HAYNES PUBLISHING GROUP P.L.C.

RESULTS FOR THE YEAR ENDED
31 May 2016

Haynes Publishing Group P.L.C. ("the Group") creates and supplies practical and informative content to consumers and professional mechanics in print and digital formats.

Our consumer content is delivered via both print and digital channels around the world. Through our Haynes, Chilton and Clymer brands, the Group is the worldwide market leader in automotive and motorcycle repair manual sales.

HaynesPro is a leading supplier of technical information to professional mechanics. Content is delivered entirely digitally on a subscription basis to over 40,000 workstations in over 25 languages across Europe.

The Group also publishes an extensive range of practical and DIY titles covering a wide variety of subjects, as well as a range of light entertainment manuals styled on the iconic Haynes Manual.

Group financial highlights

- Revenue down 2% at £25.7 million (2015: £26.1 million)
- Adjusted EBITDA[1] of £8.4 million, down 5% (2015: £8.7 million)
- Adjusted operating profit[1] of £2.5 million, down 19% (2015: £3.1 million)
- Adjusted profit before tax[1] of £1.9 million, down 24% (2015: £2.5 million). Reportable loss before tax and after exceptional items of £2.5 million (2015: loss of £7.2 million)
- Adjusted basic earnings[1] per share of 7.6 pence (2015: 10.7 pence)
- Final dividend declared of 4.0 pence per share, giving a total dividend of 7.5 pence per share (2015: 7.5 pence)
- Revenue from the Group's digital product ranges up 23% at £7.9 million (2015: £6.4 million)
- Net cash[2] of £0.4 million (2015: £0.1 million) with 1.2 million shares still held in treasury
- Operating cash flow of £7.8 million (before product development) (2015: £8.7 million)
- Exceptional charge during the year of £4.4 million (2015: £9.8 million) in relation to the operational, cost and structure review announced in September 2015.

Business highlights

- Following the global operational, cost and structure review announced in September 2015, US production and distribution is to be outsourced, US operations to be consolidated in California and Nashville freehold properties to be marketed for sale.
- New global digital director recruited October 2015 with new digital team in place by May 2016.
- Implementation of new global website progressing to plan with launch of new UK site in August 2015 and new US website launched in July 2016.
- Investment in new product development increased to £6.4 million, up 14% (2015: £5.6 million)
- New Board roles and appointments following retirements of former Chief Executive Officer and Group Finance Director.

Eddie Bell, Group Chairman, said:

"The Haynes Group is currently in transition. However, with our new board and management team in place and with the cost and strategy review being implemented, we can now focus our resources on developing new products and pursuing exciting revenue and profit enhancing initiatives.

"Our unrivalled core automotive content coupled with our in-house digital expertise and technological capabilities will be a key driver to the Group achieving this revenue and profit growth in both our consumer and professional markets".

Notes to the financial highlights :

[1] Adjusted to exclude £4.4 million of exceptional costs (2015: exceptional costs of £9.8 million). Reported operating loss of £2.0 million (2015: loss of £6.7 million). Reported loss per share was 11.8 pence (2015: loss per share of 39.2 pence). EBITDA including exceptional items was £4.0 million (2015: £8.6 million).

[2] Net cash defined as cash at bank net of bank overdrafts and bank loans.

Enquiries :

Haynes Publishing Group P.L.C. +44 1963 442009
Eddie Bell, Chairman
J Haynes, Chief Executive Officer

Investor Contact: Panmure Gordon (UK) Limited +44 20 7886 2500
Karri Vuori
Erik Anderson
Will Wickham

Media Contact: New Century Media +44 20 7930 8033
Richard Hill

Cautionary Statement :

Chairman's Statement

In this my opening Annual Report as Haynes Group Chairman, and as the first non-Haynes family member to hold this position in the Group's 56 year history, I would like to begin by saying how much of an honour it is to be chairing the Board at such a crucial time for the business. I take the reins at a time when there are clear challenges to the fundamentals of the business. Yet, despite these challenges, I am confident that through the actions outlined in this report the Group is on course to becoming a leaner, fitter and financially stronger business.

In September 2015, I was asked by the Board to undertake an operational cost and structure review of the Haynes Group companies. During this review process, I gained a valuable insight into the detailed workings of the Haynes business. This involved spending time with management in the underperforming areas of the business where we have experienced revenue and profit decline in recent years and also meeting with management and key employees in the growth parts of the business where I was able to see at first hand the cultures which have helped to facilitate this growth and development.

Having headed up similar corporate restructuring programmes in the past, it soon became apparent that direct action was required to address the high structural cost base in our North American business where the rate of sales decline has accelerated over the last two years. Whilst, manifestly, a review like this focuses on the areas of the business in decline, it was also important for the review to evaluate the growing parts of our business, such as our digital product ranges, to ensure investment and resource levels were adequate to facilitate future expansion and growth.

Financial highlights

This has been a mixed year of trading for the Haynes Group, with strong revenue and profit growth from our professional product ranges in Europe offset by lower sales of our consumer print manuals in North America and Australia. In our UK business, we continue to make steady progress following the extensive restructuring in 2013/14 and, whilst this part of the business is still loss making, the losses have reduced each year since the restructuring and in 2015/16 we had our first year-on-year increase in printed automotive manual revenue since 2008.

The impact of the lower North American and Australian revenue led to an overall reduction of 2% in Group revenue to £25.7 million (2015: £26.1 million) and a reduction in profit before tax and exceptional items of 24% to £1.9 million (2015: £2.5 million).

Operational, cost and structure review

At the time of reporting our half year results in January 2016, the Board were still evaluating the review's findings. I can now confirm that following a full evaluation and discussion, the Board endorsed all the recommendations in my report and in May 2016 we announced to the market that implementation of the recommendations had begun.

