



HAYNES PUBLISHING GROUP P.L.C.

Interim Report and Accounts
for the 6 months ended 30 November 2014

Haynes Publishing Group P.L.C.

Interim Report and Accounts for the 6 months ended 30 November 2014

Haynes Publishing Group P.L.C.

Interim Report and Accounts for the 6 months ended 30 November 2014

Contents

Corporate Statement	4
Financial and Business Highlights	5
Interim Statement	6
Independent Review Report	12
Consolidated Income Statement	14
Consolidated Statement of Comprehensive Income	15
Consolidated Balance Sheet	16
Consolidated Statement of Changes in Equity	17
Consolidated Cash Flow Statement	18
Notes to the Interim Report and Accounts	19

Haynes Publishing Group P.L.C.

Interim Report and Accounts for the 6 months ended 30 November 2014

Corporate Statement

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

Through HaynesPro the Group is a leading European supplier of digital technical information to the professional motor trade.

The Group also publishes an extensive range of practical and DIY titles covering a wide variety of subjects, as well as a range of light entertainment manuals styled on the iconic Haynes Manual. Its customers are primarily made up of both professionals and DIY mechanics and enthusiasts.

Haynes Publishing Group P.L.C.

Interim Report and Accounts for the 6 months ended 30 November 2014

FINANCIAL HIGHLIGHTS

- Total revenue of £11.9 million (2013: £14.9 million) down 20%
- EBITDA down 44% at £1.9 million (2013: £3.4 million¹)
- Operating profit of £0.3 million (2013: £1.9 million¹)
- Profit before tax of £0.1 million (2013: £1.6 million¹)
- Basic earnings per share of 0.2 pence (2013: 6.1 pence¹)
- Interim dividend declared of x.x pence per share (2013: 3.5 pence)
- Local currency North American & Australian revenue down 17% at \$10.6 million (2013: \$12.7 million)
- UK & European revenue down 21% at £5.4 million (2013: £6.8 million)
- Net funds² of £0.4 million (2013: £0.7 million). 1.2 million ordinary shares still held in treasury

BUSINESS HIGHLIGHTS

- Launch of new HaynesPro Bluetooth diagnostic tool for professional mechanics in September 2014 and new professional contract gains which will come on line during the second half of the financial year.
- US external consultants complete their outline study of the North American professional automotive aftermarket.
- Significant consumer research programme commissioned into the behavioural habits and buying patterns of today's car drivers and DIYers which will complete in second half of the financial year.

¹ 30 November 2013 figures adjusted to exclude £1.5 million of exceptional items (reported operating profit and profit before tax were £0.4 million and £0.1 million respectively; reported losses per share were 1.1 pence and EBITDA was £1.9 million).

² Net funds defined as cash at bank net of bank overdrafts.

Haynes Publishing Group P.L.C.

Interim Report and Accounts for the 6 months ended 30 November 2014

INTERIM STATEMENT

Business overview

Copy to come

Haynes Publishing Group P.L.C.

Interim Report and Accounts for the 6 months ended 30 November 2014

Financial review

Income statement

Copy to come.

Haynes Publishing Group P.L.C.

Interim Report and Accounts for the 6 months ended 30 November 2014

Operational review

North America & Australia

Copy to come.

UK & Europe

Copy to come.

Haynes Publishing Group P.L.C.

Interim Report and Accounts for the 6 months ended 30 November 2014

Balance sheet and cash flow

Copy to come.

Interim dividend

Copy to come.

Haynes Publishing Group P.L.C.

Interim Report and Accounts for the 6 months ended 30 November 2014

Future outlook

Copy to come.

Haynes Publishing Group P.L.C.

Interim Report and Accounts for the 6 months ended 30 November 2014

Responsibility statement

Pages 20 and 21 of the Annual Report 2014 provide details of the serving Executive and Non-Executive Directors and there have been no changes during the six months to 30 November 2014. A statement of the Directors' responsibilities is contained on page 43 of the Annual Report 2014. A copy of the Annual Report 2014 can be found on the Haynes website www.haynes.co.uk/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.
- 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.

