HAYNES PUBLISHING GROUP P.L.C.

PRELIMINARY UNAUDITED RESULTS FOR THE YEAR ENDED 31 May 2018

Haynes Publishing Group P.L.C. ("Haynes" or "the Group"), creator and supplier of practical information and data solutions to drivers, enthusiasts and professional mechanics in print and digital formats, today announces its results for the 12 months ended 31 May 2018.

Business and Financial Highlights

	Adjusted 12 months to 31 May 2018	Adjusted 12 months to 31 May 2017	Change YoY (Year-on-Year)	Statutory 12 months to 31 May 2018	Statutory 12 months to 31 May 2017	Change YoY (Year-on-Year)
Group revenue	**£33.8m**	£29.8m	+13%	**£33.8m**	£29.8m	+13%
EBITDA[1]	**£11.5m**	£10.4m	+11%	**£12.9m**	£10.4m	+24%
Group operating profit[1]	**£3.5m**	£3.2m	+9%	**£4.2m**	£3.2m	+31%
Group profit before tax[1]	**£2.9m**	£2.6m	+12%	**£3.6m**	£2.7m	+33%
Basic earnings per share[1]	**13.2p**	9.4p	+40%	**9.9p**	9.1p	+9%
Total dividend	**7.5p**	7.5p	-	**7.5p**	7.5p	-
Net cash[2/3]	**£2.5m**	£3.7m	(£1.2m)	**£2.5m**	£3.7m	(£1.2m)

- Acquisition of the E3 Technical business in September 2017, which provides repair and maintenance information and vehicle registration mark look-up, adding an incremental £1.9 million to Group revenue.
- Revenue from the Group's digital products increased YoY by 42% to £16.9 million (2017: £11.9 million) representing 50% of total Group revenue (2017: 40%).
- UK & European segmental YoY revenue up 28% driven by HaynesPro growth in Europe and strong sales of UK practical lifestyle titles.
- Like-for-like North American & Australian segmental revenue down 3% YoY.
- Group investment in new content, products and platforms up 6% to £8.4 million (2017: £7.9 million).
- Net cash generated from operating activities (after tax) of £10.1 million, up 2% YoY (2017: £9.9 million).
- Group net cash of £2.5 million (2017: £3.7 million) after acquisition of £4.7 million and net of US property disposal of £3.8 million.

Eddie Bell, Chairman of Haynes Publishing Group, commented:

"2017/18 has been a strong year for the Haynes Group as we continue to build, develop and expand our global automotive content, data and solutions business.

"Our unique breadth of content and data combined with our specialist automotive technological knowhow allows us to supply our partners with high quality, innovative and commercial solutions to improve work flow and business efficiency.

"Through a programme of continuing investment in people, content and platforms we can help to ensure the Haynes Group is well placed to take advantage of the growth opportunities which lie ahead."

Notes to the financial highlights:

1 Adjusted to exclude £0.7 million of exceptional gains and other items (2017: £0.03 million).
2 Net cash defined as cash at bank net of bank overdrafts and bank loans.
3 In addition the Group has 1.2 million ordinary shares held in treasury.

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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.

This announcement contains inside information for the purposes of Article 7 of Regulation (EU) No 596/2014.

Chairman’s Statement

This has been another strong year for the Group as we continue to build, develop and expand our global automotive content, data and solutions business.

In Europe, our professional automotive and lubricant data businesses have delivered solid growth over the last 12 months. A high quality and innovative product range coupled with technically skilled and experienced teams has helped to win new business and expand relationships with existing customers. Through the acquisition of the E3 Technical business in September 2017, we have taken control of our HaynesPro UK distribution channel. The acquisition has also expanded the Group’s technical offering to include high quality Vehicle Registration Mark (VRM) look-up capability. In our UK consumer markets, our practical lifestyle titles have performed well and the addition of the ‘Bluffers Guides’ to the Haynes range of titles during the year should help support this momentum.

In the US, we continue to face headwinds in our consumer print manuals in our key retail channels. The cost saving initiatives reported and implemented in prior years in North America have helped to shelter profits this year. Nevertheless, the development of new growth initiatives in this important market for the Group remains a key priority.

Financial highlights

Group revenue increased by 13% to £33.8 million (2017: £29.8 million) supported by the acquisition of E3 Technical and a full year of trading from OATS. Like-for-like, excluding acquisitions and impact of exchange, Group revenue was ahead 3% year-on-year.

The growth in professional digital revenues helped increase adjusted profit before tax, exceptional items and acquired intangible amortisation by 12% to £2.9 million (2017: £2.6 million).

Exceptional Items

The Group profit before tax has been impacted by items which due to their significance and one-off nature have been treated as adjusting items in our financial statements. The major items include a gain on disposal of £2.6 million following the sale of the final freehold property at our former print and distribution facility in Nashville, USA; restructuring costs of £1.0 million, primarily in the US and Australia, as we continue to focus our operations and a write-down of £0.5 million in the carrying value of the Sparkford freehold property.

In December 2017, the US Senate enacted a reduction in the US federal tax rate from 35% to 21% which required our US business to re-measure the value of its deferred tax assets and liabilities and has led to an increase in the Group tax expense of £0.8 million. Due the size and one-off nature of this charge, it has correspondingly been treated as an adjusting item.

Dividend

The Board is recommending an unchanged final dividend for the year of 4.0 pence which, together with the interim dividend paid in April 2018, maintains the total dividend for the year at 7.5 pence (2017: 7.5 pence). Subject to approval by shareholders, the final dividend will be paid on 15 November 2018 to shareholders on the register at the close of business on 26 October 2018 (with an ex-dividend date of 25 October 2018).

Board

On 1 February 2018, I was pleased to welcome Peter van der Galiēn and Richard Barker to the Group Board. Peter, who is resident in the Netherlands, assumed overall responsibility for the Group’s professional operations having been a key driving force behind the growth in HaynesPro, since taking on the role of HaynesPro Managing Director in April 2016. Richard, who was our UK & European Finance Director and Group Company Secretary has taken on the role of Group Finance Director, following the promotion of James Bunkum (formerly Chief Financial Officer) to Chief Operating Officer. Jeremy Yates-Round, who has been on the Board since 2010, was also promoted to Managing Director, Haynes Consumer.