When the founder, John Haynes, set up the Haynes business 56 years ago with a vertically integrated structure, it allowed the business to internally control the editorial process, design, printing and distribution of the iconic Haynes manuals which, at that time, was an important factor in the growth and international expansion of the business. However, with the steady decline of print automotive manual sales in recent years and the access to specialist printing and distribution partners, the fundamentals have changed. Seven years ago, when we sold our UK print operation and moved all group printing to Nashville, based on our volume sales at that time, we could print our manuals in the US and distribute to the UK and Australia cheaper than we could source externally. Today, this is no longer the case and it was very evident during my review that quick action was required to help protect the margins in our print products from further erosion. Following extensive due diligence, in May 2016 we signed a three year print deal with Times Offset in Malaysia and the first of the new outsourced print manuals for publication in August 2016 were delivered on time in July.

Following the decision to outsource UK distribution in 2013/14 and with clear parallels between the UK and US distribution operations, I also evaluated the rationale for maintaining a US in-house distribution facility. With declining print manual sales and the Group investing heavily in new digital platforms for both our professional and consumer markets, it no longer made commercial sense to fund capital expenditure programmes in an operation which could cost effectively be outsourced. For these reasons the decision was taken to close the US distribution operation and outsource this part of our business.

In our European consumer business, we evaluated the Group's sales operation in Sweden and concluded that the Scandinavian and Nordic customer base no longer required a permanent establishment in Sweden and could just as efficiently be supported directly from the UK. Accordingly, in May 2016, we took the decision to close our Swedish sales company, Haynes Nordiska AB.

Exceptional Item

Included within this set of results are one-off exceptional costs of £4.4 million which relate to the restructuring costs associated with the operational, cost and structure review. The costs primarily relate to severance packages for employees affected by the restructuring, asset write-downs in our US production and distribution operations and a sales returns reserve.

Board

On 31 May 2016, Eric Oakley and Dan Benhardus retired from the Board after 62 years of combined service to the Group and, on behalf of the Board, I would like to thank both Eric and Dan for their considerable contribution and loyal service during their time in office.

I am pleased to welcome J Haynes in his new role as Chief Executive Officer, having served as Group Chairman since June 2010. J's understanding of the history and cultures within the Group, his drive and energy and his vision for the future make him ideally placed to take on this role. I also welcome James Bunkum who takes over as Chief Financial Officer. James assisted me on the recent operational, cost and structure review and I have no doubts that the experience gained in this exercise will be invaluable to James in his new role.

In March 2016, we announced new roles for two Group Board Directors. Jeremy Yates-Round became Managing Director Consumer Publishing, adding global publishing, production and responsibility for the Australian business to his existing role as UK Managing Director. Alex Kwarts, takes on a new role for the Group as Chief Technology Officer, reflecting the importance new technology now plays for the Haynes Group. We also announced that Richard Barker had taken over the role of UK and European Finance Director and Group Company Secretary from James Bunkum following James's promotion to the Board.

Previously we have stated our intention of recruiting two new Non-Executive Directors to the Board. I am pleased to confirm this process has been successfully completed with the appointments of Stephen Daykin and Nina Wright from 1 August 2016. Stephen is a chartered accountant with a wealth of experience in media, digital and turnaround businesses and is well placed to take on the role as Chairman of the Audit Committee. Nina works for UBM plc and has held a number of positions within the UBM Group. Nina is a talented media executive with first-hand experience of driving structural and cultural change and takes on the role as Chairman of the Remuneration Committee. I am delighted to welcome both Stephen and Nina to the Board and look forward to working with them both in the coming months.

Our employees

Over the last six months, all parts of the Group have been affected to some degree by the restructuring announced in May. Change is by its very nature disruptive and unsettling; not only for those who are directly affected but also for the employees remaining in the business. During these challenging times, our employees have pulled together to help implement the necessary changes and, on behalf of the Board, I would like to thank all our staff for their past, present and anticipated future contribution to the success of the Haynes Group.

Dividend

The Board recommends an unchanged final dividend for the year of 4.0 pence which, together with the interim dividend paid in April 2016, maintains the total dividend for the year at 7.5 pence (2015: 7.5 pence). Subject to approval by shareholders, the final dividend will be paid on 17 November 2016 to shareholders on the register at the close of business on 28 October 2016 (with an ex-dividend date of 27 October 2016).

Outlook

The Haynes Group is currently in transition and both the Board and executive management are fully committed to tackling the challenges which lie ahead and focussing on the long term growth of the business.

In conclusion, the Haynes Group has an iconic brand which is globally recognised and trusted and one of the business' greatest assets. We also have unrivalled content and have invested heavily in our talent to ensure that we can make this content available to new audiences through the development of new technologies and digital products, in both our consumer and professional businesses. As a result, we are well positioned to improve the overall value of the Group.

Eddie Bell

Chairman
21 September 2016

Chief Executive's Review

Trading Performance FYE 2016

Overall Group revenue ended the year down 2% against the prior year at £25.7 million (2015: £26.1 million) leading to a reduction in profit before tax and exceptional items of 24% to £1.9 million (2015: £2.5 million).

When reporting our half-year results in January 2016, we commented that trading in our North American and Australian businesses had been difficult with local currency revenue in this part of the business down 11%. This trend continued into the second half with year-end revenue down 12% at £12.5 million (2015: £14.2 million).

In the UK and Europe, sales of our non-automotive titles ended the year down 5%. Sales of our automotive manuals ended the year 4% up on the prior year. This is the first sales increase for this product category in five years, and reflects the successful delivery of new initiatives with key retailers.

