing activities		
Proceeds on disposal of property, plant and equipment	29	416
Purchases of property, plant and equipment	(1,158)	(2,354)
Expenditure on development costs	(2,143)	(1,939)
Acquisition costs :		
– Deferred consideration	(84)	(81)
Interest received	29	38
Net cash used in investing activities	**(3,327)**	**(3,920)**
Financing activities		
Dividends paid	(2,894)	(2,371)
Interest paid	(13)	(112)
Cash received from non-controlling interests	-	10
Net cash used in financing activities	**(2,907)**	**(2,473)**
Net increase in cash and cash equivalents	**2,203**	**873**
Cash and cash equivalents at beginning of year	1,370	196
Effect of foreign exchange rate changes	269	301
Cash and cash equivalents at end of year (net funds)	**3,842**	**1,370**

Notes to the Preliminary Announcement

1. Accounting policies

Basis of preparation

Haynes Publishing Group P.L.C. (the "Company") is a company domiciled in the United Kingdom. The consolidated financial statements of the Company for the year ended 31 May 2010 comprise the Company and its subsidiaries (together referred to as the "Group"). The Group financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS's) as adopted by the European Union and the Companies Act 2006 applicable to companies reporting under IFRS.

The Group financial statements have been prepared on the historical cost basis except for the treatment of certain financial instruments and are presented in sterling, with all values rounded to the nearest thousand pounds (£'000) except as indicated otherwise.

Basis of accounting

The accounting policies used to prepare this preliminary announcement are consistent with those applied in the 2009 consolidated financial statements, apart from the adoption of new or amended standards effective during the year and as summarised below. These accounting policies have been applied consistently in respect of the Group entities.

IFRS 7: Financial instruments - Disclosures (amendment): The amended standard requires additional disclosures in respect of the fair value of financial instruments and liquidity risk. The amendment is mandatory for accounting periods beginning on or after 1 January 2009, but comparatives are not required in the first year of application.

IFRS 8: Operating segments: This new standard replaces IAS14 'Segmental Reporting' and requires operating segments to be disclosed on the same basis as that used for internal reporting. The implementation of IFRS 8 has had no impact on the results or net assets of the Group but has resulted in certain revised disclosures.

IAS 1 (revised): Presentation of financial instruments: The adoption of IAS1 (revised) requires certain revised disclosures to the primary statements. In particular, the reconciliation of the movement in equity which was formerly included as a note to the accounts is now presented as a primary statement, the Consolidated Statement of Recognised Income and Expense has been replaced with the Consolidated Statement of Comprehensive Income and minority interests are now referred to as non-controlling interests. Apart from some other small disclosure changes, the new statement is similar in content to the previous information presented.

IFRS 2: 'Share-based payments', IAS 23: 'Borrowing costs', IAS 32: 'Financial Instruments: Presentation' and IAS 39: 'Financial Instruments: Recognition & Measurement' became effective during our financial year ended 31 May 2010 but did not have a material impact on the Group.

Status of preliminary announcement

The financial information contained in this report does not constitute the Company's statutory accounts for the year ended 31 May 2010 or for the year ended 31 May 2009. Statutory accounts for the year ended 31 May 2009 have been reported on by the Independent Auditors and the Independent Auditors' Report was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006. The Statutory accounts for the year ended 31 May 2009 have been filed with the Registrar of Companies.

The 2010 figures are based on unaudited accounts for the year ended 31 May 2010. Statutory accounts for the year ended 31 May 2010 will be finalised based on the information presented in this announcement and the auditors will report on those accounts once they are finalised. The statutory accounts for the year ended 31 May 2010 will be delivered to the Registrar in due course.

The preliminary announcement has been approved by the Board of Directors and authorised for issue on 25 August 2010.

2. Segmental analysis

For management and internal reporting purposes, the Group is organised into two geographical operating segments:

- UK and Europe
- North America and Australia

The UK and European business with headquarters in Sparkford, Somerset has subsidiaries in the Netherlands, Italy, Spain, Romania and Sweden. Its core business is the publication and supply of automotive repair and technical information to the DIY and professional automotive aftermarkets.

The North American & Australian business with headquarters near Los Angeles, California publishes DIY Repair Manuals for Cars and Motorcycles under the Haynes and Chilton brands, in both the English and Spanish languages. It also has a branch operation in Sydney, Australia which publishes similar products under both the Haynes and Gregory's brands.