In June 2018, Jim Nicholson who joined the Board in June 2017 and was Senior Vice President of Haynes North America Inc. stepped down from his roles in the Group to pursue new opportunities. Jim had been with the Haynes Group for over 25 years and on behalf of the Board I would like to thank him for his long service to the Haynes Group and wish him well for the future.

Group employees

This is an exciting time to be involved with the Group. We have a clear strategic focus and through the retention and recruitment of talented and enthusiastic employees I am confident we will deliver on our key objectives. In March this year, the Board held their first Group Board meeting outside of the UK, when we visited the HaynesPro head offices in Leusden, the Netherlands. The visit allowed the Board to meet and thank the Leusden based employees personally for their valuable contribution to the Group and on behalf of the Board I would like to extend gratitude to all our worldwide employees for their hard work and dedication over the past 12 months.

Outlook

I opened my Chairman's statement commenting that this had been another strong year for Haynes as we build the Group into a leading global automotive content, data and solutions business. Our unique breadth of content and data combined with our specialist automotive technological knowhow allows us to supply our partners with high quality, innovative and commercial solutions to improve work flow and business efficiency.

Through a programme of continuing investment in people, content and platforms we can help to ensure that the Haynes Group remains well placed to take advantage of the growth opportunities which lie ahead.

Eddie Bell

Chairman

4 September 2018

Chief Executive's Review

Over the past 12 months we have made further progress in positioning Haynes as a leading global supplier of automotive content, data and solutions. The symbiotic relationships we have with many of our customers allows us to develop collaborative partnerships which build over time. We are committed to these relationships and will continue to invest in people, content, data and technology to ensure we offer our partners products which deliver reliable accurate data, value adding solutions and work flow and cost efficiencies.

In 2017/18 we invested a further £8.4 million (2017: £7.9 million) in sourcing new global content, developing delivery platforms and commissioning and publishing new Haynes Manuals. This substantial investment demonstrates our commitment to our customers which today include international oil companies, multinational parts distributors and diagnostic equipment manufacturers, fast-fit outlets, major retail stores, fleet operators and garage chains.

We live in a world where vehicle electrical systems and advanced in-car technologies are the norm and specialised electronics knowledge has become an essential requirement for workshop technicians. Haynes have been and remain innovators in this area and it is no coincidence that HaynesPro's electronics module "VESA", with its 3.5 million component links, sits at the heart of our professional offering. VESA enables workshops to improve workflow efficiency, reducing diagnostic times and helping independent operators to be competitive. In addition, the technology that drives VESA can be embedded into diagnostic tools. This has been an important area of growth for the HaynesPro business and in 2017/18 resulted in a further two major global diagnostic tool manufacturers integrating VESA Mk II into their new generation diagnostic tools.

The integration of our data capturing, storage and delivery processes allows us to offer customers information that is unique, complete and highly valuable. Our partnerships are built on trust, integrity and the delivery of innovative and relevant propositions, helping to elevate Haynes from the status of valued supplier to trusted partner. The mix of automotive and IT knowledge means we are well placed to offer our partners valued added consultancy services. This was demonstrated when the HaynesPro technology team successfully launched the second phase of a major website and data overhaul for a global OE parts supplier.

The E3 Technical business, acquired from Solera Holdings Inc. in September 2017, continues to deliver high quality and accurate data via real time web services. Rebranded HaynesPro UK, the business not only accelerates and broadens our foothold in the UK automotive service, maintenance and repair markets, but also provides the Group with a complementary vehicle look-up service. The integration of the people, and their skills and knowledge within this business is progressing to plan.

The benefits of the data and skillsets that have been added through the E3 Technical and OATS acquisitions, have already been a key driver in winning new customers and helped to secure significant contract renewals.

In consumer markets, sales of our automotive print manuals continue to face challenges. Over the past three years we have been working closely with our key retail partners to manage excess inventory levels and improve the stock turn of our manuals in-store. During this same timeframe we have experienced a growth in sales to customers who sell online. The growth in free to view content is a challenge for both our bricks and mortar and online retail partners alike. Whilst we acknowledge that some of this information can be helpful, we are also very cognisant that elements of this information are often inaccurate and, in some instances, dangerously so. To help address these issues we are increasing the number of videos within our online manuals to provide motorists with reliable, accurate, trustworthy and easy to use repair and service information. It is interesting to note that sales of online manuals via our US website, now exceed those of print manuals. During our third quarter we launched our new 'Haynes Manuals AllAccess' product which enables B2B partners to access all our online consumer manuals. This product will initially be aimed at the education, library and independent workshop markets but over time we also see potential for this product across a broader spectrum of distribution channels.

Our practical lifestyle range of manuals had another year of solid sales growth, ending the 12-month period 6% ahead of the prior year. This success is a reflection of the continued ability of our team to create entertaining and inherently informative and useful manuals covering all manner of subjects. New titles included Robot Wars, Tabletop Gaming, the Soviet T-34 Tank and Upgrading Your Kitchen. Of particular note was the successful conclusion of a deal with Disney to publish a further four 'Star Wars' manuals over the next few years. Previous titles in this range have sold well in both the UK and US.

First Quarter Trading

Overall Group revenue during the first quarter of 2018/19 was tracking 6% ahead of the prior year. Like-for-like revenue (excluding exchange rate movements and incremental revenue from the E3 Technical acquisition) was in line with the prior year. At a segmental level, both the UK & Europe and North America & Australia segments were performing in line or ahead of expectations through the first 13 weeks of 2018/19.

People

After a period of restructuring, rationalisation and re-organisation it is pleasing to report that our business growth, as well as future commercial opportunities, have resulted in the Group growing its employee base.

In addition to our colleagues added through the recent acquisitions of OATS and E3 Technical, we have also recruited additional staff in our data and technology teams in the Netherlands and Romania and our consumer digital teams in the UK and US.

In the Netherlands, we have doubled the capacity of our European headquarters of HaynesPro Netherlands and now occupy the whole of our leasehold building in Leusden. In February 2018, the staff of HaynesPro UK moved into new leasehold premises in Maidstone, Kent. During 2018/19 we are once again planning to increase employee numbers to support the growth areas of our business.

