HAYNES PUBLISHING GROUP P.L.C.

RESULTS FOR THE YEAR ENDED
31 May 2015

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

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

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

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

Group financial highlights

- Revenue down 11% at £26.1 million (2014: £29.3 million)
- Adjusted EBITDA[1] of £8.7 million (2014: £10.9 million[3])
- Adjusted operating profit[1] of £3.1 million (2014: £4.8 million)
- Adjusted profit before tax[1] in line with market expectations at £2.5 million (2014: £4.2 million). Reported loss before tax, after exceptional items, of £7.2 million (2014: profit of £2.0 million)
- Adjusted basic earnings[1] per share of 10.7 pence (2014: 18.7 pence)
- Final dividend declared of 4.0 pence per share, giving a total dividend of 7.5 pence per share (2014: 7.5 pence)
- Revenue from the Group's digital product ranges up 5% at £6.4 million (2014: £6.1 million)
- Net cash[2] of £0.1 million (2014: net debt of £1.1 million) with 1.2 million shares still held in treasury
- Total exceptional costs of £9.8 million relating to a £9.7 million non-cash impairment in the Group's North American operations following challenging trading conditions for its printed manuals business during the first half of 2014/15 and £0.1 million of acquisition related costs.

Business highlights

- The acquisition of Teon Media Limited for £0.5 million brings to the Group a mobile centric digital platform which will allow the Group to accelerate its consumer digital initiatives.
- Launch of new HaynesPro professional touch interface for use on tablets and smart phones.
- UK phase of new global consumer website developed internally during the year and launched in August 2015.
- Eric Oakley, Group CEO and Dan Benhardus, Chief Finance Officer announced their intention to retire from the business in May 2016 after 35 years and 27 years respectively, with the Group.

J Haynes, Group Chairman, said:

"Our final year results are reflective of the challenging trading conditions that we are encountering in all consumer markets. The second half of the year was stronger, as expected, but the business continues to be affected by these challenging trading conditions, most notably in our important North American market.

"Our HaynesPro business has seen increased revenue growth, showing the benefits of continued investment in product development. Alongside this encouraging performance in the professional market, we have recruited an experienced digital executive to oversee the implementation of a number of digital initiatives on the consumer side of the business.

"As announced on 10 September 2015, the Group is launching a cost and operational review across all jurisdictions, this will be undertaken by Non-Executive Director Eddie Bell, who will become Non-Executive Deputy Chairman to facilitate this process. The findings of this review will be presented to the Board in early 2016.

"It is with best wishes that Haynes accepts the notice of their intention to retire from the end of the financial year from Eric Oakley, Group Chief Executive Officer, and Dan Benhardus, Chief Financial Officer, after 35 and 27 years respectively. Their work over the years has been fundamental in the international growth of the company. The timely announcements will allow the Board to begin a non-disruptive process of succession planning."

Notes to the financial highlights :

[1] Adjusted to exclude £9.8 million of exceptional costs (2014: exceptional costs of £2.2 million). Reported operating loss of £6.7 million (2014: profit of £2.6 million). Reported loss per share was 53.3 pence (2014: earnings per share of 7.4 pence). EBITDA including exceptional items was £8.6 million (2014: £8.7 million).

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

[3] EBITDA has been restated to add back £2.9 million of editorial amortisation costs following the re-categorisation of editorial origination costs from inventory to intangible assets during the year.

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Cautionary Statement :

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

Chairman’s Statement

Results

Following a challenging start to the year, I am pleased to report that during the second six months trading improved and Group pre-tax profits before exceptional items ended the year in line with market expectations at £2.5 million (2014: £4.2m).

Although trading remains challenging, it is encouraging that Group first quarter revenue to 31 August 2015 is 2% ahead of the prior year. HaynesPro revenues continue to grow and were 7% ahead while the consumer business had more mixed results with USA and Australian first quarter revenues 2% behind, and the UK 6% ahead of the same period last year.

Dividend

The Board remains confident over the future trading prospects for the Group and for this reason is recommending an unchanged final dividend for the year of 4.0 pence which, together with the interim dividend paid in April 2015, maintains the total dividend for the year at 7.5 pence (2014: 7.5 pence). Subject to approval by shareholders, the final dividend will be paid on 5 November 2015 to shareholders on the register at the close of business on 16 October 2015.

Exceptional Item - Impairment

Each year, the Directors are required to review the carrying value of goodwill and intangible assets with an indeterminable life. Following this year’s review, a non-cash exceptional impairment charge of £9.7 million relating to acquired intangible assets, primarily goodwill, in the North American business has been included in the results for the current year. This non-trading non-cash adjustment has resulted in the Group reporting a loss before tax of £7.2 million (2014: profit of £2.0 million).

Cost and Operational Review

In the trading statement released on the 10 September 2015, your Board made a commitment to undertake a cost and operational review of the Group. It is important that this review is independent, timely and cost effective and I am therefore pleased to announce that Eddie Bell, our senior non-executive director, will be taking overall responsibility for this review. To facilitate this process, Eddie will become Non-Executive Deputy Chairman for the Group in early October and will submit his initial finding to the Board in early 2016.

People

Information integrity is at the heart of Haynes and HaynesPro; drivers, professional mechanics and our business partners rely on the Group to provide reliable and accurate information. The creation, editing, and dissemination of this information through ever expanding channels is the responsibility of everyone in the Group, and on behalf of the Board I would like to thank all our employees for their continued hard work, dedication and creativity.

Eric Oakley, our Chief Executive Officer, and Dan Benhardus, our Group Finance Director, have both recently announced that they will be retiring on the 31 May 2016 at the end of our current financial year. Both Eric and Dan have made considerable contributions to your business during their long and distinguished careers. I would like to take this opportunity to thank them both personally, and on behalf of the board, for their dedication and loyalty to the Haynes Publishing Group. It is a mark of their integrity that they have given their fellow Board directors’ ample notice, which will facilitate a non-disruptive process of succession planning.