The above two operating segments are each organised and managed separately and are treated as distinct operating and reportable segments in line with the provisions of IFRS 8. The identification of the two operating segments is based on the reports reviewed by the chief operating decision maker, which form the basis for operational decision making.

Analysis of geographic operating segments

Revenue and results :	UK & Europe 2010 £'000	North America & Australia 2010 £'000	Eliminations 2010 £'000	Consolidated 2010 £'000
Revenue				
External sales	14,928	18,382	-	33,310
Inter-segmental sales [1]	328	1,151	(1,479)	-
Total revenue	**15,256**	**19,533**	**(1,479)**	**33,310**
Result				
Segment profit before interest	2,185	4,010	-	6,195
Interest receivable	9	20	-	29
Interest payable	(2)	-	-	(2)
Segment profit after interest	2,192	4,030	-	6,222
Unallocated head office income less expenses				376
Segment operating profit before tax				6,598
Reconciliation to consolidated profit before tax :				
IAS 16 Property, Plant and Equipment [2]				48
IAS 19 Employee Benefits [3]				50
IFRS 3 Business Combinations [4]				472
				7,168
Taxation [5]				(2,486)
Consolidated profit after tax				**4,682**

[1] Inter-segmental sales are charged at the prevailing market rates.
[2] In the segmental reporting freehold buildings are depreciated over 40 years - under IAS 16 the residual value of buildings reflect the expected value at the end of their useful life resulting in an adjustment to depreciation.
[3] In the segmental reporting, pension contributions are expensed and the assets and liabilities of a defined benefit pension scheme are held separately from the Group - under IAS 19 the Income Statement and Statement of Comprehensive Income are adjusted to reflect the annual current service cost and actuarial gains and losses arising on a defined benefit pension scheme and the net surplus/(deficit) on the scheme is included in the balance sheet.
[4] In the segmental reporting goodwill is amortised over a period not exceeding 20 years - under IFRS 3 goodwill is reviewed annually for impairment but not amortised.
[5] The charge to taxation relates to the consolidated Group. Included within the charge to taxation is £156,000 which relates to the UK & Europe operations and £1,637,000 which relates to the North American and Australian operations.

2. Segmental analysis (continued)

Revenue and results :	UK & Europe 2009 £'000	North America & Australia 2009 £'000	Eliminations 2009 £'000	Consolidated 2009 £'000
Revenue				
External sales	16,427	18,908	-	35,335
Inter-segmental sales [1]	182	804	(986)	-
Total revenue	**16,609**	**19,712**	**(986)**	**35,335**
Result				
Segment profit before interest	2,230	4,413	-	6,643
Interest receivable	24	13	-	37
Interest payable	(24)	(36)	-	(60)
Segment profit after interest	2,230	4,390	-	6,620
Unallocated head office income less expenses				(165)
				6,455
Reconciliation to consolidated profit before tax :				
IAS 16 Property, Plant and Equipment [2]				15
IAS 19 Employee Benefits [3]				129
IFRS 3 Business Combinations [4]				457
				7,056
Taxation [5]				(2,267)
Consolidated profit after tax				**4,789**

[1] Inter-segmental sales are charged at the prevailing market rates.
[2] In the segmental reporting freehold buildings are depreciated over 40 years - under IAS 16 the residual value of buildings reflect the expected value at the end of their useful life resulting in an adjustment to depreciation.
[3] In the segmental reporting, pension contributions are expensed and the assets and liabilities of a defined benefit pension scheme are held separately from the Group - under IAS 19 the Income Statement and Statement of Comprehensive Income are adjusted to reflect the annual current service cost and actuarial gains and losses arising on a defined benefit pension scheme and the net surplus/(deficit) on the scheme is included in the balance sheet.
[4] In the segmental reporting goodwill is amortised over a period not exceeding 20 years - under IFRS 3 goodwill is reviewed annually for impairment but not amortised.
[5] The charge to taxation relates to the consolidated Group. Included within the charge to taxation is £184,000 which relates to the UK & Europe operations and £1,753,000 which relates to the North American and Australian operations.