JHC Haynes

Chairman of the Board

28 January 2015

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

Introduction

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 November 2014 which comprises a consolidated income statement, consolidated statement of comprehensive income, consolidated balance sheet, consolidated statement of changes in equity, consolidated cash flow statement and related notes.

We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

The half-yearly financial report is the responsibility of and has been approved by the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Our report has been prepared in accordance with the terms of our engagement to assist the company in meeting its responsibilities in respect to half-yearly financial reporting in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Haynes Publishing Group P.L.C.

Interim Report and Accounts for the 6 months ended 30 November 2014

Scope of review

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 Ireland) 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 November 2014 is not prepared, in all material respects, in accordance with International Accounting Standard 34, as adopted by the European Union, and the Disclosure and Transparency Rules of the United Kingdom’s Financial Conduct Authority.

BDO LLP

Chartered Accountants and Registered Auditors
Southampton
United Kingdom

28 January 2015

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Haynes Publishing Group P.L.C.

Interim Report and Accounts for the 6 months ended 30 November 2014

Consolidated Income Statement (unaudited)

	6 months to	6 months to 30 Nov 2013		Year ended 31 May 2014			
	30 Nov 2014	Before exceptional items	Exceptional items (note 4)	Total	Before exceptional items	Exceptional items (note 4)	Total
	£000	£000	£000	£000	£000	£000	£000
Continuing operations							
Revenue (note 2)	11,866	14,890	-	14,890	29,284	-	29,284
Cost of sales	(5,324)	(6,503)	(677)	(7,180)	(12,264)	(1,519)	(13,783)
Gross profit	6,542	8,387	(677)	7,710	17,020	(1,519)	15,501
Other operating income	15	41	-	41	67	-	67
Distribution costs	(3,003)	(3,055)	-	(3,055)	(6,308)	-	(6,308)
Administrative expenses	(3,207)	(3,520)	(775)	(4,295)	(5,961)	(671)	(6,632)
Operating profit	347	1,853	(1,452)	401	4,818	(2,190)	2,628
Finance income (note 5)	4	1	-	1	7	-	7
Finance costs (note 6)	(43)	(19)	-	(19)	(76)	-	(76)
Other finance costs – retirement benefits	(253)	(255)	-	(255)	(533)	-	(533)
Profit before taxation	55	1,580	(1,452)	128	4,216	(2,190)	2,026
Taxation (note 7)	(21)	(647)	357	(290)	(1,379)	489	(890)
Profit/(loss) for the period	34	933	(1,095)	(162)	2,837	(1,701)	1,136
Attributable to:							
Equity holders of the Company	23	927	(1,095)	(168)	2,819	(1,701)	1,118
Non-controlling interests	11	6	-	6	18	-	18
	34	933	(1,095)	(162)	2,837	(1,701)	1,136
Earnings per 20p share - (note 8)	Pence	Pence		Pence	Pence		Pence
From continuing operations							
- Basic	0.2	6.1		(1.1)	18.7		7.4
- Diluted	0.2	6.1		(1.1)	18.7		7.4

Haynes Publishing Group P.L.C.

Interim Report and Accounts for the 6 months ended 30 November 2014

Consolidated Statement of Comprehensive Income (unaudited)

	6 months to 30 Nov 2014	6 months to 30 Nov 2013	Year ended 31 May 2014
	£000	£000	£000
Profit/(loss) for the period	34	(162)	1,136
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	(2,417)	(69)	(627)
- US Scheme	(1,208)	(1,457)	191
Deferred tax on retirement benefit obligation			
- UK Scheme	483	14	125
- US Scheme	483	583	(76)
Deferred tax arising on change in UK corporation tax rate	-	(337)	(336)
	(2,659)	(1,266)	(723)
Items that will or maybe reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations	1,285	(2,307)	(3,082)
Other comprehensive income recognised directly in equity	(1,374)	(3,573)	(3,805)
Total comprehensive income for the financial period	(1,340)	(3,735)	(2,669)
Attributable to:			
Equity holders of the Company	(1,351)	(3,741)	(2,687)
Non-controlling interests	11	6	18
	(1,340)	(3,735)	(2,669)

Haynes Publishing Group P.L.C.

