HAYNES PUBLISHING GROUP P.L.C.

INTERIM RESULTS FOR THE 6 MONTHS ENDED 30 NOVEMBER 2019

Haynes Publishing Group P.L.C. ("Haynes" or "the Group"), a leading supplier of content, data and innovative workflow solutions for the automotive industry and motorists, today announces its results for the 6 months ended 30 November 2019.

Business and Financial Highlights

	Adjusted 6 months to 30 Nov 2019	**Adjusted 6 months to 30 Nov 2018**	**Change YoY (Year-on-Year)**	**Statutory 6 months to 30 Nov 2019**	**Statutory 6 months to 30 Nov 2018**	**Change YoY (Year-on-Year)**
Group revenue				**£19.0m**	£18.3m	+4%
EBITDA	**£7.3m**	£6.3m	+16%	**£6.6m**	£5.2m	+27%
Group operating profit	**£2.6m**	£1.9m	+37%	**£1.5m**	£0.5m	+200%
Group profit before tax	**£2.3m**	£1.6m	+44%	**£1.2m**	£0.2m	+500%
Basic earnings per share	**11.6p**	8.2p	+41%	**6.0p**	0.3p	+1900%
Interim dividend				**-**	3.5p	(100%)
Operating cash flow after tax				**£6.1m**	£5.2m	+17%
Net cash				**£5.2m**	£2.6m	+100%

- Headline revenue growth (all organic); up 4% on last year at £19.0 million (2018: £18.3 million)
- YoY digital revenue up 18% at £11.4 million (2018: £9.7 million), representing 60% of overall Group revenue (2018: 53%)
- Adjusted EBITDA up 16% to £7.3 million (2018: £6.3 million)
- Operating profit from trading segments up 13% at £4.5 million (2018: £4.0 million):
    - Professional adjusted operating profit up 31% at £3.8 million (2018: £2.9 million) driven by higher revenue, up 17%
    - Consumer adjusted operating profit down 36% at £0.7 million (2018: £1.1 million) impacted by lower US & Australian print manual revenues. Revenue from Consumer digital channels up 46% YoY
- £4.4 million investment in new content, datasets and delivery platforms (2018: £4.4 million)
- Strong cash generation with Group operating cash flows after tax up 17% at £6.1 million (2018: £5.2 million)

Eddie Bell, Chairman of Haynes Group, commented:

"This has been another strong period of underlying revenue and profit growth for Haynes, which has been driven by new contract gains and key partner renewals.

"We have a healthy pipeline of development projects across both our professional and consumer businesses and with the proportion of revenue we derive from our digital channels increasing, the Haynes Group remains well placed to deliver sustainable revenue and profit growth."

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
James Stearns		
Media Contact:	**New Century Media**	+44 20 7930 8033
Catherine Hems		

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.

INTERIM STATEMENT

Business overview

I am pleased to report another strong period of revenue and profit growth for the Group. New contract gains and key partner renewals have helped increase headline revenue growth by 4%.

The proportion of revenue we now derive from our digital product ranges increased to 60% (2018: 53%), the vast majority of which is contracted and recurring.

This revenue growth, which was all organically driven, helped increase adjusted EBITDA by 16% and adjusted profit before tax by 44%. Net cash flows generated from operating activities increased by 17% to £6.1 million (2018: £5.2 million) pushing net cash at 30 November 2019 up 6% to £5.2 million (31 May 2019: £4.9 million).

During the period, capitalised development expenditure, when measured as a percentage of overall Group revenue, lowered to 23.5% (2018: 23.9%) which was also down on the 23.9% we reported for our full year ended 31 May 2019. This metric helps provide comfort that the investment we are making in our professional and consumer businesses continues to drive top line growth.

Operational review

Professional

Revenue from our Professional operations ended the six month period up 17% at £11.0 million (2018: £9.4 million). On a constant currency basis, HaynesPro revenue was up 21% and OATS revenue was up 18%.

Expanding our international data sets and product innovation are key areas of our internal investment programmes. Since adding a second office in Bucharest, in March 2019, we have extended our resource capabilities in our professional business. This has helped accelerate key projects and deliver benefits to our growing customer base. An example has been the development of our Australian WorkshopData™ module, launched in the Spring of 2019 and where, towards the end of the period, we won a prestigious new contract with the Victorian Automobile Chamber of Commerce (VACC).

During the first six months of 2019/20, the OATS team have continued to expand their international data sets and are progressively establishing OATS as a global market leading oil and lubricant data provider. Underpinned by the Group's ongoing investment programmes, OATS delivered double-digit revenue growth during the period, and in June 2019 set up OATS LLC to support, build and expand our growing customer base in the important North American market.

The higher revenue in HaynesPro and OATS drove adjusted operating profit in our Professional segment up 31% to £3.8 million (2018: £2.9 million). After Group licence fees, adjusting items and finance costs, Professional segment profit before tax was up 42% at £2.7 million (2018: £1.9 million).

Consumer

Revenue from the Group's consumer digital channels, which includes sales through haynes.com, continued strong year-on-year growth, up 46% during the six months to 30 November 2019. Over this same timeframe, global subscribers to the Haynes online manuals increased by 6% to over 70,000.

In the US, year-on-year local currency revenue ended the period 18% lower as we continue to experience headwinds for sales of our automotive print manuals, primarily through our traditional bricks and mortar retail customers, where range and inventory turns remain a key focus. Following the recruitment of a new national account manager, with recent and relevant online retail experience, we have strengthened the sales team in this important territory and we are working closely with our key partners to help address the decline. Discussions with a new major US retailer, whilst still at an early stage, give management encouragement that through a combination of our print and digital capabilities we can address the decline in revenue in our North American markets, as indeed we have seen in our domestic UK market, where automotive revenues ended the period 1% ahead of the prior year.