The sourcing of new content and data creation will be the primary areas of focus for the business over the next 12 months. The mix of automotive and technology skillsets possessed by our people together with our rich breadth of content is helping to provide the Haynes Group with new growth opportunities. I would like to thank everyone at Haynes for their valuable contribution, and I look forward to driving the Group's future success together.

Outlook and future developments

The automotive industry has been continuously evolving over the last 130 years and it is no different today. Whether this comes in the form of the advancements in electric vehicles, the development of driverless vehicle technology or the introduction of new legislation to regulate and oversee the flow of information from manufacturers to the independent workshop mechanic, the automotive sector landscape continues to change.

The aftermarket sector is also changing and in the last two years, nine of HaynesPro's top twenty customers have experienced a change in ownership.

Mindful of these developments and opportunities, the Haynes Group remains focused on delivering the technical information, data solutions and commercial insights our customers need today, and in the future. We are increasingly working with partners who operate in global markets and need suppliers who can deliver data in territories across the world. Over the next 12 months we will increase our investment to expand the coverage of our worldwide datasets.

The Group will be adding resource to develop new products utilising our aggregated global content. As Haynes expands its geographic horizons and develops new commercial opportunities through leveraging and combining our global datasets, we need to ensure that the way we collect, store, catalogue and link our content is standardised where possible. This will provide workflow and cost efficiency and enable future investment and innovation.

We have a strong balance sheet, identified opportunities for growth and a clear sense of direction. Through new innovation and enhancements to the products and solutions we provide our customers, I believe we are well placed to develop our business and continue to deliver revenue and profit growth.

J Haynes
Chief Executive Officer
4 September 2018

Chief Operating Officer's Review

Review of operations

The improvement in the Group's top line performance during the year, up 13% at £33.8 million (2017: £29.8 million), has come from a combination of a full year of trading from OATS (2017: 5 months), the acquisition of E3 Technical in September 2017, another strong year of growth from HaynesPro in Europe and improved year-on-year sales in our UK and Australian businesses.

North America and Australia

Since implementing the major Operational and Cost Restructuring (OCR) programme in the US in 2015/16, we have significantly reduced the cost base of our Haynes North American ("HNA") operations and improved the financial platform of the business. At the revenue line we still face challenges, with year-on-year sales of our automotive print manuals down 2% and a slow take-up of our in-store online manual retail card programme. We also continue to face pressure over retail pricing of our manuals and in-store range availability. Despite these challenges we are starting to make progress in our online presence. Sales of print manuals through the haynes.com website have shown healthy year-on-year increases with sales of our Haynes titles up 7%, Chilton titles up 24% and Clymer titles up 34%, while sales of our online manuals ended the year 13% ahead of 2016/17.

Our US editorial databases hold a rich pool of content covering vehicles and motorcycles which includes an extensive archive of instructional photos, written procedures and a growing database of step-by-step videos. Local management are currently evaluating new growth opportunities arising from this content as we look to transition the Haynes Group into a multi-media content and data solutions business. The print manual remains an important part of our product offering, a situation we do not foresee changing soon. Nevertheless, we recognise the data that we hold can be reformatted and potentially combined with other datasets to create new revenue opportunities and this is very much the focus of the management going forward.

In June 2018, the head of our HNA operations stood down from the Haynes Group and this part of our business is being managed on an interim basis by Jeremy Yates-Round, Managing Director of the Group's consumer operations. Jeremy is working closely with local US management to evaluate the growth opportunities in the US market and to assist the Board in recruiting a replacement leader for the business.

In Australia, new range reviews were secured with our two largest retail customers during the 2017/18 which has helped to ensure that our latest and most popular titles are available to purchase in-store in over 600 retail outlets. The range reviews were an important factor in helping sales of our Australian print manuals end the year 8% ahead of the prior year.

In the second half of 2017/18 we initiated a restructuring programme in our Australian operation re-focusing the business on our consumer manuals and professional automotive product lines. As part of this restructuring we exited some small third-party distribution agreements and third-party digital print service arrangements. The Australian operation has been loss making in recent years and although relatively small, through the actions taken during 2017/18 and the implementation of new growth initiatives in this territory, management are confident that this part of the Haynes Group can return to profit in the near future.

During the second quarter of 2017/18 we launched a new Australian website as part of the Haynes global website rollout programme. Whilst small in absolute terms, the revenue generated through the website more than doubled during the year and early into 2018/19 we continue to see website sales out-perform the prior year.

UK and Europe

In the UK, following a similar trend experienced in prior years, weaker ordering by our key high street retail customers left revenue for our automotive print manuals 3% down on the prior year, whilst revenue from our online retailers ended the year 5% up. Over the past 12 months, we have enjoyed particularly strong growth in our export markets where a weaker pound has helped to improve the competitive pricing position of our manuals outside of the UK.

As we reported at the half year, sales of our practical lifestyle manuals performed strongly during the first six months of the year boosted by our new title publishing programme and strong sales of our 'Haynes Explains' parody titles. During the second six months, challenging conditions for our high street retailers led to higher than expected returns but overall, revenue from our practical lifestyle titles still ended the year 6% ahead of the prior period. Like the US and Australia, sales of our print and online manuals through haynes.com website have performed well during the year, with print manual revenue ending the year up 33% and digital manual sales up 28%. Whilst in monetary terms the revenue impact is still low, we are encouraged by the improving performance of our channels connecting us directly to the consumer.

This was the first full 12 months of trading in OATS, our lubricants and data solutions business, which we acquired in December 2016. Towards the end of the financial year, OATS secured its first new global oil contract under Haynes Group ownership. This was a major gain for the OATS team and reflects the significant time and financial investment in growing their global lubricants datasets and the benefits of a combined data offering with HaynesPro. During the year, OATS recruited a new US sales consultant to support the growing market for lubricants data in in the US. Indeed, OATS are now the leading supplier of lubricants data to the North American agricultural sector and in excess of 30% of total OATS revenue now originates in the US.