Interim Report and Accounts for the 6 months ended 30 November 2014

Consolidated Balance Sheet (unaudited)

	30 Nov 2014	30 Nov 2013	31 May 2014
	£000	£000	£000
Non-current assets			
Property, plant and equipment (note 13)	9,338	9,303	9,265
Intangible assets (note 14)	21,705	21,385	21,219
Deferred tax assets	5,357	5,294	4,141
Total non-current assets	36,400	35,982	34,625
Current assets			
Inventories	12,466	13,657	12,281
Trade and other receivables	8,046	8,595	9,347
Cash and short-term deposits	2,203	1,891	2,348
Total current assets	22,715	24,143	23,976
Total assets	59,115	60,125	58,601
Current liabilities			
Trade and other payables	(3,845)	(4,639)	(4,536)
Current tax liabilities	(357)	(376)	(757)
Bank overdrafts and loans	(3,209)	(3,630)	(1,234)
Total current liabilities	(7,411)	(8,645)	(6,527)
Non-current liabilities			
Borrowings	-	-	(2,178)
Deferred tax liabilities	(3,374)	(4,098)	(3,307)
Retirement benefit obligation (note 11)	(14,930)	(12,575)	(11,245)
Total non-current liabilities	(18,304)	(16,673)	(16,730)
Total liabilities	(25,715)	(25,318)	(23,257)
Net assets	33,400	34,807	35,344
Equity			
Share capital	3,270	3,270	3,270
Share premium	638	638	638
Treasury shares	(2,447)	(2,447)	(2,447)
Retained earnings	28,298	30,238	31,538
Foreign currency translation reserve	3,573	3,063	2,288
Capital and reserves attributable to equity shareholders	33,332	34,762	35,287
Equity attributable to non-controlling interests	68	45	57
Total equity	33,400	34,807	35,344

Haynes Publishing Group P.L.C.

Interim Report and Accounts for the 6 months ended 30 November 2014

Consolidated Statement of Changes in Equity (unaudited)

	Share capital	Share premium	Treasury shares	Foreign currency translation reserve	Retained earnings	Sub total	Non-controlling interests	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Current interim period :								
Balance at 1 June 2014	3,270	638	(2,447)	2,288	31,538	35,287	57	35,344
Profit for the period	-	-	-	-	23	23	11	34
<i>Other comprehensive income:</i>								
Currency translation adjustments	-	-	-	1,285	-	1,285	-	1,285
Actuarial losses on defined benefit plans (net of tax)	-	-	-	-	(2,659)	(2,659)	-	(2,659)
Total other comprehensive income	-	-	-	1,285	(2,659)	(1,374)	-	(1,374)
Total comprehensive income	-	-	-	1,285	(2,636)	(1,351)	11	(1,340)
Dividends (note 9)	-	-	-	-	(604)	(604)	-	(604)
Balance at 30 November 2014	3,270	638	(2,447)	3,573	28,298	33,332	68	33,400
Prior interim period :								
Balance at 1 June 2013	3,270	638	(2,447)	5,370	32,276	39,107	39	39,146
(Loss)/profit for the period	-	-	-	-	(168)	(168)	6	(162)
<i>Other comprehensive income:</i>								
Currency translation adjustments	-	-	-	(2,307)	-	(2,307)	-	(2,307)
Actuarial losses on defined benefit plans (net of tax)	-	-	-	-	(1,266)	(1,266)	-	(1,266)
Total other comprehensive income	-	-	-	(2,307)	(1,266)	(3,573)	-	(3,573)
Total comprehensive income	-	-	-	(2,307)	(1,434)	(3,741)	6	(3,735)
Dividends (note 9)	-	-	-	-	(604)	(604)	-	(604)
Balance at 30 November 2013	3,270	638	(2,447)	3,063	30,238	34,762	45	34,807
Prior year :								
Balance at 1 June 2013	3,270	638	(2,447)	5,370	32,276	39,107	39	39,146
Profit for the period	-	-	-	-	1,118	1,118	18	1,136
<i>Other comprehensive income:</i>								
Currency translation adjustments	-	-	-	(3,082)	-	(3,082)	-	(3,082)
Actuarial gains/(losses) on defined benefit plans (net of tax)	-	-	-	-	(723)	(723)	-	(723)
Total other comprehensive income	-	-	-	(3,082)	(723)	(3,805)	-	(3,805)
Total comprehensive income	-	-	-	(3,082)	395	(2,687)	18	(2,669)
Dividends (note 9)	-	-	-	-	(1,133)	(1,133)	-	(1,133)
Balance at 31 May 2014	3,270	638	(2,447)	2,288	31,538	35,287	57	35,344