Invoiced sales from our brand extension publishing titles were up 5% against the previous year, boosted by strong backlist and higher export sales. The strength of the Haynes brand continues to open new opportunities for the Group, as demonstrated by a recently signed three-year deal to publish the official Formula-E books in our Haynes manual style.

In light of the lower US print manual sales, overall Consumer segment revenue ended the period down 11% at £7.9 million (2018: £8.9 million). The impact of the lower print manual revenue left overall Consumer segment adjusted operating profit down 36% at £0.7m (2018: £1.1 million).

On 15 November 2019, the Board announced it was embarking on a formal sale process to sell the entire issued share capital of Haynes Publishing Group P.L.C. and appointed Europa Partners as financial adviser to conduct the formal sale process. The process is continuing and an announcement will be made in due course.

Interim dividend

In light of the formal sale process, the Board is not declaring an interim dividend.

Future outlook

The combined skillsets and energy of the people at Haynes allow us to create innovative and dynamic products and solutions, and I would like to thank them all for their continued hard work, commitment and loyalty.

The Group has a strong pipeline of development projects across both its operating segments. These projects will not only help extend the Group's product ranges but will also enable the Group to target new geographical territories and establish VESA, its professional automotive electronics database, as a global step-by-step diagnostic platform.

With the proportion of Group revenue which is contracted, visible, recurring and delivered via digital channels increasing, the Board is confident that the Group remains on track to deliver strong year-on-year revenue and profit growth, and create value for all our stakeholders.

J Haynes
Chief Executive Officer

29 January 2020

Financial review

Overall Group revenue ended the six-month period to 30 November 2019 up 4% against the prior year at £19.0 million (2018: £18.3 million) driven entirely by underlying organic growth. The impact of net foreign exchange on overall Group revenues was minimal at £0.1 million with the average Euro exchange rate ending the period marginally up on last year at €1.13 (2018: €1.12) and a weakening in Sterling against the US Dollar which left the average exchange rate during the period lower at $1.25 (2018: $1.30).

Overall Group gross profit increased by 9% to £11.9 million (2018: £10.9 million). The Group's gross margin increased by 280 basis points to 62.5% (2018: 59.7%), as revenue growth more than offset the higher amortisation charge from the Group's investment in new content, data and delivery platforms.

Adjusted Group overheads increased by 3% during the period to £9.3 million (2018: £9.0 million).

Adjusting items include £0.7 million contingent costs associated with the formal sale process and £0.3 million of amortisation on acquired intangibles.

Group operating profit before tax and adjusting items was up 37% to £2.6 million (2018: £1.9 million) boosted by the higher Group revenue. Statutory Group operating profit was £1.5 million (2018: £0.5 million).

Net finance costs, which primarily relate to the Group's defined benefit retirement schemes, ended the period in line with the prior year at £0.3 million (2018: £0.3 million).

Group profit before tax and adjusting items ended the period up 44% at £2.3 million (2018: £1.6 million). Statutory Group profit before tax was £1.2 million (2018: £0.2 million).

The Group's adjusted effective tax rate for the period was 22% (2018: 25%). This is marginally higher than the 21% effective rate for the full year to 31 May 2019 due to the higher mix of profits from the Group's European entities which incur a higher prevailing tax rate.

Earnings per share before adjusting items increased to 11.6 pence (2018: 8.2 pence) reflecting the growth in underlying profits. Statutory earnings per share were 6.0 pence (2018: 0.3 pence).

Balance sheet and cash flow

Tangible and intangible investment during the six months to 30 November 2019 was maintained at a similar level to last year. Expenditure on new content, platforms and services for its professional and consumer product ranges was £4.4 million (2018: £4.4 million) and on tangible fixed assets £0.2 million (2018: £0.2 million).

On 17 December 2019, the Group acquired the freehold land and buildings of the Old Creamery, Sparkford for £0.3 million and simultaneously exchanged contracts on the whole Sparkford site, including the Old Creamery for a sale price of £2.5 million. Completion is due to take place on or before 17 June 2021.

The net IAS 19 pensions deficit on the Group's two defined benefit retirement schemes as at 30 November 2019 was 5% higher at £25.1 million (31 May 2019: £23.8 million). A lower UK discount rate assumption was a key contributory factor in the combined scheme liabilities increasing to £58.9 million (31 May 2019: £57.9 million). The value of the combined scheme assets ended the period at £33.8 million (31 May 2019: £34.1 million).

Net cash generated from operations increased by 17% during the period to £6.1 million (2018: £5.2 million) driven by the higher Group operating profits.

The Group's net cash position at 30 November 2019 was up 6% at £5.2 million (31 May 2019: £4.9 million).

IFRS 16 'Leases', a new standard was adopted during the period using the modified retrospective approach. The transition resulted in the Group reporting a Right of Use asset of £2.2 million and corresponding lease liability being recognised on 1 June 2019. Adoption under this transition method does not require the Balance Sheet for previous periods to be restated. The lease liabilities have been recorded as borrowings in the Balance Sheet but have not been included in the calculation of cash and cash equivalents. Due to the immaterial impact the new standard has had on the Consolidated Income Statement, comparatives have not been adjusted when measuring year-on-year performance.

Responsibility statement

Pages 26 and 27 of the Annual Report 2019 provide details of the serving Executive and Non-Executive Directors. A statement of the Directors' responsibilities is contained on page 47 of the Annual Report 2019. A copy of the Annual Report 2019 can be found on the Haynes website www.haynes.com/investor.