Business Outlook

The Haynes Publishing Group is now focused on two distinct but related businesses. Haynes is a highly trusted source of practical information for drivers and consumers, while HaynesPro provides highly technical information to the professional mechanic via multiple digital channels.

We remain committed to publishing our iconic and trusted Haynes Manuals while exploring ways of leveraging our unique content and trusted brand. Extensive and recently completed consumer research conducted in our major markets has identified an opportunity to supplement and enhance our printed manual information by creating digital channels to deliver task specific information, primarily in video format, direct to drivers.

The Group has already started developing complementary digital content and delivery platforms. Teon, which the Group acquired in February 2015, has undergone a complete marketing re-brand and will soon have model specific video tasks for the 50 most popular cars in the UK. This offering will be launched later this year. We recently launched the UK section of our new global website, and over the course of the coming months we will complete the global roll-out with the release of new US and Australian sites. It is particularly satisfying that the website was developed using in-house web development skills.

To oversee and integrate the multi-channel digital consumer offering, we have recruited an experienced digital executive, Andrew Golby, who has an extensive automotive media background. Andrew will join Haynes as Global Digital Director on the 5 October 2015.

HaynesPro's focus on new product development and expanding vehicle coverage has been a key driver to important contract gains during the year, and we will continue to invest in new product development. During the year HaynesPro launched a professional touch screen interface for use on tablets and smart phones was launched, which gives the Group a mobile centric development capability which will undoubtedly be leveraged to enhance future digital products across our consumer and professional businesses.

The next offering from HaynesPro will be its 'Repair and Labour Times' database that is on schedule for launch in January 2016 and will result in significant cost savings, as well as potential new revenue streams. In addition, management will continue to evaluate the North American market.

The in-house digital expertise, website development and language translation skills within HaynesPro are all vital components in the development of the Group's new digital platforms. As a Group we will be concentrating on building the business by leveraging and where appropriate combining the proprietary information created by Haynes and HaynesPro to deliver content that is unique, inherently useful and valued by our customers around the world.

J HC Haynes

Group Chairman
23 September 2015

The Haynes business model

Segment overview

The Haynes Group comprises two geographical business segments :

- UK & Europe
- North America & Australia

The UK & European business has headquarters in Somerset, England and subsidiaries in the Netherlands, Italy, Spain, Romania and Sweden. The core business of the UK and European operations is the supply of automotive and motorcycle servicing and repair information to the DIY aftermarkets in both a print and digital format as well as the supply of technical data to the European professional automotive aftermarket which is delivered digitally in over twenty different languages. There are currently over 180 online digital manuals available together with over 600 automotive print titles in publication and in excess of 40,000 subscribers to the HaynesPro professional data throughout Europe. The business also publishes over 300 general DIY titles which are practical, instructional, easy to read and aimed at those with an interest in more general non-automotive related activities.

The North American & Australian business has headquarters near Los Angeles, California and publishes DIY repair manuals for cars and motorcycles in both a print and digital format. The US business publishes titles under the Haynes, Chilton, Clymer and Intertec brands in both English and Spanish. It has a branch operation in Sydney, Australia which publishes similar products under both the Haynes and Gregory brands. The Australian business also publishes information for the professional automotive market. The North American and Australian business currently publishes over 400 online digital manuals and in excess of 1,300 print titles. Through its print facility in Nashville, Tennessee, the North American business is the central print facility for the Group's print products.

Operational and financial review

Operational overview

The financial statements for 2014/15 show that Group revenue and profit before tax are down against the prior year and later in this statement I will provide further background to this downturn. Yet what is masked from this year's income statement is the significant progress that is being made to re-focus the Haynes business.

In 2011/12 when we first launched our digital online manuals we were able to give our end users a choice between a print and online digital product. At that time we had a longer term vision of a smaller bite size consumer product which would be task specific, more visual in content, capable of multiple language translation and deliverable through hand held devices such as tablets and mobile phones.

Around this time last year, a business opportunity arose for the Group to evaluate and potentially acquire an already functional online platform delivering digital automotive repair information. At that time the platform was limited to supplying free-to-view content. We therefore needed to evaluate whether, with the skill sets available within the Group, we could accelerate our own development plans by adding our video content, simplified text procedures and by using the translation skills in HaynesPro make the platform multilingual for pan-European delivery and beyond this be capable of rolling-out to the rest of the Group's global markets. Our due diligence provided us with the comfort we were seeking and our acquisition of Teon Media Limited was completed in February 2015. While this is not a large acquisition in financial terms, strategically the acquisition has been pivotal in defining our digital initiative going forward.

At the same time as we were evaluating the Teon platform, we commissioned two significant pieces of consumer research to try and gain a greater insight into the DIY behavioural habits of consumers in our main geographical markets. The feedback from the research has been encouraging and has provided management with a valuable insight into the DIY behaviour patterns of the targeted groups and is now playing an important role in helping us frame our new consumer digital initiatives.

In September 2014, HaynesPro launched its new Touch interface for use on tablets and later this year the new interface will be rolled-out for use on desktop and laptop computers. Since its acquisition by the Haynes Group in 2008, the business has seen significant new investment in product development. Today the WorkshopData™ module has over 90,000 drawings and its servers receive over 1,000,000 data transaction requests each day. VESA™ our market leading electronics' module covers over 90% of European vehicles on the road since 2003 and our SmartFIX and SmartCASE modules cover technical service bulletins on nearly 12,000 vehicles and tips and fixes for professional mechanics on over 13,000 vehicles respectively. This continuous drive to develop new products and expand vehicle coverage has been a key factor in the growth in HaynesPro's market share during the year.