Haynes Publishing Group P.L.C.

Interim Report and Accounts for the 6 months ended 30 November 2014

Consolidated Cash Flow Statement (unaudited)

	6 months to 30 Nov 2014	6 months to 30 Nov 2013	Year ended 31 May 2014
	£000	£000	£000
Cash flows from operating activities - continuing			
Profit/(loss) after tax	34	(162)	1,136
Adjusted for :			
Income tax expense	21	290	890
Interest payable and similar charges	43	19	76
Interest receivable	(4)	(1)	(7)
Interest charges on pension liabilities less expected return on pension assets	253	255	533
Operating profit	347	401	2,628
Depreciation on property, plant and equipment	417	406	882
Amortisation of intangible assets	1,150	1,119	2,377
IAS 19 pensions current service cost net of contributions paid	(248)	(1,183)	(1,750)
Loss/(gain) on disposal of property, plant and equipment	9	20	(19)
	1,675	763	4,118
Changes in working capital :			
Decrease in inventories	423	905	2,084
Decrease/(increase) in receivables	1,781	(533)	(1,481)
(Decrease)/increase in payables	(917)	338	279
Net cash generated from operations	2,962	1,473	5,000
Tax paid	(539)	(982)	(1,311)
Net cash generated by operating activities	2,423	491	3,689
Investing activities			
Acquisition costs – business combinations	-	(5,854)	(5,854)
Proceeds on disposal of property, plant and equipment	14	-	38
Purchases of property, plant and equipment	(245)	(169)	(718)
Expenditure on development costs	(1,220)	(1,339)	(2,813)
Interest received	4	1	7
Net cash used in investing activities	(1,447)	(7,361)	(9,340)
Financing activities			
Net proceeds of new borrowings	-	2,443	2,394
Repayments of borrowings	(804)	-	(216)
Dividends paid	(604)	(604)	(1,133)
Interest paid	(43)	(19)	(76)
Net cash (used in)/from financing activities	(1,451)	1,820	969
Net decrease in cash and cash equivalents	(475)	(5,050)	(4,682)
Cash and cash equivalents at beginning of year	1,114	6,105	6,105
Effect of foreign exchange rate changes	(271)	(351)	(309)
Cash and cash equivalents at end of period	368	704	1,114

Haynes Publishing Group P.L.C.

Interim Report and Accounts for the 6 months ended 30 November 2014

Notes to the Interim Report and Accounts

1. Accounting policies - Basis of accounting

The interim financial statements for the six months ended 30 November 2014 and 30 November 2013 and for the twelve months ended 31 May 2014 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 2014 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 2014 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. The 30 November 2014 statements were approved by the Board of Directors on 28 January 2015 and although not audited are subject to a review by the Group's auditors.