The Board confirms that, to the best of its knowledge, the condensed set of financial statements gives a true and fair view of the assets and liabilities, financial position and profit of the Group and has been prepared in accordance with IAS 34 'Interim Financial Reporting', as adopted by the European Union and that the interim management report includes a fair review of the information required by the Disclosure and Transparency Rules as issued by the Financial Conduct Authority, namely:

- DTR 4.2.7: An indication of important events that have occurred during the first six months of the financial year, and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year (refer to note 17).
- DTR 4.2.8: Details of related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the enterprise during that period. Together with any changes in the related parties' transactions described in the last annual report, that could have a material effect on the enterprise in the first six months of the current financial year.

By order of the Board

Richard Barker
Group Finance Director

29 January 2020

INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS ENDED 30 NOVEMBER 2019

Consolidated Income Statement

	Unaudited 6 Months to 30 Nov 2019			**Unaudited 6 Months to 30 Nov 2018**		
	Adjusted £000	Adjusting items (note 4) £000	Statutory £000	Adjusted £000	Adjusting items (note 4) £000	Statutory £000
Continuing operations						
Revenue (note 2)	**18,960**	**-**	**18,960**	**18,270**	**-**	**18,270**
Cost of sales	(7,103)	-	(7,103)	(7,367)	-	(7,367)
Gross profit	**11,857**	**-**	**11,857**	**10,903**	**-**	**10,903**
Other income	26	-	26	23	-	23
Distribution costs	(4,198)	-	(4,198)	(4,253)	-	(4,253)
Administrative expenses	(5,112)	(1,030)	(6,142)	(4,733)	(1,459)	(6,192)
Operating profit/(loss)	**2,573**	**(1,030)**	**1,543**	**1,940**	**(1,459)**	**481**
Finance income	3	-	3	2	-	2
Finance costs	(33)	-	(33)	(26)	-	(26)
Other finance costs – retirement benefits	(291)	-	(291)	(269)	-	(269)
Profit/(loss) before taxation	**2,252**	**(1,030)**	**1,222**	**1,647**	**(1,459)**	**188**
Taxation (note 5)	(495)	186	(309)	(412)	263	(149)
Profit/(loss) for the period	**1,757**	**(844)**	**913**	**1,235**	**(1,196)**	**39**
Earnings per 20p share - (note 6)	Pence		Pence	Pence		Pence
From continuing operations						
- Basic	11.6		6.0	8.2		0.3
- Diluted	10.8		5.6	8.0		0.3

Consolidated Statement of Comprehensive Income

	Unaudited 6 months to 30 Nov 2019 £000	Unaudited 6 months to 30 Nov 2018 £000
Profit for the period	**913**	**39**
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	(1,558)	777
- US Scheme	124	(89)
Deferred tax on retirement benefit obligation		
- UK Scheme	265	(133)
- US Scheme	(27)	20
	(1,196)	575
Items that will or may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	(850)	525
Other comprehensive (expense) / income	**(2,046)**	**1,100**
Total comprehensive (expense) / income	**(1,133)**	**1,139**

Consolidated Balance Sheet

	Unaudited 30 Nov 2019 £000	Unaudited 30 Nov 2018 £000	Audited 31 May 2019 £000
Non-current assets			
Property, plant and equipment (note 11)	3,234	1,439	1,378
Intangible assets (note 12)	32,757	33,489	33,502
Deferred tax assets	6,444	5,852	6,301
Total non-current assets	**42,435**	**40,780**	**41,181**
Current assets			
Inventories	2,613	2,729	2,599
Trade and other receivables	9,734	9,940	9,296
Tax recoverable	198	441	79
Cash and cash equivalents (note 8)	5,212	5,089	4,871
	17,757	**18,199**	**16,845**
Assets held for sale (note 13)	2,135	2,195	2,135
Total current assets	**19,892**	**20,394**	**18,980**
Total assets	**62,327**	**61,174**	**60,161**
Current liabilities			
Trade and other payables	(12,012)	(9,539)	(10,257)
Borrowings	(590)	(2,490)	-
Provisions	-	(261)	-
Total current liabilities	**(12,602)**	**(12,290)**	**(10,257)**
Non-current liabilities			
Deferred tax liabilities	(3,041)	(3,388)	(3,026)
Borrowings	(1,357)	-	-
Retirement benefit obligation (note 9)	(25,083)	(19,266)	(23,845)
Total non-current liabilities	**(29,481)**	**(22,654)**	**(26,871)**
Total liabilities	**(42,083)**	**(34,944)**	**(37,128)**
Net assets	**20,244**	**26,230**	**23,033**
Equity			
Share capital	3,270	3,270	3,270
Share premium	638	638	638
Treasury shares	(2,425)	(2,425)	(2,425)
Retained earnings	11,360	16,499	13,299
Foreign currency translation reserve	7,401	8,248	8,251
Total equity	**20,244**	**26,230**	**23,033**

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
Unaudited						
Current interim period :						
Balance at 1 June 2019	3,270	638	(2,425)	8,251	13,299	23,033
Profit for the period	-	-	-	-	913	913
Other comprehensive income/(expense):						
Currency translation adjustments	-	-	-	(850)	-	(850)
Actuarial gains/(losses) on defined benefit plans (net of tax)	-	-	-	-	(1,196)	(1,196)
Total other comprehensive income/(expense)	**-**	**-**	**-**	**(850)**	**(1,196)**	**(2,046)**
Total comprehensive income/(expense)	**-**	**-**	**-**	**(850)**	**(283)**	**(1,133)**
Fair value of share-based payments	-	-	-	-	(1,051)	(1,051)
Dividends (note 7)	-	-	-	-	(605)	(605)
Balance at 30 November 2019	**3,270**	**638**	**(2,425)**	**7,401**	**11,360**	**20,244**

