HAYNES PUBLISHING GROUP P.L.C.

PRELIMINARY UNAUDITED RESULTS FOR THE YEAR ENDED
31 May 2012

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

Through its subsidiary Vivid Holding BV, the Haynes Group is a leading European supplier of digital technical information to the motor trade, thereby broadening the Group's business to include professional as well as DIY mechanics and enthusiasts.

The Haynes Group also publishes many other DIY titles as well as an extensive array of books about motor sport, vehicles and general transport.

Financial Highlights

- Group revenue down 9% at £29.8 million (2011: £32.7 million)
- Group operating profit of £5.1 million (2011: £7.7 million)
- Group profit before tax of £4.7 million (2011: £7.2 million)
- Basic earnings per share of 20.0 pence (2011: 30.5 pence as restated [1]) calculated on a weighted average number of shares of 16.1 million (2011: 16.4 million) following the buy back of 1.2 million shares to place in Treasury.
- After share buy backs of £2.4 million, net funds of £4.8 million (2011: £5.4 million) reflecting another year of strong cash generation.
- Final dividend of 9.5 pence per share, giving a total dividend of 15.7 pence per share (2011: 15.7 pence).

[1] Earnings per share has increased from 29.0 pence to 30.5 pence, see Note 1 Restatement of prior years

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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.

Business Description

The Haynes Group comprises two geographical business segments as follows :

- 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 European operations is the publication and supply of automotive repair and technical information to the professional automotive markets in twenty three different languages as well as to the DIY aftermarkets in both a printed and digital format. The European business also publishes a wide range of titles which are practical, instructional, easy to read and aimed at those with an interest in more general DIY related activities as well as motoring, motor sport, transport, aviation and military.

The North American & Australian business has headquarters near Los Angeles, California and 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 and in both the English and Spanish languages. 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. Through its print facility in Nashville, Tennessee, the North American business is the central print facility for the Group’s printed products.

Chairman's Statement

It was around this time five years ago that the Haynes Group first experienced the effects of the economic downturn. At that time, few of us envisaged that five years later we would still be facing the financial instability in Europe and the global economic headwinds that we are experiencing at the present time. During this timeframe, the Haynes Group has weathered the storm pretty well, maintaining pre-tax profits and growing our cash reserves. However, in the early part of 2011/12 we encountered some very weak trading in North America, globally our single largest market, which adversely impacted our results at the half year. Although we experienced a slight pick-up in trading in this territory in the second half of the year, our domestic UK markets encountered a similar softening of conditions during the second six months and a combination of these two factors has led to an overall reduction in revenue and profits against the prior year.

Despite the recent softer trading, the mood in the Group remains unwaveringly optimistic. Early into the economic downturn, the Board took decisive action to ensure that the Group's financial position and operational structure was appropriate given the expectation of challenging times ahead. In this respect, I believe we have achieved our aims. Around the same time, we identified the need for the Group to develop new multi-media platforms to give our end consumers a choice over how they receive the delivery of our content. I am pleased to report that this process is well underway and in the US, shortly before the half year, we launched our first iconic Haynes manuals in an electronic format. This was followed in June of this year by our first UK automotive titles and more recently, by the Group's top selling motorcycle titles. It is particularly pleasing to report that both the platform for the delivery of the new electronic manuals and the conversion routines from printed to electronic files have been developed entirely within the Haynes Group. The ability for the Haynes Group to develop our own digital platforms and disseminate our content in different forms is a major component of our forward strategy and the launch of the electronic manuals is testament to the efforts of both our IT development and automotive editorial teams over the last eighteen months.

Results summary

Following the softer trading of our printed manuals in our two main trading markets, Group revenue ended the year 9% down on the prior year at £29.8 million (2011: £32.7 million). The reduction in revenue, coupled with a higher development cost amortisation expense of £0.4 million against the prior period, left Group pre-tax profits lower by 35% at £4.7 million (2011: £7.2 million).

The Group's effective tax rate was 31.6% (2011: 30.3% as restated [1]) leaving basic earnings per share at 20.0 pence (2011: 30.5 pence as restated [1]).