European revenues increased significantly following another strong performance by HaynesPro. Our European operations achieved local currency revenue growth of 29%, clearly illustrating the continued commercial value of HaynesPro's ability to integrate automotive technical data. Significant commercial gains were achieved in the diagnostic equipment market and we remain the preferred supplier for three of the five international trading groups in Europe. Overall UK and European revenues ended the year up 11% at £13.2 million (2015: £11.9 million).

First Quarter Trading

Strong first quarter trading from our professional product ranges in Europe helped offset continued weaker trading in North America. Revenue from the UK operation is slightly ahead of the prior year. Excluding the positive impact of exchange rate movements, like-for-like Group revenue through the first quarter of 2016/17 is tracking 3% ahead of last year.

Operational, Cost and Structure Review ("the Review")

During the year, a Group wide operational, cost and structure review was completed which evaluated and prioritised the areas that need to be addressed to place the Group on a stronger footing. I am pleased to report that the recommendations of the Review are progressing to plan.

Executive Management Team (EMT)

As recommended by the Review, a global Executive Management Team with responsibility for the operational day-to-day running of the business, and the implementation of the Group's strategic vision, has been created. This team has been created with senior management from all parts of the business represented. The members of the team will be attending the Haynes AGM on Wednesday 9th November 2016 and I invite all our shareholders to join us and take the opportunity to meet them.

North America and Australia

Jim Nicholson, who has held the position of Vice President of Finance since 1999, has taken over as Senior Vice President of Haynes North America. Jim has overall operational responsibility for the US business, including the delivery of the print and distribution restructuring. He will be working closely with the US sales teams to improve sales performance.

In May 2016, we announced plans to close our Nashville print facility. The first manuals were delivered from Times Offset in Malaysia in July 2016 and we expect the last manuals to be printed in Nashville during December 2016, at which time we will decommission and sell the production equipment.

In July 2016, a contract was signed with Ware-Pak, a Chicago based book distributor. Inventory is presently being transferred to their facility from our Nashville warehouse and we expect that this process will be completed by the half year in November. The decision to outsource US distribution led to the closure of our West Coast warehouse in June 2016, as a result of which, all US staff will relocate to a single office at our present facility in Newbury Park, California.

Once internal production and distribution have ceased, we will no longer require the two freehold buildings in Nashville, and will look to sell these properties in a timely manner.

In Australia, Ian Whitefield, who has been part of the management team since 2007, has taken over as General Manager. The Review identified a management heavy structure, and a lack of sales and marketing resource that left the business unable to manage sales channels proactively. The Review also identified that the location of the existing freehold premises was not suitable for our needs.

Following the Review, the Australian business has a new management structure, additional sales resource and in June 2016 we exchanged contracts on the freehold property with completion expected in mid-December 2016.

UK and Europe

Following the UK restructuring in 2013/14, we put the UK freehold site in Sparkford on the market. Although the property has been on the market since this time, no commercial expressions of interest were received. Therefore an application to change the use to residential was made, and I can confirm that in July this year this application was approved. We are currently re-marketing the property with outline planning for residential development.

In our UK operations, we are increasing the number of vehicles we strip down in our workshops. This will generate increased sales opportunities for our printed and digital manuals, and also deliver additional video content for our digital platforms.

On 1 April 2016, Peter van der Galiën was appointed the new managing director of HaynesPro, taking over the role from Alex Kwarts. Alex remains on the HaynesPro board as Founder Director. Peter was previously the Sales and Marketing Director in HaynesPro and has been a major driving force behind the recent growth in revenue, which makes him well placed to take on his new role. The HaynesPro board has been strengthened by the appointment of two additional directors. Rob Suikerbuik has been promoted to IT & Technical Director and Dennis de Buck has been appointed Product and Segment Development Director.

In the Netherlands, the Review identified a need to increase resources to ensure that operational functions have adequate resource to drive future growth. As a direct result of the Review, HaynesPro will be actively recruiting to strengthen its team in the Netherlands over the course of the coming year.

Group

When the above restructuring has been completed, it will result in the loss of approximately 40 job roles, predominately from our North American production and distribution operations. The one-off cost to the Group of the restructuring will be £4.4 million, which, after taking account of anticipated disposal proceeds on decommissioned equipment, will result in a net cash outflow of close to £2.2 million. The savings which will come from outsourcing production will not fully benefit Group profitability until current inventory levels clear down, which we expect to occur over the course of the next two years.

Once all of the recommendations have been fully implemented, the Group expects to realise substantial savings that it will use to invest in the enhancement of our print manuals, the continued development of new consumer facing digital content platforms, and the development of our professional market services.

The main operational elements of the Group restructuring are planned to be completed by early 2017.

People

The integrity of the information we distribute is at the very core of the Group. The creation, editing and dissemination of reliable and accurate information is the bedrock of our Company. I am grateful for the continued hard work, dedication and creativity of everyone in the Haynes Group, which is particularly appreciated during a period of structural change. In my new role as Chief Executive Officer, I have had the opportunity to spend time with our North American and UK teams and I look forward to visiting our teams in Europe and Australia in the near future.

In order to grow the business we are actively looking to expand our editorial and digital teams. We are building our content team by bringing on board additional editorial resource, as well as adding new digital expertise to strengthen our consumer and professional businesses.

Financial review

Group revenue

In our North American and Australian markets, it was disappointing that the expected pick up during the first half of the year, following a challenging first half of trading in 2014/15, did not materialise, with local currency revenue ending the first six months of 2015/16 down 11%. In the second half of the year, we experienced a further deterioration in trading with local currency revenue for the six month period down 22% and overall North American and Australian revenue ending the year 17% down on the prior year. With Sterling weaker against the US Dollar, the average rate for our financial year ended 31 May 2016 was $1.49 against last year's average of $1.58. The positive exchange movement helped reduce the shortfall in US revenue on translation to Sterling by £0.7 million and left US revenue in Sterling terms down 12% for the year.