The challenging trading conditions we have experienced in our North American and Pacific Rim markets in recent years, together with the small number of key retailers implementing inventory reduction programmes during the first half of 2014/15, has had an adverse impact on the short to medium term forecasts of our North American and Australian business. This has led management to review the carrying value of the intangible assets of the North American business. Following this review an impairment charge of £9.7 million ($14.8 million) has been recognised in the 2014/15 financial statements against the value of the acquired intangible assets, primarily goodwill.

Group revenue

Early into the financial year it became apparent that a small number of key consumer retailers were implementing inventory reduction programmes which would affect our major printed manual markets and have a significant impact on our first half performance. Although local currency revenue from the professional side of our business ended the six month period in line with the prior period, the lower sales of consumer print manuals at that time left US revenue down 20%, UK revenue down 27% and overall Group revenue 20% down on the prior year.

Traditionally, the second six months of our financial year is a stronger trading period for our core automotive manuals and with a return to more normal ordering patterns from the key retailers in our third and fourth quarter and the benefit of a mid-year price increase, our trading performance improved in the second half of the financial year. For the 12 months to 31 May 2015, the shortfall on US and Australian titles reduced against the prior year to 13% and the UK shortfall, excluding discontinued titles, reduced to 16%. On the professional side of the business the year-on-year revenue increase was 15% driven by revenue growth in the third and fourth quarters following new contract gains and expanding relationships with existing customers. The impact of a weaker Euro, which ended the year at an average of €1.31 (2014: €1.20), reduced European revenue after translation to Sterling by £0.6 million, lowering the year-on-year increase to 5%.

Notwithstanding the Group’s stronger second half performance, the impact of the softer first half trading left overall Group revenue 11% down on the prior year at £26.1 million (2014: £29.3 million).

Revenue from the Group’s digital product ranges was up 5% at £6.4 million (2014: £6.1 million) representing 24% of Group revenue (2014: 21%).

Gross margin

The impact on our gross margin of the lower consumer print manual revenue during the first six months of the financial year was partially mitigated by the mid-year price increase on our consumer manuals leaving the Group’s gross margin down 8% at £15.7 million (2014 adjusted: £17.0 million). The change in treatment of editorial origination costs during the year led to a balance sheet re-classification from inventory to intangible assets but did not impact on the income statement.

As part of our overall review of the treatment of editorial costs we also re-assessed the amortisation write-down period for our UK non-automotive manuals, which historically have been amortised over two years compared to the five years for our automotive titles. Following the UK restructuring in 2013/14 which re-focussed our general publishing activity onto the more profitable Haynes style non-automotive titles, it is pleasing to note there is now strong evidence that sales of these titles consistently sell over a period in excess of five years. In light of the review findings we have aligned the write-down period on these titles to bring them into line with the Group’s automotive manuals. The impact of extending the write-down period from two to five years has reduced the amortisation charge on the non-automotive titles by £0.2 million during the year.

The impact of the increasing mix of digital sales on Group revenue and the benefit of the lower non-automotive amortisation charge helped increase our gross margin by 2.1 percentage points during the year to 60.2% (2014 adjusted: 58.1%).

Group operating profit

The lower printed manual revenue during the first six months of the financial year left Group operating profit before exceptional items down 81% at the half year. Stronger second half trading helped improve margins but was not sufficient to recover the lost ground of the first six months and Group operating profit before exceptional items ended the year down 35% at £3.1 million (2014: £4.8 million).

During the year the Group incurred exceptional costs of £9.8 million. The costs relate to a non-cash impairment of acquired intangible assets, primarily goodwill, in our North American business of £9.7 million following difficult trading conditions during the first half of 2014/15 which are expected to remain challenging in the short to medium term and £0.1 million of expenses incurred following the acquisition of Teon Media in February 2015. This compares to £2.2 million of exceptional costs incurred last year (£1.9 million on UK restructuring and £0.3 million incurred on acquisition related activity).

Net finance costs for the 12 month period were in line with the prior year at £0.1 million (2014: £0.1 million). Other finance costs, which relate to the interest charge on the pension schemes' liabilities net of interest on the pension schemes' assets, also ended the year in line with the prior period at £0.5 million (2014: £0.5 million).

Group earnings and earnings per share

Group pre-tax profit before exceptional costs for the 12 months ended 31 May 2015 was £2.5 million (2014: £4.2 million). The Group tax charge for the year before exceptional items was £0.9 million (2014: £1.4 million) giving an effective tax rate of 35.3% (2014: 32.7%). The Group's effective rate of tax for the year is a mixed rate which reflects the countries where the Group pays tax and also the mix of profits within those tax jurisdictions. Earnings per share before exceptional items was 10.7 pence (2014: 18.7 pence).

North America and Australia segmental review

It was in our North American and Australian territories that the impact of the inventory reduction programmes was felt most with four key retailers in the US and two in Australia implementing programmes around the same time mid-way through our first quarter. Where information was available we could see that out-the-door sales were tracking ahead of replenishment orders and for this reason management remained confident that over time ordering patterns would return to more normal levels. During the third quarter we started to see signs of a recovery and this improvement continued into the fourth quarter.

The improved second half trading, along with the benefits of a mid-year price increase, helped claw back some of the ground lost earlier in the year. Nevertheless, the softer manual sales in the first six months left segmental revenue from the North American and Australian operations for the 12 months ended 31 May 2015 down 13% at $22.4 million (2014: $25.8 million). After translation to Sterling, segmental revenue for the North American and Australian business was £14.2 million, down 11% (2014: £15.9 million).