[1] See Note 1 Restatement of prior years

Dividend and shares

During the year, following the decision by a significant overseas fund (and long time Haynes shareholder) to reduce its exposure in the UK market, an opportunity arose for the Company to acquire 1.24 million of its ordinary shares and to place the shares in treasury. The directors have for some time been keen to improve the liquidity in the Company's shares in the longer term and therefore, took the opportunity to purchase the available shares. In doing so the Company has the option to widen its shareholder base in the future without having to incur the underwriting costs and share discounting associated with a rights issue or placing. Due to the timing of the purchase, the Company was able to save the interim dividend that would have been due on the 1.24 million shares and with the historically low interest rates this provided the Company with a higher return than it could have achieved on the money held in the bank and is therefore, earnings enhancing to the benefit of all our shareholders.

While in the near term the case remains that we sail through turbulent seas, the Board remains confident in the longer term prospects of the Group. The Board is encouraged by the Group's in-house ability to develop and distribute new digital products from our own platforms as well as our strong cash position and cash generation which will be an important factor in the further development and expansion of these digital platforms. As a result the Board is recommending a final dividend of 9.5 pence per share (2011: 9.5 pence) which, together with the interim dividend paid in April, the total dividend for the year is 15.7 pence per share (2011: 15.7 pence). Subject to the approval by shareholders, the final dividend will be paid on 31 October 2012 to shareholders on the register at the close of business on 12 October 2012. The shares will be declared ex-dividend on 10 October 2012.

Board, people and corporate governance

Successful businesses are built through hard work, strong leadership and integrity. These are attributes we recognise throughout our organisation and are important factors when employing new staff and developing new relationships with partners. In common with other UK listed businesses, we are governed by the UK Corporate Governance Code 2010 (the Code) and included within our Annual Report 2012 will be details of how the Board manages its corporate governance under the Code. We are a small but diverse Board with a wide mix of experience and with just under half of the Board resident outside the UK, we possess a strong understanding of the global markets in which our businesses operate.

Whilst we acknowledge that the present Board composition does not fully comply with all aspects of the Code, we are satisfied that, at this point in time, we have the correct mix of skills and experience around the Boardroom table to steer the Group through these challenging times and to implement our plans for revenue and earnings growth.

Although based in the UK, over the past twelve months I have spent a lot of time in California, working from our offices in Los Angeles which has allowed me to spend time with some of our US employees. I was also able to join the executive team earlier this year on their visit to Romania and meet the employees in our Bucharest office. Having the chance to meet our employees in different parts of the Group has been a very rewarding experience and reinforces my belief that we are very fortunate to have such a dedicated and loyal employee base and on behalf of my fellow directors I would like to thank our employees, in all of our locations, for their significant contribution to the success of the Group over the last year.

Future prospects

As a Board, we recognise that we face some steep challenges in all of our markets. The financial uncertainty in the Eurozone continues to undermine business and consumer confidence on a worldwide basis. Sterling’s recent weakening against the US Dollar and strengthening against the Euro has had both a positive and negative impact on the Group and continued volatility in the foreign exchange markets will undoubtedly present further challenges to a multinational business such as Haynes. We are also impacted by the pace of technological advancement in hand-held communication devices which offers both opportunities and challenges to data and content providers. However, we face these challenges with enthusiasm given that the Group has a strong brand presence, ownership of its core manual content and also the technical expertise to deliver that content in a digital format online. We have a solid corporate structure from which we can grow, we have a clear vision of where we are heading and we have a Board with the experience and resolve to make it happen.

J HC Haynes
Group Chairman
22 August 2012

Group Chief Executive's Review

Business overview

This has been a mixed twelve months for the Haynes Group. Early into our financial year, we experienced an unexpected drop off in orders from our larger retail customers in our North American markets, which left sales in the month of July 2011, 44% down against the prior year. In the current economic climate this was a significant setback and whilst the US business has been able to recover some of this shortfall, without doubt the poor trading in the first six months has adversely impacted our results for the full year. In the UK and Europe, sales of Haynes manuals which held up well during the first half of the year, encountered similar softer trading with key retailers in the third and fourth quarters, ending the six month period 16% behind last year however, this was partially offset by growth in our book trade publishing and professional divisions. Despite this, we should not lose sight of how, over the last five years, the Haynes Group has shown a strong resilience to the global recessionary pressures and even with the lower revenue and profits this year, we remain a profitable, cash generative group with a strong balance sheet and no gearing.