3. Revenue

	Year Ended 31 May 2010 £'000	Year Ended 31 May 2009 £'000
Revenue by geographical destination on continuing operations :		
United Kingdom	9,140	10,808
Rest of Europe	6,077	5,750
United States of America	14,698	15,756
Rest of World	3,395	3,021
Total consolidated revenue	**33,310**	**35,335**

4. Finance income

	Year Ended 31 May 2010 £'000	Year Ended 31 May 2009 £'000
Interest receivable on bank deposits	21	38
Other interest	8	-
Expected return on pension scheme assets	1,024	1,085
	1,053	**1,123**

5. Finance costs

	Year Ended 31 May 2010 £'000	Year Ended 31 May 2009 £'000
Interest payable on bank loans and overdrafts	9	87
Other interest	-	29
Interest charge on pension scheme liabilities	1,562	1,526
	1,571	**1,642**

6. Taxation

	Year Ended 31 May 2010 £'000	Year Ended 31 May 2009 £'000
Analysis of charge during the period :		
Current tax		
- UK corporation tax on profits for the period	138	1,337
- Foreign tax	2,113	1,058
- Double tax relief	-	(1,227)
- Adjustments in respect of prior periods	1	65
	2,252	1,233
Deferred tax		
- Origination and reversal of temporary differences	234	1,034
	2,486	**2,267**

From 1 July 2009 dividends received in the UK from the Group's overseas subsidiaries are treated as exempt income and the UK Parent Company no longer needs to account for double tax relief. Accordingly, the amount included for UK corporation tax for the financial year ended 31 May 2010 is lower than the prior year and correspondingly there is no double tax relief (2009: £1.2 million).

7. Earnings per share

The calculation of the basic and diluted earnings per share is based on the following :-

	Year Ended 31 May 2010 £'000	Year Ended 31 May 2009 £'000
Earnings :		
Profit after tax – continuing operations *	4,677	4,810
	No.	No.
Number of shares :		
Weighted average number of shares	16,351,540	16,351,540

* Figure has been adjusted for a profit of £5,000 (2009: loss of £21,000) attributable to non-controlling interests.

As at 31 May 2010 and 31 May 2009 there were no potentially dilutive shares in issue on either of the Company's two classes of shares. Accordingly, there is no difference between the weighted average number of shares used in the basic and diluted earnings per share calculation.

8. Dividends

	Year Ended 31 May 2010 £'000	Year Ended 31 May 2009 £'000
Amounts recognised as distributions to equity holders :		
Final dividend for the year ended 31 May 2009 of 11.5p per share (2008: 10.5p per share)	1,880	1,717
Interim dividend for the year ended 31 May 2010 of 6.2p per share (2009: 4.0p per share)	1,014	654
	2,894	**2,371**
Proposed final dividend for the year ended 31 May 2010 of 9.3p per share (2009: 11.5p)	1,521	1,880

The proposed final dividend is subject to approval by shareholders at the Annual General Meeting to be held on 13 October 2010 and has not been included as a liability in these financial statements.

Subject to final approval by shareholders the final dividend will be paid on 27 October 2010 to shareholders on the register at the close of business on 1 October 2010. The shares will be declared ex-dividend on 29 September 2010.

9. Analysis of the changes in net funds

	As at 1 June 2009 £'000	Cash flow £'000	Exchange movements £'000	As at 31 May 2010 £'000
Cash at bank and in hand	3,029	544	269	3,842
Bank overdrafts	(1,659)	1,659	-	-
	1,370	**2,203**	**269**	**3,842**

10. Retirement benefit obligation

The Group operates a number of different retirement programmes in the countries within which it operates. The principal pension programmes are a contributory defined benefit scheme in the UK and a non contributory defined benefit plan in the US. The assets of all schemes are held independently of the Group and its subsidiaries.

As at 31 May 2010 the financial position of the two defined benefit schemes have been updated by qualified independent actuaries in line with the requirements of IAS 19 and the combined movements on the two schemes are shown below :

	Year Ended 31 May 2010 £'000	Year Ended 31 May 2009 £'000
Consolidated retirement benefit obligation at beginning of period	(10,390)	(6,794)
Movement in the period :		
- Total expenses charged in the income statement	(1,479)	(1,482)
- Contributions paid	1,634	1,447
- Actuarial loss taken directly to reserves	(3,532)	(3,221)
- Foreign currency exchange rates	(250)	(340)
Consolidated retirement benefit obligation at end of period	**(14,017)**	**(10,390)**

11. Other information

The Directors Report and audited Report & Accounts for the financial year ended 31 May 2010 will be posted to shareholders on 20 September 2010 and delivered to the Registrar of Companies following the Annual General Meeting which will be held on 13 October 2010. Copies of the Directors' report and audited Report & Accounts will be available from the Group Company Secretary, Haynes Publishing Group P.L.C., Sparkford, Near Yeovil, Somerset BA22 7JJ (telephone 01963 440635) after 20 September.

This preliminary announcement is not being posted to shareholders, but is available on the UK web site http://www.haynes.co.uk/investor.