Segmental operating profit before exceptional items and interest ended the year down 52% at $2.0 million (2014: $4.2 million) which after translation to Sterling was down 54% at £1.2 million (2014: £2.6 million). Including exceptional costs and interest the segmental loss for the year was £8.5 million ($13.4 million).

UK and Europe segmental review

Local currency revenue in HaynesPro, our European professional automotive data supplier, ended the year 15% ahead of last year. The business has been investing heavily in new product development and we are starting to see the benefits flow through in new customer gains and extensions to existing customer relationships. In May 2015, HaynesPro opened its seventh European branch in Stuttgart, Germany. A new Regional Sales Manager, with extensive experience of the European technical data market, was recruited to set up the new office and, supported by our existing teams in the Netherlands and Romania, will provide commercial and technical support to our customers and partners in our important Northern European territories.

In the UK, an inventory reduction programme implemented by a key retailer during the first two quarters led to UK sales for the first six months being 31% down on the prior year. A return to more normal ordering patterns in the third and fourth quarters, coupled with the benefits of a mid-year price increase left UK revenue, excluding sales of discontinued titles, 15% ahead of the first six months but nevertheless 16% down for the full year against 2013/14.

Overall UK and European segmental revenue ended the year down 11% at £11.9 million (2014: £13.4 million). On a like-for-like basis, excluding the impact of exchange movements, UK and European revenue was down 7% at £12.5 million.

The impact of the weaker first half trading in the UK, along with the effect of the weaker Euro against Sterling, left UK and European segmental operating profit before exceptional items and interest down 33% against the prior year at £0.6 million (2014: £0.9 million).

Balance sheet and cash flow

As mentioned earlier in this statement, the Group's editorial origination costs have been re-classified during the year from inventory to intangible assets and the prior year figures restated. The impact of the change has been to increase intangible assets in 2013/14 by £7.4 million with a corresponding reduction to inventory. The Board believes that this new presentation more appropriately reflects the changing nature of the business and the ongoing benefit to the business of this editorial expenditure.

The acquisition of Teon Media Limited during the year for £0.5 million was funded entirely from internal cash with £0.2 million payable in February 2015 on completion of the transaction, 50% of the remaining balance payable in February 2016 and 50% payable in February 2017.

As at 31 May 2015 the Group had net cash of £0.1 million (2014: net debt of £1.1 million).

At 31 May 2015 the net deficit on the Group's two defined benefit retirement schemes, as reported in accordance with IAS 19, was £14.3 million (2014: £11.2 million) with a deficit in the UK Scheme of £13.3 million (2014: £11.3 million) and in the US Scheme of £1.0 million (2014: surplus of £0.1 million). The combined total assets of the schemes increased to £32.7 million (2014: £29.6 million) and the total liabilities increased to £47.1 million (2014: £40.9 million). In June 2015, the Group closed both its UK and US defined benefit pension schemes to new entrants.

The net cash generated from operations before tax for the year was £9.5 million (2014 restated: £7.5 million) which represented 311% of adjusted Group operating profit (2014: 156%). The improvement in cash reflecting the non re-occurrence of the exceptional UK restructuring costs and additional UK pension contribution in 2013/14.

Outlook and future developments

First quarter revenue for 2015/16 has ended the period 2% ahead of last year. Revenue from our professional product ranges in Europe continues to perform well, ending the quarter 7% ahead of the prior period, while the UK business has seen some bounce back against the very disappointing start to 2014/15 ending the first quarter up 6%. In our important North American and Australian markets trading conditions remain challenging with first quarter revenue tracking 2% behind the same period last year.

Following the Teon acquisition in February 2015 the Group is currently working on a marketing rebrand of the website as well as building on the free-to-view content and adding a new pay wall interface to allow cross selling of the Group's printed and online manuals. We are also expanding the vehicle coverage of the site to allow our end users in the UK to access model specific procedures and video's via a micro purchase capability as well as adding data covering the top selling motorcycles. Once the new UK site is up and running we will roll-out the platform to our US and Australian markets as well as translate the content for a pan-European delivery.

We recently launched the UK section of our new global website, including our new investors' home page. Over the course of the coming months we will complete the global roll-out with the release of our new US and Australian sites. It is particularly satisfying to note that the new global website has been developed using the in-house web development skills within the HaynesPro business.

The Board believes that the recent appointment of a Global Digital Director with responsibility for the development and growth of the Group's consumer digital initiatives around the world is key to the development of the Group's consumer digital product offerings.

On the professional side of the business, HaynesPro will continue its investment in new product development and management will continue to evaluate the North American market. The new repair times and service labour times database is on course for launch early in the new calendar year and the "comfort" wiring diagrams database for launch in early 2017. These will result in significant cost savings as well as potential for new revenue streams.

There are a number of digital initiatives now firmly under way on both the consumer and professional sides of the business. Not all of these can be expected to substantially contribute to profit immediately but the board is confident that in a relatively short period they will all make significant contributions.