In the UK, like-for-like revenue before the sales of titles discontinued in 2013/14, ended the first six months up 11%. Including sales of the discontinued titles, the increase was lower at 1%. As noted at the half year, this improvement came on the back of some very weak ordering from key customers in the first half of 2014/15 and with ordering patterns returning to more normal levels during the second half of last year, we did not expect this positive trend to continue into the second half of 2015/16. This caution was borne out with UK revenues in the second half of the year down 7%. Nevertheless, overall UK revenue ended the year, on a like-for-like basis, up 1% but after taking account of the discontinued titles, UK revenue ended the year down 4%.

In Europe, the strong trading performance from our range of professional products during the first six months of the year led to local currency revenue increasing by 27% over the previous six month period. This strong performance by HaynesPro continued into the second six months, with local currency revenue ending the full year up 29%. Over the 12 month period, Sterling strengthened against the Euro leading to an average rate for the year of €1.35 against last year's average of €1.31 which reduced overall Group revenue by £0.2 million and left European revenues in Sterling terms 25% ahead of last year.

Boosted by the performance from our professional product ranges, revenue from the Group's digital products ended the year up 23% at £7.9 million (2015: £6.4 million) and now represent 31% of total Group revenue (2015: 24%).

Gross margin

The lower sales of consumer print manuals in North America and Australia had a negative impact on the Group's gross margin but was largely offset by increased revenue from the higher margin digital professional product ranges in Europe. The net impact of these two factors left the overall gross margin before exceptional costs in monetary terms down 1% at £15.5 million (2015: £15.7 million) but the higher mix of digital revenue helped maintain the gross margin at 60.3% (2015: 60.2%).

Group operating profit

Group operating profit before exceptional costs ended the year 19% down on last year at £2.5 million (2015: £3.1 million). A full year of operating cost in our HaynesPro German subsidiary set up in May 2015, increased sales commissions on the higher professional product sales in Europe; an increased Pension Protection Fund (PPF) levy; and higher professional costs in our UK pension scheme following the finalisation of the latest triennial valuation led to an increase in overall Group overheads of 3% to £13.1 million (2015: £12.7 million).

As mentioned earlier in this report, during the year the Group incurred exceptional costs of £4.4 million in relation to the operational, cost and structure review. The restructuring costs of £4.4 million primarily relate to employee severance packages, asset write-downs, a sales returns reserve and one-off past service pension costs. This compares to the £9.8 million of exceptional costs in the prior year following the non-cash impairment of North American & Australian intangible assets.

Net finance costs which relate to the interest on servicing the UK overdraft and the Clymer acquisition loan in the US were in line with the prior year at £0.1 million (2015: £0.1 million). Other finance costs, which relate to the interest charge on the pension schemes' liabilities net of interest on the pension schemes' assets, also ended the year in line with the prior period at £0.5 million (2015: £0.5 million).

Group earnings and earnings per share

Group pre-tax profit before exceptional costs ended the year down 24% at £1.9 million (2015: £2.5 million). The Group tax charge for the year before exceptional items was £0.7 million (2015: £0.9 million) giving an effective tax rate before exceptional items of 38.6% (2015: 35.3%). The Group's effective rate of tax for the year is a mixed rate which reflects the countries where the Group pays tax and also the mix of profits within those tax jurisdictions. Earnings per share before exceptional items was 7.6 pence (2015: 10.7 pence).

North America and Australia segmental review

Segmental revenue from the North American and Australian operations for the 12 months to 31 May 2016 ended the year down 17% at $18.6 million (2015: $22.4 million). After translation to Sterling, segmental revenue for the North American and Australian business was £12.5 million, down 12% (2015: £14.2 million).

The decline in revenue from the North American and Australian operations during the year has led to a corresponding reduction in profitability from this part of the business with segmental operating profit before exceptional items and interest ending the year at $0.5 million (2015: $2.0 million) which after translation to Sterling was down 75% at £0.3 million (2015: £1.2 million). Including exceptional costs and interest the segmental loss for the year was £3.4 million (2015: loss of £8.5 million).

UK and Europe segmental review

Overall UK and European segmental revenue ended the year up 11% at £13.2 million (2015: £11.9 million). On a like-for-like basis, excluding the impact of exchange movements, UK and European revenue was up 13% at £13.4 million (2015: £12.5 million).

The impact of the strong trading from our European operations led to UK and European segmental operating profit before exceptional items and interest ending the year up 150% at £1.5 million (2015: £0.6 million). Including exceptional costs and interest, the segmental profit for the year was £1.2 million (2015: £0.5 million).

Balance sheet and cash flow

During the year, the Group continued to invest in new product development and new consumer and professional digital platforms, incurring development expenditure in the 12 months to 31 May 2016 of £6.4 million (2016: £5.6 million).

Capital expenditure in the year was lower at £0.3 million (2015: £0.4 million) reflecting the strategic move away from a vertically integrated higher capital cost business. In April 2016, the UK business disposed of an empty property in Stroud, Gloucester for £0.3 million realising a small gain of £0.1 million on the sale.

As at 31 May 2016, the Group had net cash of £0.4 million (2015: £0.1 million).

At 31 May 2016, the net deficit, as reported in accordance with IAS 19, on the Group's two defined benefit retirement schemes increased by £0.8 million to £15.1 million (2015: £14.3 million) with a deficit in the UK Scheme of £14.4 million (2015: £13.3 million) and in the US Scheme of £0.7 million (2015: £1.0 million). The combined total assets of the schemes reduced to £31.4 million (2015: £32.7 million) and the total liabilities reduced to £46.5 million (2015: £47.1 million) with both reductions reflecting a pay-out of benefits of £3.1 million to two former members of the US scheme.