The 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 interim financial statements have been prepared on a consistent basis with the accounting policies set out in the Annual Report 2014 and should be read in conjunction with that Annual Report. The Group's annual financial statements are prepared in accordance with International Financial Reporting Standards (IFRS's) and International Financial Reporting Interpretations Committee (IFRIC) pronouncements as adopted by the European Union and the Annual Report 2014 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 and management do not believe that the new standards, amendments to standards or interpretations will have a material impact on the Group's financial statements for the financial year ended 31 May 2015.

2. Revenue

	6 months to 30 Nov 2014	6 months to 30 Nov 2013	Year ended 31 May 2014
	£000	£000	£000
Revenue by geographical destination on continuing operations :			
United Kingdom	2,421	3,108	5,950
Rest of Europe	2,786	3,214	6,591
United States of America	5,216	6,342	12,685
Australia	1,054	1,723	2,751
Rest of World	389	503	1,307
Total consolidated revenue *	11,866	14,890	29,284

* Analysed as follows :

Revenue from sales of printed products	9,056	11,879	22,955
Revenue from sales of digital data	2,698	2,901	6,073
Revenue from royalty and licensing arrangements	112	110	256
	11,866	14,890	29,284

Haynes Publishing Group P.L.C.

Interim Report and Accounts for the 6 months ended 30 November 2014

3. Segmental analysis

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

- UK & Europe
- North America & Australia

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

The North American and Australian business with headquarters near Los Angeles, California publishes DIY repair manuals for cars and motorcycles in both a printed and digital format. The business publishes titles under the Haynes and Chilton brands, in both the English and Spanish languages. It also has a branch operation in Sydney, Australia which publishes similar products under both the Haynes and Gregory's brands. Following the acquisition of the Clymer and Intertec manuals business in September 2013 the US operation now also publishes titles under the Clymer and Intertec brands.

The above two operating segments are each organised and managed separately and are treated as distinct operating and reportable segments in line with the provisions of IFRS 8. The identification of the two operating segments is based on the reports reviewed by the chief operating decision maker, which form the basis for operational decision making. Inter-segmental sales are 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 freehold buildings are depreciated over 40 years - under IAS 16 the residual value of buildings reflect the expected value at the end of their useful life resulting in an adjustment to depreciation.
- In the segmental reporting pension contributions are expensed and the assets and liabilities of a defined benefit pension scheme are held separately from the Group - under IAS 19 the Income Statement and Statement of Comprehensive Income are adjusted to reflect the annual current service cost and actuarial gains and losses arising on a defined benefit pension scheme and the net surplus/(deficit) on the scheme is included in the balance sheet.
- In the segmental reporting goodwill is amortised over a period not exceeding 20 years - under IFRS 3 goodwill is reviewed annually for impairment but not amortised.
- In the segmental reporting the excess of the net assets acquired on a business combination over the consideration is shown as goodwill – under IAS 38 specific intangible assets are created and adjusted for deferred tax arising on acquisition.
- The unallocated head office assets primarily relate to freehold property, 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.

Haynes Publishing Group P.L.C.

Interim Report and Accounts for the 6 months ended 30 November 2014

3. Segmental analysis (continued)

Analysis of geographic operating segments

Revenue and results:

	UK & Europe 6 months to 30 Nov 2014	North America & Australia 6 months to 30 Nov 2014	Consolidated 6 months to 30 Nov 2014
	£000	£000	£000
Segmental revenue			
Total segmental revenue	5,510	7,294	12,804
Inter-segment sales	(128)	(810)	(938)
Total external revenue	5,382	6,484	11,866
Segment result			
Segment operating (loss)/profit before interest	(387)	145	(242)
Interest receivable	-	4	4
Interest payable	(14)	(29)	(43)
Segment (loss)/profit after and interest	(401)	120	(281)
Unallocated head office income less expenses			(88)
Segment loss before tax and adjustments			(369)
Reconciliation to consolidated profit before tax:			
IAS 16 Property, plant & equipment			61
IAS 19 Employee benefits			257
IFRS 3 Business combinations			106
Consolidated profit before tax			55
Taxation			(21)
Consolidated profit after tax			34