HaynesPro, our professional automotive data and solutions business headquartered in the Netherlands, had another strong 12 months of trading. The acquisition of E3 Technical in September 2017 saw HaynesPro taking on all E3 Technical's direct and indirect business from Carweb Ltd, a subsidiary of Solera Holdings Inc. This includes: Repair and Maintenance Information; Vehicle Registration Mark (VRM) look-up software and associated helpdesks. The acquisition deepens HaynesPro's relationships with UK automotive professionals and through the acquired support desk and VRM services, has allowed HaynesPro to enhance the services to its UK partners and customers. HaynesPro data is used by over 60,000 users throughout Europe and contains comprehensive multilingual automotive OEM based data for cars, light commercial vehicles and heavy trucks. The multilingual aspect of WorkshopData™ has been an important factor in the success of the HaynesPro business and during the year four new languages were added and the data is now available in 27 different languages.

James Bunkum
Chief Operating Officer
4 September 2018

Group Finance Director's Review

The 2018 financial year represents the 52 weeks to 31 May 2018 ("the financial year") and the comparative period represents the 52 weeks to 31 May 2017 ("prior year").

Group revenue

	2018 £m	2017 £m	Movement %
Total Group revenue	**33.8**	29.8	+13%

Overall Group revenue ended the year up 13% against last year at £33.8 million (2017: £29.8 million) through a combination of underlying growth in our professional product ranges and practical lifestyle titles and incremental revenue from acquisitions.

This is the first set of Group results to include a full 12 months of OATS revenue, which added £1.4 million of incremental revenue in comparison to 2016/17 and 8 months of the E3 Technical business, which added an incremental £1.9 million of revenue to the Group.

Sterling strengthened against the US and Australian dollars leading to average exchange rates of $1.35 (2017: $1.28) and A$1.74 (2017: A$1.70) respectively, whilst sterling weakened against the euro, driving a lower average exchange rate of €1.13 (2017: €1.17). The net effect of these movements reduced Group revenue by £0.1 million leaving like-for-like Group revenue up 14% at £33.9 million in constant currency.

Boosted by the performance from the professional product ranges and acquisitions, revenue from the Group's digital products ended the year up 42% or £5.0 million in monetary terms at £16.9 million (2017: £11.9 million) and now represents 50% of total Group revenue (2017: 40%).

Adjusted gross profit

		2018[1]	2017[1]	Movement %
Adjusted gross profit	£m	**20.1**	18.1	+11%
Adjusted gross margin	%	**59.5**	60.7	(1.2bps)

[1] Excluding adjusting items. Reported gross profit was £20.1 million (2017: £16.8 million) with a gross margin of 59.5% (2017: 56.4%).

In monetary terms, overall adjusted gross profit ended the 12 month period up 11% at £20.1 million (2017: £18.1 million) with a gross margin of 59.5% (2017: 60.7%). The margin percentage has reduced in 2017/18 as this is the first year of expensing the Group's consumer digital development costs (£0.6 million) following the launch of the new consumer platforms at the beginning of the financial year.

Adjusted operating profit

		2018[1]	2017[1]	Movement %
Adjusted operating profit	£m	**3.5**	3.2	+9%
Adjusted operating margin	%	**10.4**	10.8	(0.4bps)

[1] Excluding adjusting items. Reported Group operating profit was £4.2 million (2017: £3.2 million) with a Group operating margin of 12.3% (2017: 10.9%)

Adjusted operating profit was 9% ahead of the prior year at £3.5 million (2017: £3.2 million). Following the acquisition of E3 Technical and a full year of OATS, adjusted overheads were up 12%. Excluding OATS, E3 Technical and the impact of currency movements, like-for-like overheads were up 4% against the prior year as the Group invested in new staff, new employee reward schemes and expanding the Group's leasehold facilities.

Group finance costs ended the year in line with the prior year at £0.6 million (2017: £0.6 million) and primarily relate to the interest charge on the pension schemes' liabilities net of interest on the pension schemes' assets.

Adjusted earnings and earnings per share

	2018 [1] £m	2017 [1] £m	Movement %
Adjusted profit before tax	**2.9**	2.6	+12%
Adjusted taxation	**(0.9)**	(1.2)	+25%
Adjusted profit for the period	**2.0**	1.4	+43%
	Pence	Pence	
Adjusted basic EPS	**13.2**	9.4	+40%

[1] Excluding adjusting items. Reported profit before tax was £3.6 million (2017: £2.7 million), taxation was £2.1million (2017: £1.3 million) and the reported profit for the period was £1.5 million (2017: £1.4 million). Reported earnings per share were 9.9 pence (2017: 9.1 pence).

Adjusted pre-tax profit ended the year up 12% at £2.9 million (2017: £2.6 million). The adjusted tax charge was £0.9 million (2017: £1.2 million) giving an effective tax rate of 31.2 % (2017: 46.0%). The lower effective tax rate is primarily driven by the reduction in the headline rate of federal tax in the US. Earnings per share increased to 13.2 pence (2017: 9.4 pence).

UK and Europe segmental review

	2018 £m	2017 £m	Movement
Segmental revenue	**22.7**	17.8	+28%
Segmental adjusted operating profit	**4.8**	2.7	+78%

Segmental revenue from UK and European operations ended the year up 28% at £22.7 million (2017: £17.8 million) which includes a full period of revenue from the OATS acquisition and 8 months of trading from the E3 Technical business which, in combination, contributed £3.3 million to revenue. Local currency European revenue was up 12% and UK consumer revenue was up 3% driven by another strong trading performance from the Group's practical lifestyle titles which ended the year up 6% and helped to offset the UK automotive manual revenue which ended the year down 3%. On a like-for-like basis, excluding the impact of exchange movements and incremental increases from acquisitions, UK and European revenue was up 7% at £19.0 million (2017: £17.8 million).

The impact of the stronger trading led UK and European segmental adjusted operating profit ending the year up 78% at £4.8 million (2017: £2.7 million). After adjustments and interest, segmental profit for the year was up 83% at £4.4 million (2017: £2.4 million).

North America and Australia segmental review

	2018 £m	2017 £m	Movement
Segmental revenue	**11.1**	12.0	(8%)
Segmental adjusted operating profit	**0.4**	0.6	(33%)

North American and Australian segmental revenue ended the year 8% down at £11.1 million (2017: £12.0 million). Local currency US revenue was down 5% due to the ongoing retail challenges we face with our print manuals in relation to pricing and in-store range availability. Australian local currency revenue was up 18%, boosted by range reviews with the two largest retail customers during the year and higher low margin third-party print services income. During the year, sterling strengthened against both the US and Australian dollars decreasing North American and Australian segmental revenue by £0.6 million. Like-for-like revenue, excluding the impact of exchange, ended the year down £0.3 million at £11.7 million (2017: £12.0 million).