Notwithstanding the softer trading, there have been a number of positives we can take from the last twelve months. The development of our multi-media digital platforms has moved forward at a pace. Shortly before the half year, we launched the Group's first electronic on-line manuals into the US market and this was followed in June 2012 by the first UK manuals and more recently by our top selling motorcycle titles. The new multi-media platforms, which have been developed entirely in-house, now allow us to offer our iconic Haynes manuals in both a printed and electronic format and also to target new geographical markets where previously it would not have been commercially viable to enter the market with a printed product. We are also now able to disseminate our core data in different ways, creating opportunities to increase the reach of our products in our existing markets. The development of the new digital platform for our manuals and the conversion from printed to electronic files has been a great collaborative effort between the digital and website expertise of our Dutch and Romanian colleagues and the extensive automotive publishing skills of our US and UK editorial technicians. With this in mind, in April of this year, I took the executive management team to Romania so that they could meet firsthand the young, enthusiastic and dynamic team in Bucharest that is helping the Haynes Group drive forward our digital expansion.

However, it is not only on the digital side of our business where we have gained ground during the year. In Australia, through the implementation of new marketing initiatives and good old fashioned 'hitting the road' to meet and talk with our customers at store level, we have been able to improve the performance of our sales in the Australian market and help make this part of our operation an important revenue and profit contributor of the North American and Australian business. We can also take positives from our trading in Europe, where revenue from the supply of technical data to the professional market performed well in what continues to be very challenging markets for the automotive aftermarket, ending the twelve month period, in local currency, 8% ahead of last year. Whilst closer to home, revenue from our non-automotive titles had another encouraging year on the back of a strong publishing programme, finishing the year ahead by 6%.

Operating results overview

Following the lower sales of automotive manuals on both sides of the Atlantic, Group revenue ended the year at £29.8 million (2011: £32.7 million), down 9%. The lower mix of higher margin automotive revenue coupled with a higher development cost amortisation charge of £0.4 million is reflected in a lower gross margin during the year of 59.9% (2011: 63.5%). In recent months we have experienced upward pressure on our raw material prices, most notably paper, which have been absorbed into our cost of goods, as in the current economic climate, we have taken the decision not to pass these increases on to our customers. However, if this trend continues into the new financial year we will have little option but to revisit this position.

Some five years ago, as soon as we identified we were entering a period of economic decline, we introduced a plan of cash conservation and cost control measures to help keep the Haynes Group on a sound financial footing without causing undue stress or instability to our underlying businesses. An important part of this programme was, and continues to be, maintaining a tight control over the Group's operating costs and I am able to report continued success in this area with operating costs ending the period 4% down on the prior year. This is the third year-on-year reduction in operating overheads which are currently £1.7 million or 11% lower than they were in 2008/09.

Net finance costs which almost entirely relate to the movement on the Group's pension scheme assets and liabilities ended the year 20% lower at £0.4 million (2011: £0.5 million) leaving pre-tax profits of £4.7 million (2011: £7.2 million).

Segmental overview

North America and Australia

During the first half of calendar year 2011 there is strong evidence that business and consumer confidence in the US was negatively affected by the uncertainty surrounding the 'debt ceiling' discussions in Washington D.C. Following the resolution of these discussions at the end of July 2011, confidence appeared to return and for a short while consumer spending increased. Towards the end of 2011 however, the higher consumer spending was largely being absorbed by increased prices and in early 2012 was being more than offset by US corporations reducing investment in their inventory programmes. Our trading in the US market over the last twelve months closely reflects this economic cycle. Sales in the first quarter of our financial year were very weak, with the magnitude of the lower ordering from key retailers and the speed of the deceleration coming quite unexpectedly, leading to a reduction in local currency sales in the first half of the year of 16% against the prior period. Although trading during the second half of the year improved slightly, ending the period 17% higher than the first six months, revenue in this period was nevertheless still 12% down against the same period last year. The widely reported reduction in inventory investment by larger US corporations has undoubtedly had an impact on our sales this year, with over 90% of our volume shortfall coming from a small number of our larger retailer customers.

As we entered the 2011/12 financial year, sales in Australia had been holding up well on the back of an economy which appeared to be less affected by events on the other side of the globe and boosted by the growth in Asia. Nevertheless, there are clear signs that the impact of the wider global recession and the financial instability in Europe are now starting to reach Australia. The states of New South Wales, Victoria and Queensland which between them represent over 80% of Australia's GDP have all experienced weaker retail sales in recent months and this is clearly a concern for the management of our Australian operation. In a similar manner to the US, trading in this territory over the course of the year has reflected the economic cycle, with sales during the first half of the year ahead by 5% but slower sales in the second six months leaving overall revenue in this territory 1% ahead of last year. During the year, we were awarded '*Trade partner of the year'* by one of our key Australian retailers in our mid-size company category, reflecting the efforts of our sales team to identify and implement new sales and marketing initiatives and where, in this instance, the installation and merchandising of new racking has resulted in the customer increasing 'through the register sales' of our manuals by approximately 25%.