Eric Oakley
Group Chief Executive
23 September 2015

Consolidated Income Statement

		31 May 2015			31 May 2014		
	Note	Before exceptional items £'000	Exceptional items (note 4) £'000	Total £'000	Before exceptional items £'000	Exceptional items (note 4) £'000	Total £'000
Continuing operations							
Revenue	2	26,065	-	26,065	29,284	-	29,284
Cost of sales		(10,380)	-	(10,380)	(12,264)	(1,519)	(13,783)
Gross profit		**15,685**	**-**	**15,685**	**17,020**	**(1,519)**	**15,501**
Other operating income		44	-	44	67	-	67
Distribution costs		(6,981)	-	(6,981)	(6,308)	-	(6,308)
Administrative expenses		(5,698)	(9,772)	(15,470)	(5,961)	(671)	(6,632)
Operating profit/(loss)		**3,050**	**(9,772)**	**(6,722)**	**4,818**	**(2,190)**	**2,628**
Finance income	5	11	-	11	7	-	7
Finance costs	6	(80)	-	(80)	(76)	-	(76)
Other finance costs – retirement benefits		(456)	-	(456)	(533)	-	(533)
Profit/(loss) before taxation		**2,525**	**(9,772)**	**(7,247)**	**4,216**	**(2,190)**	**2,026**
Taxation	7	(891)	101	(790)	(1,379)	489	(890)
Profit/(loss) for the period		**1,634**	**(9,671)**	**(8,037)**	**2,837**	**(1,701)**	**1,136**
Attributable to :							
Equity holders of the Company		1,621	(9,671)	(8,050)	2,819	(1,701)	1,118
Non-controlling interests		13	-	13	18	-	18
		1,634	**(9,671)**	**(8,037)**	**2,837**	**(1,701)**	**1,136**
Earnings/(loss) per 20p share	8	Pence		Pence	Pence		Pence
From continuing operations							
- Basic		10.7		(53.3)	18.7		7.4
- Diluted		10.7		(53.3)	18.7		7.4

Consolidated Statement of Comprehensive Income

	Year Ended 31 May 2015 £'000	Year Ended 31 May 2014 £'000
(Loss)/profit for the period	**(8,037)**	**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	(2,099)	(627)
- US Scheme	(1,433)	191
Deferred tax on retirement benefit obligation		
- UK Scheme	420	125
- US Scheme	574	(76)
Deferred tax arising on change in UK corporation tax rate	-	(336)
	(2,538)	(723)
Items that will or maybe reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	734	(3,082)
Other comprehensive income recognised directly in equity	**(1,804)**	**(3,805)**
Total comprehensive expense for the financial period	**(9,841)**	**(2,669)**
Attributable to:		
Equity holders of the Company	(9,854)	(2,687)
Non-controlling interests	13	18
	(9,841)	**(2,669)**

Consolidated Balance Sheet

	Note	Year Ended 31 May 2015 £'000	Restated [1] Year Ended 31 May 2014 £'000	Restated [1] Year Ended 31 May 2013 £'000
Non-current assets				
Property, plant and equipment		9,027	9,265	10,082
Intangible assets		20,165	28,623	26,504
Deferred tax assets		5,000	4,141	4,997
Total non-current assets		**34,192**	**42,029**	**41,583**
Current assets				
Inventories		4,649	4,877	5,167
Trade and other receivables		7,929	9,347	8,018
Cash and short-term deposits		2,968	2,348	6,178
Total current assets		**15,546**	**16,572**	**19,363**
Total assets		**49,738**	**58,601**	**60,946**
Current liabilities				
Trade and other payables		(4,376)	(4,536)	(4,472)
Current tax liabilities		(444)	(757)	(932)
Borrowings		(2,827)	(1,234)	(73)
Total current liabilities		**(7,647)**	**(6,527)**	**(5,477)**
Non-current liabilities				
Borrowings		-	(2,178)	-
Deferred consideration		(125)	-	-
Deferred tax liabilities		(3,248)	(3,307)	(4,244)
Retirement benefit obligation	12	(14,348)	(11,245)	(12,079)
Total non-current liabilities		**(17,721)**	**(16,730)**	**(16,323)**
Total liabilities		**(25,368)**	**(23,257)**	**(21,800)**
Net assets		**24,370**	**35,344**	**39,146**
Equity				
Share capital		3,270	3,270	3,270
Share premium		638	638	638
Treasury shares		(2,447)	(2,447)	(2,447)
Retained earnings		19,817	31,538	32,276
Foreign currency translation reserve		3,022	2,288	5,370
Capital and reserves attributable to equity shareholders		**24,300**	**35,287**	**39,107**
Equity attributable to non-controlling interests		70	57	39
Total equity		**24,370**	**35,344**	**39,146**

[1] See Note 1 Restatement of prior years

Consolidated Statement of Changes in Equity

	Share capital £'000	Share premium £'000	Treasury shares £'000	Foreign currency translation reserve £'000	Retained earnings £'000	Sub total £'000	Non-controlling interests £'000	Total £'000
Balance at 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
Other comprehensive income :								
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**
(Loss)/profit for the period	-	-	-	-	(8,050)	(8,050)	13	(8,037)
Other comprehensive income :								
Currency translation adjustments	-	-	-	734	-	734	-	734
Actuarial losses on defined benefit plans (net of tax)	-	-	-	-	(2,538)	(2,538)	-	(2,538)
Total other comprehensive income	**-**	**-**	**-**	**734**	**(2,538)**	**(1,804)**	**-**	**(1,804)**
Total comprehensive income	**-**	**-**	**-**	**734**	**(10,588)**	**(9,854)**	**13**	**(9,841)**
Dividends (note 9)	-	-	-	-	(1,133)	(1,133)	-	(1,133)
Balance at 31 May 2015	**3,270**	**638**	**(2,447)**	**3,022**	**19,817**	**24,300**	**70**	**24,370**