As at 31 May 2016, the Group has provisions of £3.7 million which it expects to incur over the next 12 months in relation to the exceptional items charged to the income statement during the year.

The net cash generated from operations before tax for the year was £8.4 million (2015: £9.5 million) which represented 344% of adjusted Group operating profit (2015: 311%).

Outlook and future developments

The Group's focus is now firmly on developing and growing its two distinct but related content businesses. We are actively evaluating opportunities to integrate our consumer and professional data to create a unique blend of valuable practical content that will further enhance our services and products for both drivers and mechanics.

Integrating our product offering

We will focus on delivering our content to our customers, both consumer and professional, in a variety of ways through complementary platforms.

In the consumer market, we have made significant progress in our plans to complement the information we provide in our manuals by delivering content through digital channels. Our initial digital strategic objectives are:

- To establish Haynes as a digital brand
- To broaden the distribution of our digital data through existing retail customer and complementary channels
- To enhance our manual product through the inclusion of access to digital content
- To internationalise our digital offering

The initial stage of this strategy was the creation of a robust web-based platform under the group domain of 'haynes.com'. This was achieved following the recently launched new US website, which will be followed by an enhanced UK website in October 2016. An updated Australian site will follow in early 2017.

One of the key drivers underpinning the above strategy is the way in which we organise our content. HaynesPro is highly experienced in 'atomising' data, which enables content to be interrogated in small subsets. A collaborative project between our professional and consumer digital teams is evaluating atomising our consumer information. We want to give our customers choice around how they access our practical information. Our objective is to enable our end users to be able to search with a combination of flexibility and precision, either at a vehicle specific or task specific level.

Our commitment to content creation is demonstrated by the creation, to date, of over 1,000 video clips covering vehicle specific maintenance and repair procedures. These clips will be made available through in-store and online digital manuals, and later in the year through Haynes OnDemand, our new consumer digital platform currently in the final stages of development. We will also be launching our first interactive App, based on our best-selling Zombie Manual, later this year.

Innovation, integration, partnership and increased efficiency

HaynesPro will remain committed to developing data products that create value in the automotive aftermarket through innovation, integration, partnership and increased efficiency. Future revenue growth will come through new product innovation and further development of customer networks. During the year, we have integrated our diagnostic tools data into an interface that mirrors our Touch screen version for tablets to ensure continuity of the way the information is presented.

Our new Repair Times database will be fully operational later in this calendar year, and will be followed by the launch of our new Comfort Wiring Diagrams database early in 2017.

At the Automechanika professional trade show in Germany in September 2016, we launched VESA Mk II. VESA is our unique step-by-step guided electronics diagnostic solution, and the latest version has been enhanced with nearly 20,000 manufacturer-specific fault codes, and the significant expansion of component-specific information linked to clearer schematics.

We will continue to invest in digital and IT staff, tools and infrastructure. Behind the scenes, we've been improving our software and hardware capabilities: for example, we've changed our database from one based on Sybase to a MS SQL system that will provide better performance and scalability.

We started the new financial year with a healthy appreciation that we have some substantial challenges to overcome. I believe that as a result of implementing the recommendations of the operational, cost and structure review, the creation of a global executive management team, the active encouragement of collaborative working within the Group, and the freeing up of resources to invest in our core activities, we are well placed to grow the business.

As a Board, we understand that the turnaround of the Haynes business will not happen overnight. However, through the actions taken over the last 12 months and the clarity of our future plans, I firmly believe we are on the right path to deliver future success. This will be reflected in revenue and profit growth over the coming years.

J Haynes
Chief Executive Officer
21 September 2016

Consolidated Income Statement

		31 May 2016			31 May 2015		
		Before exceptional items	Exceptional items (note 2)	Total	Before exceptional items	Restated [1] Exceptional items (note 2)	Restated [1] Total
	Note	£'000	£'000	£'000	£'000	£'000	£'000
Continuing operations							
Revenue	3	25,710	-	25,710	26,065	-	26,065
Cost of sales		(10,201)	(1,716)	(11,917)	(10,380)	-	(10,380)
Gross profit		**15,509**	**(1,716)**	**13,793**	**15,685**	**-**	**15,685**
Other operating income		82	-	82	44	-	44
Distribution costs		(7,008)	(1,563)	(8,571)	(6,981)	-	(6,981)
Administrative expenses		(6,127)	(1,143)	(7,270)	(5,698)	(9,772)	(15,470)
Operating profit/(loss)		**2,456**	**(4,422)**	**(1,966)**	**3,050**	**(9,772)**	**(6,722)**
Finance income	5	8	-	8	11	-	11
Finance costs	6	(73)	-	(73)	(80)	-	(80)
Other finance costs – retirement benefits		(518)	-	(518)	(456)	-	(456)
Profit/(loss) before taxation		**1,873**	**(4,422)**	**(2,549)**	**2,525**	**(9,772)**	**(7,247)**
Taxation	7	(723)	1,493	770	(891)	2,231	1,340
Profit/(loss) for the period		**1,150**	**(2,929)**	**(1,779)**	**1,634**	**(7,541)**	**(5,907)**
Attributable to :							
Equity holders of the Company		1,150	(2,929)	(1,779)	1,621	(7,541)	(5,920)
Non-controlling interests		-	-	-	13	-	13
		1,150	**(2,929)**	**(1,779)**	**1,634**	**(7,541)**	**(5,907)**
Earnings/(loss) per 20p share	8	Pence		Pence	Pence		Pence
From continuing operations							
- Basic		7.6		(11.8)	10.7		(39.2)
- Diluted		7.6		(11.8)	10.7		(39.2)