The reduced US cost base helped to minimise the impact of the lower revenue on segmental adjusted operating profit which ended the year down 33% at £0.4 million (2017: £0.6 million). After adjustments and interest, segmental profit for the year was up 33% at £2.4 million (2017: £1.8 million).

Adjusting items

	2018 £m	2017 £m
Write-down of intangible assets	**-**	(1.3)
Write-down of assets held for sale	**(0.4)**	-
Acquired intangible amortisation charge	**(0.3)**	-
Restructuring costs	**(1.0)**	(0.2)
Acquisition expenses	**(0.2)**	(0.1)
Gain on property disposals	**2.6**	1.6
Total adjusting items effecting profit before tax	**0.7**	-
Adjustments to tax	**(1.2)**	(0.1)
Total adjusting items	**(0.5)**	(0.1)

Following the sale of a freehold property in the US during the financial year, the Group realised a gain on disposal of £2.6 million which has been shown as an adjusting item in the Income Statement. Netting against this gain are restructuring costs in relation to the Australian operation, employee severance costs and past pension service costs of £1.0 million and an adjustment to the UK freehold property between its net book value and its recoverable amount of £0.4 million. Adjusting items also include the amortisation of acquired intangible assets of £0.3 million and the costs associated with the E3 Technical trade and asset acquisition of £0.2 million. The adjustment to tax is primarily due to the reduction in the US deferred tax assets following a reduction in the US federal tax rate from 35% to 21%.

Balance sheet

	2018 £m	Restated [1] 2017 £m	Movement
Non-current assets	**40.5**	39.5	+1.0
Working capital	**1.8**	4.1	(2.3)
Net cash	**2.5**	3.7	(1.2)
Retirement benefit obligation	**(18.7)**	(23.8)	+5.1
Net other assets/(liabilities)	**(1.1)**	(2.8)	+1.7
Net assets	**25.0**	20.7	+4.3

[1] See Note 1 – Restatement of prior years

During the year, the Group increased its investment in new product development by 6% to £8.4 million (2017: £7.9 million) which included £2.8 million on new consumer content, £0.3 million on new consumer digital platforms and £5.3 million in relation to the Group's professional product ranges. The Group also acquired the trade and assets of the E3 Technical business, which added £4.9m of intangible fixed assets in the form of knowhow, customer lists and goodwill. Netting against the above was a reclassification of a UK property to net other assets/(liabilities) following its transfer to Assets held for sale and an increase in product development amortisation.

In December 2017, the US operation sold a second Nashville freehold property for $5.1 million (£3.8 million) generating a profit on disposal of £2.6 million.

Group working capital has decreased during the year due to the benefits of lower outsourced print prices, which has reduced inventory values on similar volumes and higher deferred revenue following the acquisition of E3 Technical and growth in revenue from our professional businesses.

Group net cash ended the year down £1.2 million at £2.5 million (2017: £3.7 million) as the £4.7 million trade and asset acquisition of E3 Technical was funded entirely from internal cash.

At 31 May 2018, the net deficit, as reported in accordance with IAS 19, on the Group's two defined benefit retirement schemes decreased by £5.1 million to £18.7 million (2017: £23.8 million) with the UK scheme deficit decreasing to £17.4 million (2017: £22.7 million) and the US deficit increasing to £1.3 million (2017: £1.1 million as restated - see note 1). The combined total assets of the schemes were maintained at £34.1 million (2017: £34.1 million) while the total liabilities decreased to £52.8 million (2017: £57.9 million). The primary factor contributing to the lower liabilities was an increase in the UK discount rate from 2.40% to 2.85%.

Cash flow

	2018 £m	2017 £m
Net cash generated from operations before tax	**11.6**	9.7
Tax paid / (received)	**(1.5)**	0.2
Investing activities	**(9.8)**	(5.7)
Financing activities	**(1.2)**	(1.4)
Net movement in cash during the year	**(0.9)**	2.8
Cash and cash equivalents at the beginning of the year	**3.7**	0.5
Effect of foreign exchange rates	**(0.3)**	0.4
Cash and cash equivalents at the end of the period	**2.5**	3.7

The Group's net cash generated from operations before tax for the year was up 20% at £11.6 million (2017: £9.7 million) which represented 331% of adjusted Group operating profit (2017: 303%).

Richard Barker
Group Finance Director
4 September 2018

Consolidated Income Statement

		Year ended 31 May 2018			Year ended 31 May 2017		
		Adjusted	Adjusting items (note 2)	Statutory	Adjusted	Adjusting items (note 2)	Statutory
	Note	£'000	£'000	£'000	£'000	£'000	£'000
Continuing operations							
Revenue	3	33,788	-	33,788	29,774	-	29,774
Cost of sales		(13,641)	-	(13,641)	(11,694)	(1,282)	(12,976)
Gross profit		**20,147**	**-**	**20,147**	**18,080**	**(1,282)**	**16,798**
Other income		17	-	17	31	-	31
Distribution costs		(8,151)	(337)	(8,488)	(8,039)	(209)	(8,248)
Administrative expenses		(8,511)	(1,591)	(10,102)	(6,864)	(87)	(6,951)
Gain on disposal of property		-	2,588	2,588	-	1,607	1,607
Operating profit		**3,502**	**660**	**4,162**	**3,208**	**29**	**3,237**
Finance income	5	11	-	11	5	-	5
Finance costs	6	(57)	-	(57)	(60)	-	(60)
Other finance costs – retirement benefits		(554)	-	(554)	(518)	-	(518)
Profit before taxation		**2,902**	**660**	**3,562**	**2,635**	**29**	**2,664**
Taxation	7	(904)	(1,164)	(2,068)	(1,211)	(79)	(1,290)
Profit/(loss) for the period		**1,998**	**(504)**	**1,494**	**1,424**	**(50)**	**1,374**
Earnings per 20p share	8	Pence		Pence	Pence		Pence
From continuing operations							
- Basic		13.2		9.9	9.4		9.1
- Diluted		13.1		9.8	9.4		9.1