Consolidated Cash Flow Statement

	Year Ended 31 May 2015 £'000	Restated [1] Year Ended 31 May 2014 £'000
Cash flows from operating activities - continuing		
(Loss)/profit after tax	(8,037)	1,136
Adjusted for :		
Income tax expense	790	890
Interest payable and similar charges	80	76
Interest receivable	(11)	(7)
Retirement benefits finance costs	456	533
Operating (loss)/profit	(6,722)	2,628
Depreciation on property, plant and equipment	774	882
Amortisation of intangible assets	4,891	5,647
Impairment of intangible assets	9,667	-
IAS 19 pensions current service cost net of contributions paid	(916)	(1,750)
Loss/(gain) on disposal of property, plant and equipment	9	(19)
	7,703	**7,388**
Changes in working capital :		
Decrease in inventories	391	1,320
Decrease/(increase) in receivables	1,638	(1,481)
(Decrease)/increase in payables	(250)	279
Net cash generated from operations	**9,482**	**7,506**
Tax paid	(804)	(1,311)
Net cash generated by operating activities	**8,678**	**6,195**
Investing activities		
Acquisition costs – business combinations	(200)	(5,854)
Proceeds on disposal of property, plant and equipment	14	38
Purchases of property, plant and equipment	(412)	(718)
Expenditure on product development	(5,567)	(5,797)
Interest received	11	7
Net cash used in investing activities	**(6,154)**	**(12,324)**
Financing activities		
Proceeds of new borrowings	-	2,394
Repayment of borrowings	(948)	(216)
Dividends paid	(1,133)	(1,133)
Interest paid	(80)	(76)
Net cash used in financing activities	**(2,161)**	**969**
Net increase/(decrease) in cash and cash equivalents	**363**	**(5,160)**
Cash and cash equivalents at beginning of year	1,114	6,105
Effect of foreign exchange rate changes	70	169
Cash and cash equivalents at end of year (net funds)	**1,547**	**1,114**

[1] See Note 1 Restatement of prior years

Notes to the Results Announcement

1. Accounting policies

Basis of preparation

Haynes Publishing Group P.L.C. (the "Company") is a company domiciled in the United Kingdom. The consolidated financial statements of the Company for the year ended 31 May 2015 comprise the Company and its subsidiaries (together referred to as the "Group"). The Group financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the Companies Act 2006 applicable to companies reporting under IFRS. The Group financial statements have been prepared on the historical cost basis except for the treatment of certain financial instruments and are presented in Sterling, with all values rounded to the nearest thousand pounds (£'000) except as indicated otherwise.

The financial information contained in this report does not constitute the Company's statutory accounts for the year ended 31 May 2015 or for the year ended 31 May 2014. Statutory accounts for the years ended 31 May 2015 and 31 May 2014 have been reported on by the Independent Auditors and the Independent Auditors' Report was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006. The statutory accounts for the year ended 31 May 2014 have been filed with the Registrar of Companies and the statutory accounts for the year ended 31 May 2015 will be filed with the Registrar of Companies following the AGM on 28 October 2015.

The Annual Report 2015 was approved by the Board of Directors and authorised for issue on 23 September 2015 and signed on its behalf by J Haynes and E Oakley.

Basis of accounting

The accounting policies used to prepare this results announcement are consistent with those applied in the 2014 consolidated financial statements, apart from the following new standards and amendments to standards which became effective for the first time during the year :

- IFRS 10 (amendment): 'Consolidated financial statements', IFRS 12 (amendment): 'Disclosure of interest in other entities' and IAS 27 (amendment): 'Separate financial statements' were all amended by a new group of standards replacing the existing accounting for subsidiaries and joint ventures (now joint arrangements). The amendments include the disclosure requirements for all forms of interests in other entities including joint arrangements, associates, structured entities and other off balance sheet vehicles.
- IAS 32 (amendment): 'Financial instruments: Presentation', clarifies some of the requirements for offsetting financial assets and financial liabilities on the balance sheet.
- IAS 36 (amendment): 'Impairment of assets', reduces the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed and clarifies the disclosures required.
- IAS 39 (amendment): 'Financial instruments; Recognition and measurement', amendments mean there would be no need to discontinue hedge accounting if a hedge derivative was novated and certain criteria met.
- IFRIC 21 Levies: Provides guidance on when to recognise a liability for a levy imposed by a government.

All the above new standards and amendments to standards were either not relevant or did not have a material impact on the Financial Statements of the Group.

Issued standards, amendments to standards and interpretations which become applicable for the Group after the year-end will be adopted in accordance with their effective dates. The directors do not anticipate that the adoption of these standards and interpretations will have a material impact on the financial statements of the Group in the period of initial application.

1. Accounting policies (continued)

Restatement of prior years

During the year management reviewed the way in which editorial costs are reported in the Group's Financial Statements. In particular management considered whether it still remained appropriate to report editorial origination costs as a component of inventory in the Consolidated Balance Sheet or whether, in light of the changing nature of the business, such costs would be more appropriately recorded as an intangible asset. Management concluded that as the editorial content created for the Group's consumer products is used to create both printed and digital online manuals and is also being used in the development of the Group's new digital delivery platform, that the editorial costs would be more appropriately recorded as an intangible asset. The reclassification only impacts the Consolidated Balance Sheet and Cash Flow Statement and does not impact on the Consolidated Income Statement in either the current or prior year.

The impact of the restatement on the 31 May 2014 figures has been to increase intangible assets (Product development) by £7,404,000 with a corresponding decrease to inventories (Finished goods). In the Consolidated Cash Flow Statement the amortisation of intangible assets has increased by £3,270,000, the decrease in inventories has reduced by £764,000, the expenditure on development costs has increased by £2,984,000 and the effect on foreign exchange rate movements has increased by £478,000. In line with IAS 1 'Presentation of financial statements', a Consolidated Balance Sheet as at the beginning of the earliest comparative period presented is also required. Accordingly, a third Balance Sheet as at 31 May 2013 has been presented. The impact of the restatement on the 31 May 2013 figures has been to increase intangible assets (Product development) by £8,168,000 and to decrease inventories (Finished goods) by a similar amount.