	Share capital £000	Share premium £000	Treasury shares £000	Foreign currency translation reserve £000	Retained earnings £000	Total £000
Unaudited						
Prior interim period :						
Balance at 1 June 2018	3,270	638	(2,447)	7,723	16,388	25,572
Profit for the period	-	-	-	-	39	39
Other comprehensive income:						
Currency translation adjustments	-	-	-	525	-	525
Actuarial gains/(losses) on defined benefit plans (net of tax)	-	-	-	-	575	575
Total other comprehensive income	**-**	**-**	**-**	**525**	**575**	**1,100**
Total comprehensive income	**-**	**-**	**-**	**525**	**614**	**1,139**
Performance share plan	-	-	-	-	102	102
Sale of treasury shares	-	-	22	-	-	22
Dividends (note 7)	-	-	-	-	(605)	(605)
Balance at 30 November 2018	**3,270**	**638**	**(2,425)**	**8,248**	**16,499**	**26,230**

Consolidated Cash Flow Statement

	Unaudited 6 months to 30 Nov 2019 £000	**Unaudited** 6 months to 30 Nov 2018 £000
Cash flows from operating activities		
Profit after tax	913	39
Adjusted for :		
Income tax expense	309	149
Interest payable and similar charges	33	26
Interest receivable	(3)	(2)
Retirement benefit finance cost	291	269
Operating profit	**1,543**	**481**
Depreciation on property, plant and equipment	490	238
Amortisation of non-acquired intangible assets	4,247	4,156
Adjusting items	1,030	1,459
EBITDA before adjusting items	**7,310**	**6,334**
Performance share plan	-	102
IAS 19 pensions current service cost net of contributions paid	(457)	(245)
Loss on disposal of property, plant and equipment	-	35
Operating cashflows before working capital movements	**6,853**	**6,226**
Changes in working capital :		
(Increase)/decrease in inventories	(52)	446
Increase in receivables	(603)	(551)
Increase/(decrease) in payables	96	(370)
Movement in provisions	-	(84)
Net cash generated from operations	**6,294**	**5,667**
Tax paid	(207)	(516)
Net cash generated by operating activities	**6,087**	**5,151**
Investing activities		
Disposal proceeds on property, plant and equipment	-	3
Purchases of property, plant and equipment	(162)	(162)
Expenditure on development costs included in intangible assets	(4,447)	(4,362)
Interest received	3	2
Net cash used in investing activities	**(4,606)**	**(4,519)**
Financing activities		
Dividends paid	(605)	(605)
Interest paid	(33)	(26)
Payment of lease liabilities	(277)	-
Proceeds from sale of treasury shares	-	22
Net cash used in financing activities	**(915)**	**(609)**
Net increase in cash and cash equivalents	**566**	**23**
Cash and cash equivalents at beginning of period	4,871	2,533
Effect of foreign exchange rate changes	(225)	43
Cash and cash equivalents at end of period (note 8)	**5,212**	**2,599**

Notes to the Interim Results

1. Accounting policies - Basis of preparation

a) General information

The interim financial statements for the six months ended 30 November 2019 and 30 November 2018 and for the twelve months ended 31 May 2019 do not constitute statutory accounts for the purposes of Section 434 of the Companies Act 2006. The Annual Report and Financial Statements for the year ended 31 May 2019 have been filed with the Registrar of Companies. The Independent Auditors' Report on the Annual Report and Financial Statements for the year ended 31 May 2019 was unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under sections 498(2) or 498(3) of the Companies Act 2006. These 30 November 2019 statements were approved by the Board of Directors on 29 January 2020 and although not audited are subject to a review by the Group's auditors.

This financial information has been prepared in accordance with the Disclosure and Transparency rules of the Financial Conduct Authority and in compliance with International Accounting Standard (IAS) 34 'Interim Financial Reporting (Revised)' as endorsed by the European Union.

The Haynes Publishing Group P.L.C. is a Public Limited Company incorporated in England & Wales and is listed on the London Stock Exchange. The principal activities of the Group are described in note 3 of this interim statement.

b) Estimates and judgements

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 May 2019, with the exception of IFRS 16 – Leases (as detailed below), judgement over the contingent liability included in note 16 and changes in estimates that are required in determining the provision for income taxes due to tax rate changes in the territories that the Group operates.

These interim financial statements have been prepared on a going concern basis as the Directors have a reasonable expectation that the Group has adequate resources to continue to operate for a period of at least 12 months from the date of this report. In forming this view, the Directors have considered the Group's recent trading performance and its future outlook, its cash flow forecasts for the next 12 months and any known financial commitments.

c) New standards and interpretations adopted in the current period

The interim financial statements have been prepared on a consistent basis with the accounting policies set out in the Annual Report 2019 and should be read in conjunction with that Annual Report. Two new standards adopted in the current period include; the adjustment for IFRS 16 – Leases, a new accounting standard outlined below; and, IFRS 2 – Share based payments where for cash-settled share-based payments, a liability equal to the portion of the services received is recognised at its current fair value at each balance sheet date. The Group's annual financial statements are prepared in accordance with International Financial Reporting Standards (IFRS's) and IFRS Interpretations Committee (IFRSIC) interpretations as adopted by the European Union. The Annual Report 2019 provides details of other new standards, amendments and interpretations which come into effect for the first time during the current financial year. The new standards, amendments to standards and interpretations which apply to the Group for the first time in this financial year have been reviewed by management. With the exception of IFRS 16 – Leases, outlined below, management do not believe they will have a material impact on the Group's financial statements for the financial year ended 31 May 2020.