Since the launch of our new electronic manuals in November 2011, we have experienced a small but steady sales take up, which has been very encouraging as we build the number of electronic titles we have on offer before we engage our marketing departments to actively promote the site. Whilst at this stage, the revenue from this new sales channel is not material in a Group context, it is nevertheless encouraging that in the six months since the launch, the income generated has already recovered the cost of developing the new digital platform.

Overall revenue from the North American and Australian business ended the year in local currency 15% down on the prior year at $24.6 million (2011: $29.0 million) which after translation to Sterling was down 15% at £15.5 million (2011: £18.3 million). As a result of the lower revenue, segmental operating profit in local currency ended the year at $4.2 million (2011: $7.0 million) which after translation to Sterling was £2.6 million (2011: £4.4 million).

United Kingdom and Europe

In the UK and Europe, trading has been mixed. Sales of automotive manuals ended the first six months 3% down on last year but after Christmas, as the UK entered into a second phase of recession and business and consumer confidence appeared to fall away sharply, sales in the second half of the year were down 16% and for the year as a whole, down 9%. Sales of our non-automotive titles had a strong start to the year, ending the first six months up 10%, reflecting both the strength of the publishing programme and the increased output of titles. During the second half of the year, this part of the business also experienced a softening in demand but still ended the year 6% ahead of last year. During the course of the year, we had success with two titles in particular. Firstly, the '*Millennium Falcon Manual*', where we give the Haynes treatment to the iconic spaceship from the original Star Wars trilogy, a title published in conjunction with Lucas Film and secondly, '*Red Bull Racing F1 Car*', which provides an unprecedented insight into the design, technology and engineering of the Championship winning Red Bull RB6 racing car as well as the inner workings of Red Bull Racing. The diversity of these two titles is a good example of how we are successfully applying the Haynes approach to new and quite varied subject areas.

In Europe, revenue from the sale of technical data to the professional market through the Vivid Group performed strongly in what have been very difficult market conditions. The turmoil in the Eurozone markets and indeed in wider Europe shows little signs of respite and it is far from clear whether we are still heading into a deeper financial crisis or are very slowly moving out of one. Yet despite this economic backdrop, Vivid has continued its strong performance from the first half of the year with revenue in local currency, ending the full twelve month period, 8% ahead of last year. This strong performance has been built on the back of new customer gains in Northern Europe which have more than offset the softer trading in parts of Southern Europe and most notably in Eastern Europe, where trading has been noticeably weaker than in previous years.

Overall UK and European revenue ended the twelve month period in line with last year at £14.4 million (2011: £14.4 million). Following the lower sales of higher margin UK automotive manuals and the higher Vivid development cost amortisation which increased segmental costs by £0.4 million over last year, UK and European segmental operating profits ended the period 25% lower at £1.8 million (2011: £2.4 million).

Taxation

The Group's reportable charge to taxation on continuing operations was £1.5 million (2011: £2.2 million as restated [1]) with an effective rate of 31.6% (2011: 30.3% as restated [1]). The total charge for the year and the resultant effective rate reflects that the Haynes Group has trading subsidiaries in a number of different countries around the World, each with their own national rates of corporate tax which are applied to the profits generated locally in these tax territories.

[1] See Note 1 Restatement of prior years

Working capital and cash flows

When we first entered into this recessionary cycle, some five years ago, we targeted working capital and treasury management as key areas for management's focus and these two areas remain high on our agenda. Trading terms with our major customers and suppliers are an important component of our working capital strategy but are to a large degree dependent upon prevailing market practice and the desire to build sustainable relationships. Therefore, inventory management and capital expenditure are the principal levers we have to control our working capital. During the year we have reduced inventory volumes by a further 8% and our current inventory volumes are 23% lower than in 2007, reflecting management's aim at the start of the economic downturn, of controlling working capital in a measured manner. The movement during the year is somewhat masked by the affect of the stronger US Dollar which closed our financial year against Sterling at $1.54 (May 2011: $1.65) increasing the value of our total inventory by £0.4 million against the prior year. The tighter inventory control and shorter print runs have come at the expense of a higher cost of goods but this has been an acceptable and inevitable consequence given the fragile financial markets in which we are operating. Our capital expenditure programmes are equally tightly controlled, but we are cognisant of the need to continue our investment in the important areas of the business. During the year we invested £0.2 million to replace our 22 year old case maker on the US production line in Nashville, Tennessee and shortly after the year-end purchased new freehold offices in Bucharest which will allow us to accommodate our growing team in Romania.