Foreign exchange rates

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

	Year-end rate		Average rate	
	2015	2014	2015	2014
US dollar	1.53	1.68	1.58	1.62
Euro	1.39	1.23	1.31	1.20
Swedish krona	13.06	11.21	12.18	10.58
Australian dollar	2.00	1.80	1.89	1.78

2. Revenue

	31 May 2015	31 May 2014
	£'000	£'000
Revenue by geographical destination on continuing operations :		
United Kingdom	4,741	5,950
Rest of Europe	6,700	6,591
United States of America	11,963	12,685
Australasia	1,859	2,751
Rest of World	802	1,307
Total consolidated revenue	**26,065**	**29,284**

3. Segmental analysis

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

– UK and Europe
– North America and Australia

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

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

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

Analysis of geographic operating segments

Revenue and results :	UK & Europe 2015 £'000	North America & Australia 2015 £'000	Consolidated 2015 £'000
Segmental revenue			
Total segmental revenue	12,180	15,915	28,095
Inter-segmental sales [1]	(268)	(1,762)	(2,030)
Total external revenue	**11,912**	**14,153**	**26,065**
Segment result			
Underlying segment operating profit before exceptional items and interest	623	1,237	1,860
Exceptional items [6]	(64)	(9,708)	(9,772)
Interest receivable	3	7	10
Interest payable	(27)	(52)	(79)
Segment profit after exceptional items and interest	**535**	**(8,516)**	**(7,981)**
Unallocated head office income less expenses			(80)
Segment operating profit before tax and adjustments			**(8,061)**
Reconciliation to consolidated profit before tax :			
IAS 16 Property, plant and equipment [2]			124
IAS 19 Employee benefits [3]			466
IFRS 3 Business combinations [4]			224
Consolidated profit before tax			**(7,247)**
Taxation [5]			(790)
Consolidated profit after tax			**(8,037)**

[1] Inter-segment sales are charged at the prevailing market rates.
[2] In the segmental reporting freehold buildings are depreciated over 40 years - under IAS 16 the residual value of buildings reflect the expected value at the end of their useful life resulting in an adjustment to depreciation.
[3] In the segmental reporting, pension contributions are expensed and the assets and liabilities of a defined benefit pension scheme are held separately from the Group - under IAS 19 the Income Statement and Statement of Comprehensive Income are adjusted to reflect the annual current service cost and actuarial gains and losses arising on a defined benefit pension scheme and the net surplus/(deficit) on the scheme is included in the balance sheet.
[4] In the segmental reporting goodwill is amortised over a period not exceeding 20 years - under IFRS 3 goodwill is reviewed annually for impairment but not amortised.
[5] The charge to taxation relates to the consolidated Group. Included within the charge to taxation is £133,000 which relates to the UK & European operations and £460,000 which relates to the North American & Australian operations.
[6] Details of the exceptional items are shown in note 4 of this Results Announcement.

3. Segmental analysis (continued)

Revenue and results :	UK & Europe 2014 £'000	North America & Australia 2014 £'000	Consolidated 2014 £'000
Segmental revenue			
Total segmental revenue	13,664	17,645	31,309
Inter-segmental sales [1]	(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 [6]	(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 and equipment [2]			43
IAS 19 Employee benefits [3]			987
IFRS 3 Business combinations [4]			215
Consolidated profit before tax			**2,026**
Taxation [5]			(890)
Consolidated profit after tax			**1,136**

[1] Inter-segment sales are charged at the prevailing market rates.
[2] In the segmental reporting freehold buildings are depreciated over 40 years - under IAS 16 the residual value of buildings reflect the expected value at the end of their useful life resulting in an adjustment to depreciation.
[3] In the segmental reporting, pension contributions are expensed and the assets and liabilities of a defined benefit pension scheme are held separately from the Group - under IAS 19 the Income Statement and Statement of Comprehensive Income are adjusted to reflect the annual current service cost and actuarial gains and losses arising on a defined benefit pension scheme and the net surplus/(deficit) on the scheme is included in the balance sheet.
[4] In the segmental reporting goodwill is amortised over a period not exceeding 20 years - under IFRS 3 goodwill is reviewed annually for impairment but not amortised.
[5] The charge to taxation relates to the consolidated Group. Included within the charge to taxation is a credit of £330,000 which relates to the UK & European operations and £804,000 which relates to the North American & Australian operations.
[6] Details of the exceptional items are shown in note 4 of this Results Announcement. The UK & European segmental exceptional costs include an additional £500,000 which is removed from the Consolidated Income Statement through the IAS 19 adjustments referred to in sub note 3 above.

4. Exceptional items

	31 May 2015 £000	31 May 2014 £'000
Exceptional costs included in cost of sales :		
• UK restructuring costs	-	1,519
Exceptional costs included in administrative expenses :		
• UK restructuring costs	-	344
• Acquisition expenses	105	327
• Impairment of intangible assets	9,667	-
	9,772	**2,190**

The acquisition expenses relate to the successful acquisition of Teon Media Limited in February 2015.

4. Exceptional items (continued)

In line with the provisions of IAS 36 'Impairment of Assets', the Group reviews annually the carrying value of its goodwill and other intangible assets with indefinite or indeterminate lives. Following a review of the 2014/15 year-end balances an impairment of intangible assets relating to acquired goodwill, acquired trademarks & domain names and acquired copyright has been recognised in its North American cash generating unit. The impairment follows difficult trading conditions in the North American market during the first half of 2014/15, which are expected to remain challenging in the short-term.

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

5. Finance income

	31 May 2015 £'000	31 May 2014 £'000
Interest receivable on bank deposits	**11**	**7**

6. Finance costs

	31 May 2015 £'000	31 May 2014 £'000
Interest payable on bank loans and overdrafts	**80**	**76**

7. Taxation

	31 May 2015 £'000	31 May 2014 £'000
Analysis of charge during the period :		
Current tax		
- UK corporation tax on profits for the period	-	-
- Foreign tax	396	1,202
- Adjustments in respect of prior periods	71	(1)
	467	**1,201**
Deferred tax		
- Origination and reversal of temporary differences	323	(311)
Total taxation in the Consolidated Income Statement	**790**	**890**

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

In April 2015 the rate of UK corporation tax was reduced from 21% to 20% giving an effective tax rate of 20.8% for the financial year ended 31 May 2015. The relevant deferred tax balances have been measured accordingly.