- IFRS 16 – Leases

The Group adopted IFRS 16 on 1 June 2019 which requires operating leases to be treated the same as finance leases with the exception of some short-term leases and leases of low value assets. This results in previously recognised operating leases being treated as right of use assets and the corresponding finance lease liabilities being recorded on the Consolidated Balance Sheet. The right of use asset is initially measured at cost and subsequently measured at cost less accumulated depreciation and impairment losses. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments. Under IFRS 16, the classification of cash flows has been amended as the lease payments will be split into a principal and interest portion and presented as financing and operating cash flows respectively. The Group has applied the modified retrospective transition method, and consequently, comparative information is not restated.

1. Accounting policies - Basis of preparation (continued)

Within opening balances as at 1 June 2019, the Group has recognised £2,153,000 of continuing right-of-use assets with the same corresponding continuing IFRS 16 lease liability recognised, representing the obligation to make lease payments. The Group has made no adjustments to reflect prepayments and rent free periods due to the nature of its leases.

The transition impact on the closing 2019 Consolidated Balance Sheet is shown in the table below:

Impact of IFRS 16 transition on 2019 Consolidated Balance Sheet	31 May 2019 £000	IFRS 16 Impact £000	1 June 2019 £000
Property, plant and equipment	1,378	2,153	3,531
Current borrowings	-	(583)	(583)
Non-current borrowings	-	(1,570)	(1,570)
Other	21,655	-	21,655
Net assets	**23,033**	**-**	**23,033**

For each lease, the lease term has been calculated as the non-cancellable period of the lease contract. The Group has elected to use the following practical expedients allowed by the standard:

- the exclusion of initial direct costs from the measurement of the right-of-use asset;
- IFRS 16 has only been applied to contracts that were previously classified as operating leases; and
- lease payments for contracts with a duration of 12 months or less and contracts for which the underlying asset is of a low value have continued to be expensed through the Consolidate Income Statement.

Where the interest rate implicit in the lease cannot be readily determined, the Group's incremental borrowing rate will be used. The Group's incremental borrowing rate has been set at 2.25% being the interest rate on the Group's primary overdraft facility. 2.25% was within the range of 10 year government bond yields across the territories where the Group leases right of use assets.

For the period to 30 November 2019, the impact on profit before tax from continuing operations (before adjusting items) compared to the prior year is a reduction of £24,000 due to the front loading of interest costs.

The reconciliation from operating commitments disclosed under IAS 17 at 31 May 2019 to the lease liability recognised on the Consolidated Balance Sheet at 1 June 2019 is as follows:

	1 June 2019 £000
Operating lease commitment at 31 May 2019 as disclosed in the Group's 2019 Annual Report	2,506
Discounted using incremental borrowing rate at 1 June 2019	(138)
Deduction from practical expedient for leases with less than 12 months of lease term at transition	(109)
Deduction for changes in assumptions between IAS 17 and IFRS 16 disclosure	(106)
Lease liability recognised at 1 June 2019 under IFRS 16	**2,153**

d) New standards and interpretations not adopted with an effective date after the period

Management are currently assessing the impact of the new standards, interpretations and amendments which are effective for accounting periods beginning on or after 1 June 2020 and which have not been adopted early. At this stage, management believe the application of the new standards and amendments will not have any material impact on the disclosures, net assets or results of the Group.

2. Revenue

	6 months to 30 Nov 2019 £000	6 months to 30 Nov 2018 £000
Revenue by geographical destination on continuing operations :		
United Kingdom	5,257	5,626
Rest of Europe	8,249	6,589
United States of America	4,731	5,200
Australasia	447	616
Rest of World	276	239
Total consolidated revenue *	**18,960**	**18,270**
*** Analysed as follows :**		
Revenue from sales of digital data	11,442	9,726
Revenue from royalty and licensing arrangements	239	200
Total contracted revenue	11,681	9,926
Revenue from sales of printed products	7,279	8,344
	18,960	**18,270**

3. Segmental analysis

The segmental analysis for the 6 months ended 30 November 2019 has been prepared in line with the new reporting basis as disclosed in the 2019 Annual Report. The comparative figures for the 6 months ended 30 November 2018 have been restated accordingly. A summary of the new segmental reporting basis is included below:

The Group has two primary operating segments:

- Professional
- Consumer

The Professional segment has headquarters in The Netherlands and has offices in the UK, Germany, Italy, Spain, France, Romania and the US, operating under the HaynesPro and OATS brands. HaynesPro provide technical data and intelligent work-flow solutions for the automotive industry including parts distributors, parts manufacturers, diagnostic equipment manufacturers, fast fit & auto repair centres and fleet operators. In the UK, HaynesPro is an official DVLA licence holder providing number plate and vehicle registration look-up services for a range of organisations in the automotive sector where highly accurate and granular reporting are an essential work tool. OATS is a leading source of lubricant recommendations for the oil and lubes industry, with partners in over 90 countries including some of the world's major global petrochemical companies.

The Consumer segment which has headquarters in Sparkford, Somerset, as well as offices in the US and Australia, originates and delivers automotive repair and maintenance information to motorists and motoring enthusiasts in both a print and digital format. Through Haynes AllAccess, the businesses also supply a full range of online vehicle and motorcycle manuals to professional mechanics, automotive retailers, libraries and the education sector. The UK business also publishes a range of practical brand extension titles covering a wide variety of subjects styled on the iconic Haynes Manual as well as a range of light-hearted factual titles published under the Bluffers branding.