	UK & Europe 30 Nov 2014	North America & Australia 30 Nov 2014	Eliminations 30 Nov 2014	Consolidated 30 Nov 2014
	£000	£000	£000	£000
Segment assets:				
Property, plant and equipment	843	5,079	-	5,922
Intangible assets	5,745	5,282	-	11,027
Working capital assets	8,454	14,647	(356)	22,745
Segment total assets	15,042	25,008	(356)	39,694
Unallocated head office assets and eliminations				9,425
				49,119
Reconciling items from internal reporting to consolidated total assets				9,996
Consolidated total assets				59,115
Segment liabilities:				
Working capital liabilities	5,274	4,377	(935)	8,716
Unallocated head office liabilities and eliminations				14,887
Reconciling items from internal reporting to consolidated total liabilities				2,112
Consolidated total liabilities				25,715

Haynes Publishing Group P.L.C.

Interim Report and Accounts for the 6 months ended 30 November 2014

3. Segmental analysis (continued)

Revenue and results:

	UK & Europe 6 months to 30 Nov 2013	North America & Australia 6 months to 30 Nov 2013	Consolidated 6 months to 30 Nov 2013
	£000	£000	£000
Segmental revenue			
Total segmental revenue	6,970	9,073	16,043
Inter-segment sales	(167)	(986)	(1,153)
Total external revenue	6,803	8,087	14,890

Segment result

Underlying segment operating profit before exceptional items and interest	168	1,122	1,290
Exceptional items	(1,264)	(188)	(1,452)
Interest receivable	-	1	1
Interest payable	(1)	(17)	(18)
Segment (loss)/profit after exceptional items and interest	(1,097)	918	(179)

Unallocated head office income less expenses (591)

Segment loss before tax and adjustments **(770)**

Reconciliation to consolidated profit before tax:

IAS 16 Property, plant & equipment			49
IAS 19 Employee benefits			738
IFRS 3 Business combinations			111
Consolidated profit before tax			128
Taxation			(290)
Consolidated loss after tax			(162)

	UK & Europe 30 Nov 2013	North America & Australia 30 Nov 2013	Eliminations 30 Nov 2013	Consolidated 30 Nov 2013
	£000	£000	£000	£000

Segment assets:

Property, plant and equipment	951	4,920	-	5,871
Intangible assets	5,702	5,244	-	10,946
Working capital assets	9,762	15,126	(702)	24,186
Segment total assets	16,415	25,290	(702)	41,003

Unallocated head office assets and eliminations 9,800

Reconciling items from internal reporting to consolidated total assets 50,803

Consolidated total assets **60,125**

Segment liabilities:

Working capital liabilities	4,823	5,864	(952)	9,735
Unallocated head office liabilities and eliminations				13,246
Reconciling items from internal reporting to consolidated total liabilities				2,337

Consolidated total liabilities **25,318**

Haynes Publishing Group P.L.C.

Interim Report and Accounts for the 6 months ended 30 November 2014

3. Segmental analysis (continued)

Revenue and results:

	UK & Europe Year ended 31 May 2014 £000	North America & Australia Year ended 31 May 2014 £000	Consolidated Year ended 31 May 2014 £000
Segmental revenue			
Total segmental revenue	13,664	17,645	31,309
Inter-segment sales	(314)	(1,711)	(2,025)
Total external revenue	13,350	15,934	29,284
Segment result			
Underlying segment operating profit before exceptional items and interest	949	2,612	3,561
Exceptional items	(2,433)	(257)	(2,690)
Interest receivable	3	4	7
Interest payable	(19)	(56)	(75)
Segment (loss)/profit after exceptional items and interest	(1,500)	2,303	803
Unallocated head office income less expenses			(22)
Segment operating profit before tax and adjustments			781
Reconciliation to consolidated profit before tax:			
IAS 16 Property, plant & equipment			43
IAS 19 Employee benefits			987
IFRS 3 Business combinations			215
Consolidated profit before tax			2,026
Taxation			(890)
Consolidated profit after tax			1,136