[1] See Note 1 Restatement of prior years

Consolidated Statement of Comprehensive Income

	Year Ended 31 May 2016 £'000	Restated [1] Year Ended 31 May 2015 £'000
Loss for the period	**(1,779)**	**(5,907)**
Other comprehensive income		
Items that will not be reclassified to profit or loss in subsequent periods:		
Actuarial gains/(losses) on retirement benefit obligation		
- UK Scheme	(727)	(2,099)
- US Scheme	36	(1,433)
Deferred tax on retirement benefit obligation		
- UK Scheme	131	420
- US Scheme	(14)	574
Deferred tax arising on change in UK corporation tax rate	(268)	-
	(842)	(2,538)
Items that will or maybe reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	1,477	810
Other comprehensive income recognised directly in equity	**635**	**(1,728)**
Total comprehensive expense for the financial period	**(1,144)**	**(7,635)**
Attributable to:		
Equity holders of the Company	(1,144)	(7,648)
Non-controlling interests	-	13
	(1,144)	**(7,635)**

[1] See Note 1 Restatement of prior years

Consolidated Balance Sheet

	Note	Year Ended 31 May 2016 £'000	Restated [1] Year Ended 31 May 2015 £'000
Non-current assets			
Property, plant and equipment		8,434	9,027
Intangible assets		22,381	20,165
Deferred tax assets		7,196	7,206
Total non-current assets		**38,011**	**36,398**
Current assets			
Inventories		4,614	4,649
Trade and other receivables		7,499	7,929
Tax recoverable		926	-
Cash and short-term deposits		2,548	2,968
Total current assets		**15,587**	**15,546**
Total assets		**53,598**	**51,944**
Current liabilities			
Trade and other payables		(5,188)	(4,376)
Current tax liabilities		-	(444)
Borrowings		(2,163)	(2,827)
Provisions		(3,656)	-
Total current liabilities		**(11,007)**	**(7,647)**
Non-current liabilities			
Deferred consideration		-	(125)
Deferred tax liabilities		(3,255)	(3,248)
Retirement benefit obligation	11	(15,101)	(14,348)
Total non-current liabilities		**(18,356)**	**(17,721)**
Total liabilities		**(29,363)**	**(25,368)**
Net assets		**24,235**	**26,576**
Equity			
Share capital		3,270	3,270
Share premium		638	638
Treasury shares		(2,447)	(2,447)
Retained earnings		18,199	21,947
Foreign currency translation reserve		4,575	3,098
Capital and reserves attributable to equity shareholders		**24,235**	**26,506**
Equity attributable to non-controlling interests		-	70
Total equity		**24,235**	**26,576**

[1] See Note 1 Restatement of prior years

Consolidated Statement of Changes in Equity

	Share capital £'000	Share premium £'000	Treasury shares £'000	Foreign currency translation reserve £'000	Retained earnings £'000	Sub total £'000	Non-controlling interests £'000	Total £'000
Balance at 31 May 2014	**3,270**	**638**	**(2,447)**	**2,288**	**31,538**	**35,287**	**57**	**35,344**
(Loss)/profit for the period restated	-	-	-	-	(5,920)	(5,920)	13	(5,907)
Other comprehensive income :								
Currency translation adjustments restated [1]	-	-	-	810	-	810	-	810
Actuarial losses on defined benefit plans (net of tax)	-	-	-	-	(2,538)	(2,538)	-	(2,538)
Total other comprehensive income	**-**	**-**	**-**	**810**	**(2,538)**	**(1,728)**	**-**	**(1,728)**
Total comprehensive income	**-**	**-**	**-**	**810**	**(8,458)**	**(7,648)**	**13**	**(7,635)**
Dividends (note 9)	-	-	-	-	(1,133)	(1,133)	-	(1,133)
Balance at 31 May 2015	**3,270**	**638**	**(2,447)**	**3,098**	**21,947**	**26,506**	**70**	**26,576**
Loss for the period	-	-	-	-	(1,779)	(1,779)	-	(1,779)
Other comprehensive income :								
Currency translation adjustments	-	-	-	1,477	-	1,477	-	1,477
Actuarial gains/(losses) on defined benefit plans (net of tax)	-	-	-	-	(842)	(842)	-	(842)
Total other comprehensive income	**-**	**-**	**-**	**1,477**	**(842)**	**635**	**-**	**635**
Total comprehensive income	**-**	**-**	**-**	**1,477**	**(2,621)**	**(1,144)**	**-**	**(1,144)**
Dividends (note 9)	-	-	-	-	(1,133)	(1,133)	-	(1,133)
Increase in subsidiary shareholding					6	6	(70)	(64)
Balance at 31 May 2016	**3,270**	**638**	**(2,447)**	**4,575**	**18,199**	**24,235**	**-**	**24,235**

Consolidated Cash Flow Statement

	Year Ended 31 May 2016 £'000	Restated [1] Year Ended 31 May 2015 £'000
Cash flows from operating activities - continuing		
Loss after tax	(1,779)	(5,907)
Adjusted for :		
Income tax expense	(770)	(1,340)
Interest payable and similar charges	73	80
Interest receivable	(8)	(11)
Retirement benefits finance costs	518	456
Operating loss	(1,966)	(6,722)
Depreciation on property, plant and equipment	866	774
Amortisation of intangible assets	5,061	4,891
Impairment of intangible assets	-	9,667
IAS 19 pensions current service cost net of contributions paid	(501)	(916)
Movement in provisions	3,656	-
(Gain)/loss on disposal of property, plant and equipment	(119)	9
	6,997	**7,703**
Changes in working capital :		
Decrease in inventories	149	391
Decrease in receivables	699	1,638
Increase/(decrease) in payables	604	(250)
Net cash generated from operations	**8,449**	**9,482**
Tax paid	(692)	(804)
Net cash generated by operating activities	**7,757**	**8,678**
Investing activities		
Acquisition costs – business combinations	(125)	(200)
Proceeds on disposal of property, plant and equipment	340	14
Purchases of property, plant and equipment	(264)	(412)
Expenditure on product development	(6,389)	(5,567)
Increase in subsidiary shareholding	(64)	-
Interest received	8	11
Net cash used in investing activities	**(6,494)**	**(6,154)**
Financing activities		
Repayment of borrowings	(1,292)	(948)
Dividends paid	(1,133)	(1,133)
Interest paid	(73)	(80)
Net cash used in financing activities	**(2,498)**	**(2,161)**
Net (decrease)/increase in cash and cash equivalents	**(1,235)**	**363**
Cash and cash equivalents at beginning of year	1,547	1,114
Effect of foreign exchange rate changes	228	70
Cash and cash equivalents at end of year (net funds)	**540**	**1,547**