The two operating segments above 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 upon the reports reviewed by the chief operating decision maker, which form the basis for operational decision making. The segments reflect management of the operating units and the channels through which the Group's content is delivered, as this is deemed to be more relevant for reporting purposes. Inter-segmental revenue is charged at the prevailing market rates in a manner similar to transactions with third parties.

The adjustments below have been made in the segmental tables which follow to reconcile the internal reports as reviewed by the chief operating decision maker to the financial information as reported under IFRS in the Group Financial Statements:

- In the segmental reporting an adjustment is included under IFRS 16 "Leases" relating to the period and is included in the appropriate segment. No estimate is included in the internal reports reviewed by the chief operating decision maker.
- The unallocated head office assets primarily relate to freehold property, intangible assets, deferred tax assets and amounts owed by subsidiary undertakings.
- The unallocated head office liabilities primarily relate to the deficit on the UK's multi-employer defined benefit pension scheme and tax liabilities.

3. Segmental analysis (continued)

Analysis of geographic operating segments:

Revenue and results:	Professional 6 months to 30 Nov 2019 £000	Consumer 6 months to 30 Nov 2019 £000	Unallocated 6 months to 30 Nov 2019 £000	Consolidated 6 months to 30 Nov 2019 £000
Segment revenue				
Total segmental revenue	11,129	8,192	-	19,321
Inter-segment revenue	(92)	(269)	-	(361)
Total external revenue	**11,037**	**7,923**	**-**	**18,960**
Segment result				
Adjusted EBITDA	**6,868**	**2,211**	**(1,769)**	**7,310**
Segment amortisation & depreciation	(3,063)	(1,493)	(181)	(4,737)
Adjusted operating profit/(loss)	**3,805**	**718**	**(1,950)**	**2,573**
Intra group licence fee	(930)	(407)	1,337	-
Adjusting items (note 4)	(177)	-	(853)	(1,030)
Net interest payable	(23)	(7)	-	(30)
Other finance costs – retirement benefits	-	(19)	(272)	(291)
Consolidated profit/(loss) before tax	**2,675**	**285**	**(1,738)**	**1,222**
Taxation				(309)
Consolidated profit after tax				**913**

	Professional 30 Nov 2019 £000	Consumer 30 Nov 2019 £000	Unallocated 30 Nov 2019 £000	Consolidated 30 Nov 2019 £000
Segment assets:				
Property, plant and equipment	2,401	736	-	3,137
Intangible assets	17,957	7,099	-	25,056
Working capital assets	9,090	11,293	(579)	19,804
Segment total assets	**29,448**	**19,128**	**(579)**	**47,997**
Unallocated head office assets and eliminations				14,330
Consolidated total assets				**62,327**
Segment liabilities:				
Segment liabilities	11,379	8,576	(5,457)	14,498
Unallocated head office liabilities and eliminations				27,585
Consolidated total liabilities				**42,083**

3. Segmental analysis (continued)

Revenue and results:	Professional 6 months to 30 Nov 2018 £000	Consumer 6 months to 30 Nov 2018 £000	Unallocated 6 months to 30 Nov 2018 £000	Consolidated 6 months to 30 Nov 2018 £000
Segment revenue				
Total segmental revenue	9,426	9,092	-	18,518
Inter-segment revenue	(22)	(226)	-	(248)
Total external revenue	**9,404**	**8,866**	**-**	**18,270**
Segment result				
Adjusted EBITDA	**5,647**	**2,627**	**(1,940)**	**6,334**
Segment amortisation & depreciation	(2,739)	(1,527)	(128)	(4,394)
Adjusted operating profit/(loss)	**2,908**	**1,100**	**(2,068)**	**1,940**
Intra group licence fee	(792)	(319)	1,111	-
Adjusting items (note 4)	(177)	-	(1,282)	(1,459)
Net interest payable	1	(13)	(12)	(24)
Other finance costs – retirement benefits	-	(27)	(242)	(269)
Consolidated profit/(loss) before tax	**1,940**	**741**	**(2,493)**	**188**
Taxation				(149)
Consolidated profit after tax				**39**

	Professional 30 Nov 2018 £000	Consumer 30 Nov 2018 £000	Unallocated 30 Nov 2018 £000	Consolidated 30 Nov 2018 £000
Segment assets:				
Property, plant and equipment	838	599	-	1,437
Intangible assets	17,376	7,946	-	25,322
Working capital assets	7,301	14,157	(758)	20,700
Segment total assets	**25,515**	**22,702**	**(758)**	**47,459**
Unallocated head office assets and eliminations				13,715
Consolidated total assets				**61,174**
Segment liabilities:				
Segment liabilities	12,142	9,102	(6,228)	15,016
Unallocated head office liabilities and eliminations				19,928
Consolidated total liabilities				**34,944**

3. Segmental analysis (continued)

Revenue and results:	Professional Year ended 31 May 2019 £000	Consumer Year ended 31 May 2019 £000	Unallocated Year ended 31 May 2019 £000	Consolidated Year ended 31 May 2019 £000
Segment revenue				
Total segmental revenue	19,496	17,223	-	36,719
Inter-segment revenue	(43)	(479)	-	(522)
Total external revenue	**19,453**	**16,744**	**-**	**36,197**
Segment result				
Adjusted EBITDA	**11,997**	**4,442**	**(3,607)**	**12,832**
Segment amortisation & depreciation	(5,040)	(3,322)	(271)	(8,633)
Adjusted operating profit/(loss)	**6,957**	**1,120**	**(3,878)**	**4,199**
Intra group licence fee	(1,656)	(415)	2,071	-
Adjusting items	(354)	-	(1,406)	(1,760)
Net interest payable	(7)	(22)	(11)	(40)
Other finance costs – retirement benefits	-	(48)	(483)	(531)
Consolidated profit/(loss) before tax	**4,940**	**635**	**(3,707)**	**1,868**
Taxation				(450)
Consolidated profit after tax				**1,418**