	UK & Europe 31 May 2014 £000	North America & Australia 31 May 2014 £000	Eliminations 31 May 2014 £000	Consolidated 31 May 2014 £000
Segment assets:				
Property, plant and equipment	897	5,001	-	5,898
Intangible assets	5,801	5,041	-	10,842
Working capital assets	9,289	15,195	(507)	23,977
Segment total assets	15,987	25,237	(507)	40,717
Unallocated head office assets and eliminations				9,276
				49,993
Reconciling items from internal reporting to consolidated total assets				8,608
Consolidated total assets				58,601
Segment liabilities:				
Working capital liabilities	4,756	4,367	(1,035)	8,088
Unallocated head office liabilities and eliminations				11,825
Reconciling items from internal reporting to consolidated total liabilities				3,344
Consolidated total liabilities				23,257

Haynes Publishing Group P.L.C.

Interim Report and Accounts for the 6 months ended 30 November 2014

4. Exceptional items

	6 months to 30 Nov 2014 £000	6 months to 30 Nov 2013 £000	Year ended 31 May 2014 £000
Exceptional costs included in cost of sales :			
UK restructuring costs	-	677	1,519
Exceptional costs included in administrative expenses :			
UK restructuring costs	-	587	344
Acquisition expenses	-	188	327
	<u>-</u>	<u>1,452</u>	<u>2,190</u>

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

5. Finance income

	6 months to 30 Nov 2014 £000	6 months to 30 Nov 2013 £000	Year ended 31 May 2014 £000
Interest receivable on bank deposits	4	1	7

6. Finance costs

	6 months to 30 Nov 2014 £000	6 months to 30 Nov 2013 £000	Year ended 31 May 2014 £000
Interest payable on bank loans and overdrafts	43	19	76

Haynes Publishing Group P.L.C.

Interim Report and Accounts for the 6 months ended 30 November 2014

7. 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 2015. The charge for taxation for the six months to 30 November 2014 of £21,000 (30 November 2013: £290,000 / 31 May 2014 £890,000) reflects the lower mix of US profits and trading losses in the UK business. 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.

8. Earnings per share

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

		Before exceptional items	After exceptional items	Before exceptional items	After exceptional items
	6 months to 30 Nov 2014	6 months to 30 Nov 2013	6 months to 30 Nov 2013	Year ended 31 May 2014	Year ended 31 May 2014
	£000	£000	£000	£000	£000
Earnings :					
Profit/(loss) after tax – continuing operations ^[a]	23	927	(168)	2,819	1,118
	No.	No.	No.	No.	No.
Number of shares ^[b] :					
Weighted average number of shares	15,111,540	15,111,540	15,111,540	15,111,540	15,111,540
Basic earnings/(loss) per share (pence)	0.2	6.1	(1.1)	18.7	7.4

[a] Adjusted to exclude a profit of £11,000 (30 November 2013: £6,000 / 31 May 2014: £18,000) attributable to non-controlling interests.

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

As at 30 November 2014, 31 May 2014 and 30 November 2013 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.

Haynes Publishing Group P.L.C.

Interim Report and Accounts for the 6 months ended 30 November 2014

9. Dividends

	6 months to 30 Nov 2014 £000	6 months to 30 Nov 2013 £000	Year ended 31 May 2014 £000
Amounts recognised as distributions to equity holders :			
Final dividend of 4.0p per share (2013: 4.0p)	604	604	604
Interim dividend of 3.5p per share	-	-	529
	604	604	1,133

An interim dividend of **p per share (2013: 3.5p) amounting to £***** (2013: £528,904) has been declared during the period but has not been reflected in the interim accounts. The payment of the interim dividend will be made on 8 April 2015 to shareholders on the register at the close of business on 13 March 2015.