[1] See Note 1 Restatement of prior years

Notes to the Results 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 2016 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 (IFRSs) 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.

The financial information contained in this report does not constitute the Company's statutory accounts for the year ended 31 May 2016 or for the year ended 31 May 2015. Statutory accounts for the years ended 31 May 2016 and 31 May 2015 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 2015 have been filed with the Registrar of Companies and the statutory accounts for the year ended 31 May 2016 will be filed with the Registrar of Companies following the AGM on 9 November 2016.

The Annual Report 2016 was approved by the Board of Directors and authorised for issue on 21 September 2016 and signed on its behalf by E Bell and J Haynes.

Basis of accounting

The accounting policies used to prepare this results announcement are consistent with those applied in the 2015 consolidated financial statements. The International Accounting Standards Board (IASB) and International Financial Reporting Interpretations Committee (IFRIC) have issued standards, amendments and interpretations with an effective date falling after the Company's financial year-end.

These standards, amendments and interpretations will be adopted in accordance with their effective dates and have not been adopted in these financial statements. The directors are currently assessing the impact of the new standards, amendments and interpretations which are effective for periods beginning after 1 January 2016 and which have not been adopted early.

Restatement of prior years

In the year ended 31 May 2015 the Group recognised an impairment loss of £9,667,000 in respect of its US intangible assets. As certain of these assets are eligible for tax relief in the US over time, it is appropriate to recognise the future tax benefit to the Group by increasing the deferred tax asset in the balance sheet as at 31 May 2015. Accordingly, the comparative Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Consolidated Statement of Changes in Equity, Consolidated Cash Flow Statement and affected notes for 31 May 2015 have been restated. The impact of this restatement on the 31 May 2015 figures has been to reduce the tax charge in the Consolidated Income Statement by £2,130,000, increase the deferred tax asset in the Consolidated Balance Sheet by £2,206,000 and increase the exchange gains on the translation of foreign operations in the Consolidated Statement of Comprehensive Income by £76,000.

Foreign exchange rates

The foreign exchange rates used in the financial statements to consolidate the overseas subsidiaries are as follows (local currency equivalent to £1):

	Year-end rate		Average rate	
	2016	2015	2016	2015
US dollar	1.45	1.53	1.49	1.58
Euro	1.31	1.39	1.35	1.31
Swedish krona	12.12	13.06	12.55	12.18
Australian dollar	2.01	2.00	2.04	1.89

2. Exceptional items

	31 May 2016 £000	31 May 2015 £'000
Exceptional costs included in cost of sales:		
- Restructuring costs	1,716	-
Exceptional costs included in selling and distribution expenses:		
- Restructuring costs	1,563	-
Exceptional costs included in administrative expenses:		
- Restructuring costs	1,143	-
- Acquisition expenses	-	105
- Impairment of intangible assets	-	9,667
	4,422	**9,772**

The restructuring costs have arisen following the implementation of the global operational, cost and structure review undertaken during the year and primarily relate to employee severance packages, asset write-downs and a sales returns reserve.

Exceptional items are those items which warrant separate disclosure by virtue of their scale and nature to enable a full understanding of the Groups financial performance.

3. Revenue

	31 May 2016 £'000	31 May 2015 £'000
Revenue by geographical destination on continuing operations :		
United Kingdom	4,918	4,741
Rest of Europe	7,971	6,700
United States of America	11,021	11,963
Australasia	1,093	1,859
Rest of World	707	802
Total consolidated revenue	**25,710**	**26,065**

4. 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 Germany. Its core business is the publication and supply of automotive repair and technical information to the DIY and professional automotive aftermarkets in both a print and digital format.

The North American and Australian business with headquarters near Los Angeles, California publishes DIY repair manuals for cars and motorcycles in both a print and digital format. The business publishes titles under the Haynes, Chilton and Clymer brands, in both English and Spanish. 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 2016 £'000	North America & Australia 2016 £'000	Consolidated 2016 £'000
Segmental revenue			
Total segmental revenue	13,508	14,236	27,744
Inter-segmental sales [1]	(277)	(1,757)	(2,034)
Total external revenue	**13,231**	**12,479**	**25,710**
Segment result			
Underlying segment operating profit before exceptional items and interest	1,471	340	1,811
Exceptional items [5]	(268)	(3,710)	(3,978)
Interest receivable	1	7	8
Interest payable	(38)	(30)	(68)
Segment profit/(loss) after exceptional items and interest	**1,166**	**(3,393)**	**(2,227)**
Unallocated head office income less expenses			(644)
Segment operating loss before tax and adjustments			**(2,871)**
Reconciliation to consolidated profit before tax :			
IAS 16 Property, plant and equipment [2]			61
IAS 19 Employee benefits [3]			261
Consolidated profit before tax			**(2,549)**
Taxation [4]			770
Consolidated profit after tax			**(1,779)**

[1] Inter-segment 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] The charge to taxation relates to the consolidated Group. Included within the charge to taxation is £257,000 which relates to the UK & European operations and a credit of £960,000 which relates to the North American & Australian operations.
[5] Details of the exceptional items are shown in note 2 of this Results Announcement.