Consolidated Statement of Comprehensive Income

	Year Ended 31 May 2018 £'000	Year Ended 31 May 2017 £'000
Profit for the period	**1,494**	**1,374**
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	5,718	(8,392)
- US Scheme	(458)	451
Deferred tax on retirement benefit obligation		
- UK Scheme	(972)	1,427
- US Scheme	103	(180)
Deferred tax arising on change in corporation tax rates	(53)	(144)
	4,338	(6,838)
Items that will or may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	(530)	3,678
Other comprehensive income/(expense)	**3,808**	**(3,160)**
Total comprehensive income/(expense) for the financial period	**5,302**	**(1,786)**

Consolidated Balance Sheet

	Note	Year Ended 31 May 2018 £'000	Restated [1] Year Ended 31 May 2017 £'000	Restated [1] Year Ended 31 May 2016 £'000
Non-current assets				
Property, plant and equipment		1,525	4,011	8,434
Intangible assets		33,244	27,696	22,381
Deferred tax assets		5,693	7,839	7,366
Total non-current assets		**40,462**	**39,546**	**38,181**
Current assets				
Inventories		3,084	3,965	4,614
Trade and other receivables		8,484	7,806	7,499
Tax recoverable		124	130	926
Cash and cash equivalents		4,809	7,036	2,548
		16,501	18,937	15,587
Assets held for sale		2,195	1,483	-
Total current assets		**18,696**	**20,420**	**15,587**
Total assets		**59,158**	**59,966**	**53,768**
Current liabilities				
Trade and other payables		(9,813)	(7,674)	(5,188)
Borrowings		(2,276)	(3,331)	(2,163)
Provisions		(332)	(1,164)	(3,656)
Total current liabilities		**(12,421)**	**(12,169)**	**(11,007)**
Non-current liabilities				
Deferred tax liabilities		(3,038)	(3,287)	(3,255)
Retirement benefit obligation	11	(18,712)	(23,778)	(15,855)
Total non-current liabilities		**(21,750)**	**(27,065)**	**(19,110)**
Total liabilities		**(34,171)**	**(39,234)**	**(30,117)**
Net assets		**24,987**	**20,732**	**23,651**
Equity				
Share capital		3,270	3,270	3,270
Share premium		638	638	638
Treasury shares		(2,447)	(2,447)	(2,447)
Retained earnings		15,803	11,018	17,615
Foreign currency translation reserve		7,723	8,253	4,575
Total equity		**24,987**	**20,732**	**23,651**

[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	Total £'000
Balance at 31 May 2016	**3,270**	**638**	**(2,447)**	**4,575**	**18,199**	**24,235**
Prior year restatement [1]	-	-	-	-	(584)	(584)
Balance at 31 May 2016 restated [1]	**3,270**	**638**	**(2,447)**	**4,575**	**17,615**	**23,651**
Profit for the period	-	-	-	-	1,374	1,374
Other comprehensive income : Currency translation adjustments	-	-	-	3,678	-	3,678
Actuarial gains/(losses) on defined benefit plans (net of tax)	-	-	-	-	(6,838)	(6,838)
Total other comprehensive income	**-**	**-**	**-**	**3,678**	**(6,838)**	**(3,160)**
Total comprehensive income	**-**	**-**	**-**	**3,678**	**(5,464)**	**(1,786)**
Dividends (note 9)	-	-	-	-	(1,133)	(1,133)
Balance at 31 May 2017 restated [1]	**3,270**	**638**	**(2,447)**	**8,253**	**11,018**	**20,732**
Profit for the period	-	-	-	-	1,494	1,494
Other comprehensive income : Currency translation adjustments	-	-	-	(530)	-	(530)
Actuarial gains/(losses) on defined benefit plans (net of tax)	-	-	-	-	4,338	4,338
Total other comprehensive income	**-**	**-**	**-**	**(530)**	**4,338**	**3,808**
Total comprehensive income	**-**	**-**	**-**	**(530)**	**5,832**	**5,302**
Performance share plan	-	-	-	-	86	86
Dividends (note 9)	-	-	-	-	(1,133)	(1,133)
Balance at 31 May 2018	**3,270**	**638**	**(2,447)**	**7,723**	**15,803**	**24,987**

[1] See Note 1 – Restatement of prior years

Consolidated Cash Flow Statement

	Year Ended 31 May 2018 £'000	Year Ended 31 May 2017 £'000
Cash flows from operating activities		
Profit after tax	1,494	1,374
Adjusted for :		
Income tax expense	2,068	1,290
Interest payable and similar charges	57	60
Interest receivable	(11)	(5)
Retirement benefits finance costs	554	518
Operating profit	**4,162**	**3,237**
Depreciation on property, plant and equipment	504	782
Impairment of assets held for sale	467	-
Amortisation of intangible assets	7,779	6,421
Impairment of intangible assets	-	1,249
IAS 19 pensions current service cost net of contributions paid	(333)	(636)
Movement in provisions	(832)	(2,492)
Performance share plan	86	-
Gain on disposal of asset held for sale	(2,588)	-
Loss/(gain) on disposal of property, plant and equipment	125	(963)
	9,370	**7,598**
Changes in working capital :		
Decrease in inventories	793	1,111
(Increase)/decrease in receivables	(753)	724
Increase in payables	2,206	285
Net cash generated from operations	**11,616**	**9,718**
Tax (paid)/received	(1,479)	159
Net cash generated by operating activities	**10,137**	**9,877**
Investing activities		
Acquisition costs – business combinations, net of cash acquired	(4,720)	(1,729)
Proceeds on disposal of property, plant and equipment	3,798	4,329
Purchases of property, plant and equipment	(499)	(415)
Expenditure on product development	(8,446)	(7,922)
Interest received	11	5
Net cash used in investing activities	**(9,856)**	**(5,732)**
Financing activities		
Repayment of borrowings	-	(177)
Dividends paid	(1,133)	(1,133)
Interest paid	(57)	(60)
Net cash used in financing activities	**(1,190)**	**(1,370)**
Net (decrease)/increase in cash and cash equivalents	**(909)**	**2,775**
Cash and cash equivalents at beginning of year	3,705	540
Effect of foreign exchange rate changes	(263)	390
Cash and cash equivalents at end of year	**2,533**	**3,705**

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 2018 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 2018 or for the year ended 31 May 2017. Statutory accounts for the year ended 31 May 2017 has 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 2017 have been filed with the Registrar of Companies.