	Professional 31 May 2019 £000	Consumer 31 May 2019 £000	Unallocated 31 May 2019 £000	Consolidated 31 May 2019 £000
Segment assets:				
Property, plant and equipment	850	528	-	1,378
Intangible assets	17,979	7,541	-	25,520
Working capital assets	7,921	11,147	(602)	18,466
Segment total assets	**26,750**	**19,216**	**(602)**	**45,364**
Unallocated head office assets and eliminations				14,797
Consolidated total assets				**60,161**
Segment liabilities:				
Segment liabilities	10,178	8,577	(5,932)	12,823
Unallocated head office liabilities and eliminations				24,305
Consolidated total liabilities				**37,128**

4. Adjusting items

	6 months to 30 Nov 2019 £000	6 months to 30 Nov 2018 £000
Adjusting items included in administrative expenses :		
- Contingent costs associated with the formal sale process	731	-
- Acquired intangible amortisation charge	299	299
- Equalisation of Guaranteed Minimum Pension (GMP) benefits	-	1,160
	1,030	1,459

Adjusting items are those significant items which warrant separate disclosure by virtue of their scale and nature to enable a full understanding of the Group's financial performance.

On 15 November 2019, the Board announced it was embarking on a formal sale process to sell the entire issued share capital of Haynes Publishing Group P.L.C.. Contingent to a successful sale is a proposed incentive arrangement for senior management in lieu of the Long Term Incentive Plan (LTIP), where shares have been awarded but will not vest in line with original expectations. The announcement, therefore, triggered a modification to the existing LTIP as well as a charge for the new incentive arrangement from this date, calculated as a cash-settled share-based payment to the date of a sale. The liability at the period end in relation to the above, which is contingent to a successful sale, was £1.8 million, of which £0.7 million arose from a charge to the Consolidated Income Statement in the period. The charge has been included as an adjusting item due to its size however would require reversing should a transaction not occur.

5. Taxation

The tax charge in the Consolidated Income Statement is calculated using the tax rates which each of the Group's operating entities expects to adopt for the financial year ended 31 May 2020. The Group continues to expect its effective corporation tax rate to be higher than the standard UK rate due to the trading profits it generates in overseas subsidiaries where the tax rates are higher than the UK.

The deferred tax asset relates to obligations under the defined benefit pension scheme and other temporary differences. The elements of the asset will be recovered in the UK and USA respectively.

6. Earnings per share

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

	Adjusted 6 months to 30 Nov 2019 £000	Statutory 6 months to 30 Nov 2019 £000	Adjusted 6 months to 30 Nov 2018 £000	Statutory 6 months to 30 Nov 2018 £000
Earnings :				
Profit after tax attributable to equity holders of the Company – continuing operations	1,757	913	1,235	39
	No.	No.	No.	No.
Number of shares				
Weighted average for basic earnings per share [a]	15,122,486	15,122,486	15,116,684	15,116,684
Adjusted weighted average for diluted earnings per share [b]	16,324,986	16,324,986	15,427,351	15,427,351
Basic earnings per share (pence)	11.6	6.0	8.2	0.3
Diluted earnings per share (pence)	10.8	5.6	8.0	0.3

[a] At the beginning of the period, the Company held 1,229,054 (2018: 1,240,000) of its ordinary shares in treasury which are not included in the calculation. In the prior period, the Company sold 10,946 ordinary shares held in treasury which have been weighted accordingly in the above calculation.

[b] As at 30 November 2019 and 30 November 2018, there were outstanding options on the Company's Ordinary shares. For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all potential ordinary shares, such as share options granted to directors and employees.

7. Dividends

	6 months to 30 Nov 2019 £000	6 months to 30 Nov 2018 £000
Amounts recognised as distributions to equity holders :		
Final dividend of 4.0p per share (2018: 4.0p)	605	605
	605	**605**

In light of the Board decision to enter a formal sale process to sell the entire issued share capital of Haynes Publishing Group P.L.C. (including all subsidiary companies), the Directors are not declaring an interim dividend.

8. Analysis of the changes in cash and cash equivalents

	As at 1 June 2019 £000	Cash flow £000	Exchange movements £000	As at 30 Nov 2019 £000
Cash at bank and in hand	4,871	566	(225)	5,212

9. Retirement benefit obligation

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

The last full IAS 19 actuarial valuation was carried out by a qualified independent actuary as at 31 May 2019. During the period, the financial position of the above pension arrangements have been updated in line with the anticipated annual cost for current service, the interest on scheme liabilities and cash contributions made to the schemes to give a valuation for the six month period ending 30 November 2019.

The increase in the Group's net pension obligations at 30 November 2019 compared with 31 May 2019 primarily reflects the changes in financial conditions in the period resulting in changes to actuarial assumptions, including a decrease in discount rates in the UK and US.