4. Segmental analysis (continued)

Revenue and results :	UK & Europe 2015 £'000	North America & Australia 2015 £'000	Restated [1] Consolidated 2015 £'000
Segmental revenue			
Total segmental revenue	12,180	15,915	28,095
Inter-segmental sales [1]	(268)	(1,762)	(2,030)
Total external revenue	**11,912**	**14,153**	**26,065**
Segment result			
Underlying segment operating profit before exceptional items and interest	623	1,237	1,860
Exceptional items [6]	(64)	(9,708)	(9,772)
Interest receivable	3	7	10
Interest payable	(27)	(52)	(79)
Segment (loss)/profit after exceptional items and interest	**535**	**(8,516)**	**(7,981)**
Unallocated head office income less expenses			(80)
Segment operating profit before tax and adjustments			**(8,061)**
Reconciliation to consolidated profit before tax :			
IAS 16 Property, plant and equipment [2]			124
IAS 19 Employee benefits [3]			466
IFRS 3 Business combinations [4]			224
Consolidated profit before tax			**(7,247)**
Taxation [5]			1,340
Consolidated profit after tax			**(5,907)**

1 See Note 1 Restatement of prior years

[1] Inter-segment 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 £133,000 which relates to the UK & European operations and £460,000 which relates to the North American & Australian operations.
[6] Details of the exceptional items are shown in note 2 of this Results Announcement.

5. Finance income

	31 May 2016 £'000	31 May 2015 £'000
Interest receivable on bank deposits	**8**	**11**

6. Finance costs

	31 May 2016 £'000	31 May 2015 £'000
Interest payable on bank loans and overdrafts	**73**	**80**

7. Taxation

	31 May 2016 £'000	Restated [1] 31 May 2015 £'000
Analysis of charge during the period :		
Current tax		
- UK corporation tax on profits for the period	-	-
- Foreign tax	(616)	394
- Adjustments in respect of prior periods	(117)	73
	(733)	**467**
Deferred tax		
- Origination and reversal of temporary differences	(37)	(1,807)
Total taxation in the Consolidated Income Statement	**(770)**	**(1,340)**

The effective rate of tax is higher than the standard rate of UK tax due to mix of profits from overseas operations where the tax rates are higher than the UK.

The effective tax rate for the financial year ended 31 May 2016 was 20%. In the Summer Budget 2015, the UK government announced legislation setting the main rate of corporation tax at 19% for the years beginning 1 April 2017, 2018 and 2019 and at 18% for the year beginning 1 April 2020. In March 2016, the government announced a further reduction to the main rate of corporation tax for the year starting 1 April 2020 to 17%.The relevant UK deferred tax balances have been re-measured accordingly.

8. Earnings per share

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

	Before exceptional items 2016 £'000	After exceptional items 2016 £'000	Before exceptional items 2015 £'000	Restated [1] After exceptional items 2015 £'000
Earnings :				
Profit/(loss) after tax attributable to equity holders of the Company– continuing operations	1,150	(1,779)	1,621	(5,290)
	No.	No.	No.	No.
Number of shares :				
Weighted average number of shares [a]	15,111,540	15,111,540	15,111,540	15,111,540
Basic earnings/(loss) per share (pence)	7.6	(11.8)	10.7	(39.2)

[1] See Note 1 Restatement of prior years

[a] During the year the Company held 1,240,000 of its ordinary shares in treasury.

As at 31 May 2016 and 31 May 2015 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 calculations.

9. Dividends

	31 May 2016 £'000	31 May 2015 £'000
Amounts recognised as distributions to equity holders :		
Final dividend for the year ended 31 May 2015 of 4.0p per share (2014: 4.0p per share)	604	604
Interim dividend for the year ended 31 May 2016 of 3.5p per share (2015: 3.5p per share)	529	529
	1,133	**1,133**
Proposed final dividend for the year ended 31 May 2016 of 4.0p per share (2015: 4.0p per share)	604	604

As at 31 May 2016, the Company holds 1,240,000 Ordinary shares in treasury which represents 16.9% of the Ordinary share capital and 7.6% of the Company's total share capital. The Company is not able to vote on the treasury shares and the treasury shares carry no right to receive any dividend or other distribution of assets other than in relation to an issue of bonus shares.

The proposed final dividend is subject to approval by shareholders at the Annual General Meeting to be held on 9 November 2016 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 17 November 2016 to shareholders on the register at the close of business on 28 October 2016.

10. Analysis of the changes in net funds

	As at 1 June 2015 £'000	Cash flow £'000	Exchange movements £'000	As at 31 May 2016 £'000
Cash at bank and in hand	2,968	(648)	228	2,548
Bank overdrafts	(1,421)	(587)	-	(2,008)
	1,547	**(1,235)**	**228**	**540**

11. Retirement benefit obligation

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 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 2016 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 :

	31 May 2016 £'000	31 May 2015 £'000
Consolidated retirement benefit obligation at beginning of period	(14,348)	(11,245)
Movement in the period :		
- Total expenses charged in the income statement	(1,662)	(1,114)
- Contributions paid	1,645	1,574
- Actuarial loss taken directly to reserves	(691)	(3,532)
- Foreign currency exchange rate movements	(45)	(31)
Consolidated retirement benefit obligation at end of period	**(15,101)**	**(14,348)**

12. Other information

The Directors Report and audited Report & Accounts for the financial year ended 31 May 2016 will be posted to shareholders on 30 September 2016 and delivered to the Registrar of Companies following the Annual General Meeting which will be held on 9 November 2016. 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 30 September.

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