The 2018 figures are based on unaudited accounts for the year ended 31 May 2018. Statutory accounts for the year ended 31 May 2018 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 2018 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 4 September 2018. The Annual Report 2018 will be approved by the Board of Directors and authorised for issue on 19 September 2018.

Restatement of prior years

During the year, the methodology for calculating the discount rate on the US defined benefit pension plan was amended to use an appropriate yield curve basis as prescribed under IAS 19. The impact of this change has been to increase the US retirement benefit obligation by £754,000 in both the 31 May 2017 and 31 May 2016 balance sheets. Accordingly, the Consolidated Balance Sheet, Consolidated Statement of Changes in Equity and affected notes have been restated. The impact of this restatement on the 31 May 2016 and 31 May 2017 Consolidated Balance Sheets has been to increase the US defined benefit pension plan liability by £754,000 and to increase deferred tax assets by £170,000.

Basis of accounting

The accounting policies used to prepare this results announcement are consistent with those applied in the 2017 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 2018 and which have not been adopted early.

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	
	2018	2017	2018	2017
US dollar	1.33	1.29	1.35	1.28
Euro	1.14	1.15	1.13	1.17
Australian dollar	1.76	1.74	1.74	1.70

2. Adjusting items

	31 May 2018 £'000	31 May 2017 £'000
Adjusting costs included in cost of sales:		
- Write down of intangible assets	-	(1,282)
Adjusting gains included in gain on disposal of property:		
- Gain on sale of property	2,588	1,608
Adjusting costs included in selling and distribution expenses:		
- Restructuring costs	(337)	(209)
Adjusting costs included in administrative expenses:		
- Write down of assets held for sale	(467)	-
- Restructuring costs	(635)	-
- Acquired intangible amortisation charge	(318)	-
- Acquisition expenses	(171)	(88)
Total adjusting gains effecting profit	**660**	**29**
Adjustments to tax	**(1,164)**	**(79)**
Total adjusting charge to income statement	**(504)**	**50**

The adjustment to selling and distribution costs during the year relate to the implementation of the restructuring programme in the Australian operation and the adjustment to administration costs relate to one-off employee severance packages and past service pension costs.

The gain from the sale of property has arisen following the implementation of the global operational, cost and structure review undertaken during a prior year and relates to the sale of a property in the US.

The write down of assets held for sale in the current year relates to a UK freehold property with the net book value being adjusted to its recoverable amount.

Amortisation of acquired intangible assets are treated as an adjusting item to provide stakeholders with additional useful information to assess the trading performance of the Group on a consistent basis.

The 31 May 2018 acquisition expenses relate to the successful acquisition of the trade and assets of E3 Technical on 30 September 2017.

The adjustment to tax relates to the reduction in the US deferred tax balances as a result of the cut in the federal tax rate from 35% to 21% as well including the tax effect on the adjusting profit items.

Adjusting 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 2018 £'000	31 May 2017 £'000
Revenue by geographical destination on continuing operations:		
United Kingdom	8,733	6,873
Rest of Europe	12,804	10,527
United States of America	10,145	10,490
Australasia	1,525	1,322
Rest of World	581	562
Total consolidated revenue	**33,788**	**29,774**

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 UK, 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. Through OATS, the UK and European business also supplies lubricants data to European and global oil companies .

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. On 1 June 2017, the Australian branch operation based in Sydney, incorporated as a separate legal entity (Haynes Australia Pty Limited) and became a 100% subsidiary of Haynes Publishing Group P.L.C.. The Australian company publishes print manuals under both the Haynes and Gregory's brands.

For the year under review the above two operating segments were each organised and managed separately and treated as distinct operating and reportable segments in line with the provisions of IFRS 8. The identification of the two operating segments has been 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 2018 £'000	North America & Australia 2018 £'000	Consolidated 2018 £'000
Segmental revenue			
Total segmental revenue	22,873	11,358	34,231
Inter-segmental sales [1]	(176)	(267)	(443)
Total external revenue	**22,697**	**11,091**	**33,788**
Segment result			
Adjusted operating profit	4,805	399	5,204
Adjusting items [2]	(368)	1,963	1,595
Interest receivable	9	1	10
Interest payable	(46)	-	(46)
Segment profit after adjustments and interest	**4,400**	**2,363**	**6,763**
Unallocated head office income less expenses [3]			(3,201)
Consolidated profit before tax			**3,562**
Taxation [4]			(2,068)
Consolidated profit after tax			**1,494**

[1] Inter-segment sales are charged at the prevailing market rates.
[2] Details of the adjusting items are shown in note 2 of this Results Announcement.
[3] Unallocated head office income less expenses includes £935,000 of adjusting items.
[4] The charge to taxation relates to the consolidated Group. Included within the charge to taxation is £752,000 which relates to the UK & European operations and £1,501,000 which relates to the North American & Australian operations.

4. Segmental analysis (continued)

Revenue and results :	UK & Europe 2017 £'000	North America & Australia 2017 £'000	Consolidated 2017 £'000
Segmental revenue			
Total segmental revenue	18,129	12,543	30,672
Inter-segmental sales [1]	(342)	(556)	(898)
Total external revenue	**17,787**	**11,987**	**29,774**
Segment result			
Adjusted operating profit	2,704	643	3,347
Adjusting items [2]	(213)	1,180	967
Interest receivable	2	3	5
Interest payable	(50)	(2)	(52)
Segment profit after adjustments and interest	**2,443**	**1,824**	**4,267**
Unallocated head office income less expenses [3]			(1,603)
Consolidated profit before tax			**2,664**
Taxation [4]			(1,290)
Consolidated profit after tax			**1,374**

[1] Inter-segment sales are charged at the prevailing market rates.
[2] Details of the adjusting items are shown in note 2 of this Results Announcement.
[3] Unallocated head office income less expenses includes £938,000 of adjusting items.
[4] The charge to taxation relates to the consolidated Group. Included within the charge to taxation is £659,000 which relates to the UK & European operations and £614,000 which relates to the North American & Australian operations.