10. Analysis of the changes in net funds

	As at 1 June 2014 £000	Cashflow £000	Exchange movements £000	As at 30 Nov 2014 £000
Cash at bank and in hand	2,348	126	(271)	2,203
Bank overdrafts	(1,234)	(601)	-	(1,835)
	1,114	(475)	(271)	368

Haynes Publishing Group P.L.C.

Interim Report and Accounts for the 6 months ended 30 November 2014

11. 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.

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 expected return on scheme assets, the interest on scheme liabilities and cash contributions made to the schemes.

The last full IAS 19 actuarial valuation was carried out by a qualified independent actuary as at 31 May 2014. This valuation has been updated by the Scheme's actuaries on an approximate basis for the six month period ending 30 November 2014.

The movements in the retirement benefit obligation were as follows:

	6 months to 30 Nov 2014 £000	6 months to 30 Nov 2013 £000	Year ended 31 May 2014 £000
Retirement benefit obligation at beginning of period	(11,245)	(12,079)	(12,079)
Movement in the period :			
- Total expenses charged in the income statement	(560)	(579)	(1,043)
- Contributions paid	555	1,507	2,260
- Actuarial gains taken directly to reserves	(3,625)	(1,526)	(436)
- Foreign currency exchange rates	(55)	102	53
Retirement benefit obligation at end of period	(14,930)	(12,575)	(11,245)

Haynes Publishing Group P.L.C.

Interim Report and Accounts for the 6 months ended 30 November 2014

12. 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 2014	30 Nov 2013	31 May 2014	30 Nov 2014	30 Nov 2013	31 May 2014
US dollar	1.56	1.64	1.68	1.64	1.57	1.62
Euro	1.26	1.20	1.23	1.27	1.18	1.20
Swedish krona	11.66	10.72	11.21	11.65	10.30	10.58
Australian dollar	1.84	1.80	1.80	1.82	1.72	1.78

13. Property, plant and equipment

	Total
	£000
Net book value at 1 June 2013	10,082
Exchange rate movements	(545)
Additions	169
Additions resulting from business combinations	23
Disposals	(20)
Depreciation	(406)
Net book value at 30 November 2013	9,303
	£000
Net book value at 1 June 2014	9,265
Exchange rate movements	267
Additions	245
Disposals	(22)
Depreciation	(417)
Net book value at 30 November 2014	9,338

The Group had no capital expenditure which had been contracted but had not been provided for as at 30 November 2014 (2013: £nil).

Haynes Publishing Group P.L.C.

Interim Report and Accounts for the 6 months ended 30 November 2014

14. Intangible assets

	Total
	£000
Carrying value at 1 June 2013	18,336
Exchange rate movements	(843)
Additions	1,339
Additions resulting from business combinations	3,672
Amortisation	(1,119)
Carrying value at 30 November 2013	21,385
	£000
Carrying value at 1 June 2014	21,219
Exchange rate movements	416
Additions	1,220
Amortisation	(1,150)
Carrying value at 30 November 2014	21,705

15. Related party transactions

During the six months to 30 November 2014 there were no new material related party transactions or material changes to the related party transactions as reported in the Annual Report 2014.

Haynes Publishing Group P.L.C.

Interim Report and Accounts for the 6 months ended 30 November 2014

16. 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 :

- The UK and Global economic outlook and 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 2014 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 15 – 16)
- The processes adopted by the Board to identify and monitor risk (page 29)
- The Group's principal financial risks and uncertainties (pages 77 – 79)

A copy of the Annual Report 2014 can be found on the Group's corporate website www.haynes.co.uk/investor.

17. Other information

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.co.uk/investor.

Haynes Publishing Group P.L.C.

Interim Report and Accounts for the 6 months ended 30 November 2014



Haynes Publishing Group P.L.C.

Sparkford, Yeovil, Somerset BA22 7JJ England

Telephone: +44 1963 440635 Fax: +44 1963 440825