The movements in the retirement benefit obligation were as follows:

	6 months to 30 Nov 2019 £000	6 months to 30 Nov 2018 £000
Retirement benefit obligation at beginning of period	(23,845)	(18,712)
Movement in the period :		
- Total expenses charged in the Consolidated Income Statement	(397)	(576)
- Equalisation of Guaranteed Minimum Pension benefits	-	(1,160)
- Contributions paid	563	551
- Actuarial gains taken directly to reserves	(1,434)	688
- Foreign currency exchange rates	30	(57)
Retirement benefit obligation at end of period	**(25,083)**	**(19,266)**

10. Exchange rates

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

	Period end rate			Average rate		
	30 Nov 2019	30 Nov 2018	31 May 2019	30 Nov 2019	30 Nov 2018	31 May 2019
US dollar	1.29	1.28	1.26	1.25	1.30	1.30
Euro	1.17	1.13	1.13	1.13	1.12	1.14
Australian dollar	1.91	1.75	1.82	1.83	1.78	1.81

11. Property, plant and equipment

	Total £000
Net book value at 1 June 2018	1,525
Exchange rate movements	27
Additions	162
Disposals	(37)
Depreciation	(238)
Net book value at 30 November 2018	**1,439**

	£000
Net book value at 1 June 2019	1,378
IFRS 16 transition adjustment on 1 June 2019	2,189
Exchange rate movements	(95)
Additions – property, plant and equipment	162
Additions – leased right of use assets	90
Depreciation	(490)
Net book value at 30 November 2019	**3,234**

The Group had no capital expenditure which had been contracted but had not been provided for as at 30 November 2019 (2018: £nil).

12. Intangible assets

	Total £000
Carrying value at 1 June 2018	33,244
Exchange rate movements	338
Additions	4,362
Amortisation of acquired intangible assets	(299)
Amortisation of other intangible assets	(4,156)
Carrying value at 30 November 2018	**33,489**

	£000
Carrying value at 1 June 2019	33,502
Exchange rate movements	(646)
Additions	4,447
Amortisation of acquired intangible assets	(299)
Amortisation of other intangible assets	(4,247)
Carrying value at 30 November 2019	**32,757**

13. Asset held for sale

As at 31 May 2019, the freehold land and buildings in Sparkford, UK, were classified as an asset held for sale. The Directors have concluded that it is still appropriate to classify the freehold land and buildings property as an asset held for sale at 30 November 2019. Contracts were exchanged with a third party for the whole site on 17 December 2019 with further details contained in note 15.

14. Related party transactions

During the six months to 30 November 2019, there were no material related party transactions or material changes to the arrangements with related parties as reported in the Annual Report 2019. Refer to note 15 for details of a post balance sheet event which includes a related party transaction.

15. Post-balance sheet event

On 17 December 2019, the Group acquired the freehold land and buildings of the Old Creamery, Sparkford from the Haynes Trust (JHC Haynes is a Trustee of the Haynes Trust) for £0.3 million and simultaneously exchanged contracts on the whole Sparkford site, including the Old Creamery, for a sale price of £2.5 million. Completion is due to take place on or before 17 June 2021 and on completion, a leaseback of the existing offices and parking has been agreed at a peppercorn rental to 17 December 2022 terminable on 6 months' notice.

16. Contingent liability

In January 2020, Haynes North America Inc were named in a court action from a former employer citing unfair dismissal. The potential claim, if substantiated could be significant but the claim is being rigorously denied and defended by management. The claim is at a very early stage and as the outcome at this time is uncertain, management feel it is appropriate to disclose as a contingent liability.

17. Principal risks and uncertainties

The principal risks and uncertainties facing the Group during the second half of the financial year are outlined in the Interim Statement and summarised below :

- Both Brexit and the wider UK and Global economic outlook, in particular, the consequential impact on consumer confidence and businesses.
- Movements in the exchange rate of the US Dollar and Euro against Sterling.
- The impact of movements in interest rates, inflation and investment performance on the Group's retirement benefit schemes.

The Board considers that the above, along with the principal risks and uncertainties which were discussed at more length in the Annual Report 2019 under the following headings and page references, continue to be the major risks and uncertainties facing the Group :

- The Group's principal operational risks and uncertainties (pages 20 - 21)
- The processes adopted by the Board to identify and monitor risk (page 33)
- The Group's principal financial risks and uncertainties (pages 81 – 82)

A copy of the Annual Report 2019 can be found on the Group's corporate website www.haynes.com/investor.

A copy of this half-year report will be distributed to all shareholders and will also be available to members of the public from the Company's registered office at Sparkford, Near Yeovil, Somerset, BA22 7JJ. A copy of the interim report will also be available on the Group's corporate website at www.haynes.com/investor.

INDEPENDENT REVIEW REPORT TO HAYNES PUBLISHING GROUP P.L.C.

Report on the Interim Financial Statements

Our conclusion

We have reviewed Haynes Publishing Group P.L.C.'s Interim Financial Statements (the "interim financial statements") in the Interim Report and Accounts of Haynes Publishing Group P.L.C. for the 6 month period ended 30 November 2019. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

What we have reviewed

The interim financial statements comprise:

- the Consolidated Balance Sheet as at 30 November 2019;
- the Consolidated Income Statement and Consolidated Statement of Comprehensive Income for the period then ended;
- the Consolidated Cash Flow Statement for the period then ended;
- the Consolidated Statement of Changes in Equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the Interim Report and Accounts have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1 to the interim financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the Group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Responsibilities for the Interim Financial Statements and the Review

Our responsibilities and those of the Directors

The Interim Report and Accounts, including the interim financial statements, is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the Interim Report and Accounts in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express a conclusion on the interim financial statements in the Interim Report and Accounts based on our review. This report, including the conclusion, has been prepared for and only for the Company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

INDEPENDENT REVIEW REPORT TO HAYNES PUBLISHING GROUP P.L.C.

Responsibilities for the Interim Financial Statements and the review (continued)

What a review of interim financial statements involves

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the Interim Report and Accounts and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants
Bristol
29 January 2020

a) The maintenance and integrity of the Haynes Publishing Group P.L.C. website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the Interim Financial Statements since they were initially presented on the website.

b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.