5. Finance income

	31 May 2018 £'000	31 May 2017 £'000
Interest receivable on bank deposits	**11**	**5**

6. Finance costs

	31 May 2018 £'000	31 May 2017 £'000
Interest payable on bank loans and overdrafts	**57**	**60**

7. Taxation

	31 May 2018 £'000	31 May 2017 £'000
Analysis of charge during the period :		
Current tax		
- UK corporation tax on profits for the period	-	-
- Foreign tax	1,415	847
- Adjustments in respect of prior periods	(3)	32
	1,412	**879**
Deferred tax		
- Origination and reversal of temporary differences	656	411
Total taxation in the Consolidated Income Statement	**2,068**	**1,290**

The effective rate of tax is higher than the standard rate of UK corporation tax due to the mix of profits from overseas operations where the tax rates are higher than in the UK. There is an unrecognised deferred tax asset for temporary timing differences associated with the Group's UK entities. Had the asset been recognised it would have reduced the tax charge by £970,000 giving an overall effective tax rate of 30.8% for the year.

In December 2017, the US Senate substantively enacted the Tax Cuts and Jobs Act of 2017 (TCJA) which included, amongst other changes, a reduction in the federal tax rate in the US from 35% to 21%. In calculation of the current year US tax charge a hybrid rate has been used for the year at 28.5%. The US deferred tax balances have been revalued at a rate of 22.5% as a combination of the federal and state tax rates substantively enacted at 31 May 2018.

8. Earnings per share

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

	Adjusted 2018 £'000	Statutory 2018 £'000	Adjusted 2017 £'000	Statutory 2017 £'000
Earnings :				
Profit after tax attributable to equity holders of the Company– continuing operations	1,998	1,494	1,424	1,374
	No.	No.	No.	No.
Number of shares :				
Weighted average number of shares for basic earnings per share [a]	15,111,540	15,111,540	15,111,540	15,111,540
Adjusted weighted average for diluted earnings per share [a]	15,261,207	15,261,207	15,111,540	15,111,540
Basic earnings per share (pence)	13.2	9.9	9.4	9.1
Diluted earnings per share (pence)	13.1	9.8	9.4	9.1

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

As at 31 May 2018 there were 149,667 outstanding options on the Company's 'Ordinary' shares.

As at 31 May 2017 there were no outstanding options on either of the Company's two classes of shares and there is no difference between the earnings used in the basic and diluted earnings per share calculation.

9. Dividends

	31 May 2018 £'000	31 May 2017 £'000
Amounts recognised as distributions to equity holders :		
Final dividend for the year ended 31 May 2017 of 4.0p per share (2016: 4.0p per share)	604	604
Interim dividend for the year ended 31 May 2018 of 3.5p per share (2017: 3.5p per share)	529	529
	1,133	**1,133**
Proposed final dividend for the year ended 31 May 2018 of 4.0p per share (2017: 4.0p per share)	604	604

As at 31 May 2018, 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 8 November 2018 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 15 November 2018 to shareholders on the register at the close of business on 26 October 2018.

10. Analysis of the changes in cash and cash equivalents

	As at 1 June 2017 £'000	Cash flow £'000	Exchange movements £'000	As at 31 May 2018 £'000
Cash at bank and in hand	7,036	(1,964)	(263)	4,809
Bank overdrafts	(3,331)	1,055	-	(2,276)
	3,705	**(909)**	**(263)**	**2,533**

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. All scheme assets are held independently of the Group and its subsidiaries.

As at 31 May 2018 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 2018 £'000	Restated [1] 31 May 2017 £'000
Consolidated retirement benefit obligation at beginning of period	(23,778)	(15,885)
Movement in the period :		
- Total expenses charged in the income statement	(1,571)	(1,397)
- Contributions paid	1,350	1,515
- Actuarial gains/(losses) taken directly to reserves	5,260	(7,941)
- Foreign currency exchange rate movements	27	(100)
Consolidated retirement benefit obligation at end of period	**(18,712)**	**(23,778)**

[1] See Note 1 – Restatement of prior years

12. Acquisition

On 30 September 2017, Haynes Publishing Group P.L.C. acquired the E3 Technical business from Carweb, a UK subsidiary of Solera Holdings Inc. for a cash consideration of £4.72 million. The E3 Technical business consists of repair and maintenance information ("RMI"), vehicle registration mark look-up ("VRM") and associated helpdesk services. The transaction included the acquisition of certain customer contracts, and the transfer of employees from Carweb. Immediately after acquisition, Haynes Publishing Group P.L.C. assigned the assets acquired to its wholly owned subsidiary, HaynesPro (UK) Limited. The table below shows the fair values of the assets and liabilities arising on the acquisition:

	Book value £'000	Fair value £'000	Recognised on acquisition £'000
Assets Acquired			
Intangible assets	-	4,671	4,671
Trade and other receivables	390	-	390
Other payables	(390)	-	(390)
Deferred tax liability	-	(215)	(215)
Fair value of net assets	-	4,456	4,456
Goodwill arising on acquisition [1]			264
Total consideration			**4,720**
Cash consideration			4,720
Total consideration			**4,720**

The net cash outflows arising on the acquisition were as follows :

Cash consideration	4,720
Costs of acquisition (included in cash flows from operating activities) [2]	171
Net cash outflow	**4,891**

[1] Intangible assets amounting to £264,000 could not be individually separated and reliably measured and accordingly, have been included as goodwill (the costs are deductible for income tax purposes). The goodwill assets include the E3 Technical business standing in its particular market place and anticipated synergies following is acquisition by the Haynes Group.

[2] The costs of acquisition of £171,000 were expensed as incurred in the period and have been included as an adjusting item within administrative expenses.

During the eight month period since acquisition, the E3 Technical business contributed £1.9 million of incremental revenue to the Group. If the acquisition had been made at the start of the financial period, the incremental revenue from the acquired business would have been £2.8 million. During the period since acquisition, the E3 Technical business operated under a Transitional Services Arrangement utilising shared overhead and IT services and as such it is not practical to quantify the associated profit contribution during this period.

13. Other information

The Directors Report and audited Report & Accounts for the financial year ended 31 May 2018 will be posted to shareholders on 24 September 2018 and delivered to the Registrar of Companies following the Annual General Meeting which will be held on 8 November 2018. 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 25 September 2018.

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