8. Earnings per share

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

	Before exceptional items 2015 £'000	After exceptional items 2015 £'000	Before exceptional items 2014 £'000	After exceptional items 2014 £'000
Earnings :				
Profit/(loss) after tax attributable to equity holders of the Company– continuing operations	1,621	(8,050)	2,819	1,118
	No.	No.	No.	No.
Number of shares :				
Weighted average number of shares [a]	15,111,540	15,111,540	15,111,540	15,111,540
Basic earnings/(loss) per share (pence)	10.7	(53.3)	18.7	7.4

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

As at 31 May 2015 and 31 May 2014 there were no potentially dilutive shares in issue on either of the Company's two classes of shares. Accordingly, there is no difference between the weighted average number of shares used in the basic and diluted earnings per share calculations.

9. Dividends

	31 May 2015 £'000	31 May 2014 £'000
Amounts recognised as distributions to equity holders :		
Final dividend for the year ended 31 May 2014 of 4.0p per share (2013: 4.0p per share)	604	604
Interim dividend for the year ended 31 May 2015 of 3.5p per share (2014: 3.5p per share)	529	529
	1,133	**1,133**
Proposed final dividend for the year ended 31 May 2015 of 4.0p per share (2014: 4.0p per share)	604	604

As at 31 May 2015, the Company holds 1,240,000 Ordinary shares in treasury which represents 16.9% of the Ordinary share capital and 7.6% of the Company's total share capital. The Company is not able to vote on the treasury shares and the treasury shares carry no right to receive any dividend or other distribution of assets other than in relation to an issue of bonus shares.

The proposed final dividend is subject to approval by shareholders at the Annual General Meeting to be held on 28 October 2015 and has not been included as a liability in these financial statements.

Subject to final approval by shareholders the final dividend will be paid on 5 November 2015 to shareholders on the register at the close of business on 16 October 2015.

10. Analysis of the changes in net funds

	As at 1 June 2014 £'000	Cash flow £'000	Exchange movements £'000	As at 31 May 2015 £'000
Cash at bank and in hand	2,348	550	70	2,968
Bank overdrafts	(1,234)	(187)	-	(1,421)
	1,114	**363**	**70**	**1,547**

11. Acquisition

On 16 February 2015, Haynes Publishing Group P.L.C., acquired 100% of the share capital of Teon Media Limited ("Teon"), a UK based private limited business for a cash consideration of £0.45 million. Teon, have developed a website which offers free "how to" content for general car maintenance. The product can be accessed by phone, tablet, laptop or desktop and is highly graphic with limited text and offers over 700 make/model combinations. The platform will enable Haynes to accelerate development of its digital delivery plans by adding its own content to a well-established delivery system to supply free and paid for content in the form of video and simplified text procedures. The consideration of £450,000 is being paid in staged payments from cash resources over a period of 24 months.

The table below shows the fair values of the assets and liabilities arising on the acquisition.

	Carrying value £'000	Recognised on acquisition £'000
Assets/(liabilities) acquired		
Intangible assets	279	279
Other receivables	1	1
Other payables	(1)	(1)
Fair value of net assets	279	279
Goodwill arising on acquisition [1]		171
Total consideration		**450**
Cash consideration		450
Total consideration		**450**

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

Total consideration	450
Less: Deferred consideration	(250)
	200
Costs of acquisition (included in cash flows from operating activities) [2]	105
Net cash outflow	**305**

[1] The goodwill arising on acquisition of £171,000 (which is deductible for tax) represents the value to the Haynes Group of acquiring a partially developed mobile centric platform, which with further development and additional content will form the foundation of a wider Haynes consumer digital offering and help accelerate the Haynes Group's digital strategy.

[2] The costs of acquisition of £105,000 were expensed as incurred in the period and were included as an exceptional item within administrative expenses (note 4).

As prior to its acquisition by Haynes Publishing Group P.L.C., Teon was only offering free-to-view content, it has no revenue to disclose in line with of IFRS 3 'Business Combinations'. On 16 February 2015, the trade and assets of Teon Media Limited were transferred to a fellow UK subsidiary of Haynes Publishing Group P.L.C. and amalgamated with the assets and liabilities of that Company. Accordingly, in line with the disclosure requirements of IFRS 3, it is not possible to quantify the amount of profit or loss attributable to the acquired business during the period or since the beginning of the financial year.

12. Retirement benefit obligation

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

As at 31 May 2015 the financial position of the two defined benefit schemes have been updated by qualified independent actuaries in line with the requirements of IAS 19 and the combined movements on the two schemes are shown below :

	31 May 2015 £'000	31 May 2014 £'000
Consolidated retirement benefit obligation at beginning of period	(11,245)	(12,079)
Movement in the period :		
- Total expenses charged in the income statement	(1,114)	(1,043)
- Contributions paid	1,574	2,260
- Actuarial loss taken directly to reserves	(3,532)	(436)
- Foreign currency exchange rate movements	(31)	53
Consolidated retirement benefit obligation at end of period	**(14,348)**	**(11,245)**

13. Other information

The Directors Report and audited Report & Accounts for the financial year ended 31 May 2015 will be posted to shareholders on 29 September 2015 and delivered to the Registrar of Companies following the Annual General Meeting which will be held on 28 October 2015. Copies of the Directors' report and audited Report & Accounts will be available from the Group Company Secretary, Haynes Publishing Group P.L.C., Sparkford, Near Yeovil, Somerset BA22 7JJ (telephone 01963 440635) after 29 September.

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