Group cash inflow generated from continuing operations before tax during the period was £8.7 million (2011: £8.4 million) which represented 170% of Group operating profit (2011: 109%). As mentioned in previous reports, in 2009 the Group changed the way it accounted for Vivid's product development to capitalise both internal and external development costs and to write down such costs on a straight line basis over five years, thus bringing the treatment in line with International Accounting Standards and Haynes Group policy. The impact of this change has been to increase the year-on-year intangible amortisation charge by approximately £0.4 million until 2013. Accordingly, whilst the increasing annual charge does impact on the Group's reportable profit each year it does not impact on the Group's cash flows. Group cash ended the year at £4.8 million (2011: £5.4 million). It is pertinent to note that the Group's cash balances have been reduced by £2.4 million following the purchase of 1.2 million of our ordinary shares for placing in Treasury and absent the share buy backs, Group cash would have ended the year at £7.2 million, an increase of 33% over the prior period.

Pensions

During the year and following a full consultation process with the employees, the UK defined benefit pension scheme was restructured, reducing certain member benefits and increasing the members' contribution by 3%. From the perspective of the employer these are not easy decisions to reach, but with the average UK population now living longer and asset returns adversely impacted by the global economic downturn, the action was necessary to try and secure the future of the scheme for the benefit of the members. I would like to thank the members of the UK scheme for their understanding and pragmatism over the need for the action and their willingness to work with the Company to try and retain their pension scheme by placing the scheme on a more affordable basis going forward.

As at 31 May 2012 the aggregate deficit on the two defined benefit schemes as reported in accordance with IAS 19 was £10.0 million (2011: £10.4 million) with the schemes total assets increasing by £1.9 million to £25.2 million (2011: £23.3 million) and total liabilities increasing by £1.5 million to £35.2 million (2011: £33.7 million).

Group outlook

The global markets in which we operate are clearly troubled at the present time. In June 2012, the US Federal Reserve announced an extension of "Operation Twist" and, at the same time, lowered its forecast for GDP and raised their expectation of the unemployment rate until 2014. In the UK, there are few signs that the economy will grow by any meaningful extent over the coming twelve months. Whilst in Europe, the financial instability of the Eurozone countries continues to unsettle the financial markets and by association, business and consumer confidence. As a group with a significant exposure to these economies, we are inevitably concerned over the economic landscape for the coming year. Yet despite this gloomy outlook and the fact that conditions in the retail automotive aftermarket remain very challenging, we are optimistic over the future prospects for the Haynes Group.

In the UK, the electronic manuals online website went live in early June. This will be followed by Australia later in the year and group-wide we will continue to add to the range of electronic titles over the course of the coming year. The development of an electronic platform for our non-automotive manuals and book trade titles, which will incorporate encryption and digital rights management, is well under way and we anticipate the first e-book titles will be available by the mid-part of our financial year.

In September 2012, the Haynes Group will be attending the bi-annual Automechanika trade show aimed at the professional automotive aftermarket and held in Frankfurt, Germany. This is an excellent forum to meet with new and existing customers and to provide the Group with the chance to show case our leading workshop data software in front of the major buying groups in Europe.

Our research into new geographical markets continues. Towards the end of our financial year we held discussions with organisations in both China and Brazil regarding a variety of potential new initiatives and these discussions remain ongoing. We will also continue to explore acquisition opportunities where such opportunities fit into our forward strategy and will provide the Haynes Group with revenue and earnings growth potential.

We do not underestimate the challenges which lie ahead over the next twelve months. Nevertheless, we start the new financial year with a strong financial base and a number of new initiatives in the pipeline. Our multi-media platforms provide the Group with an excellent opportunity to extend the reach of our core products to new markets as well as offering new products in our existing markets and although we expect trading conditions to remain difficult for the foreseeable future, the above factors coupled with the exciting opportunities which will derive from our significant in-house IT capabilities allows us to remain confident over the future prospects for the Haynes Group.

Eric Oakley
Group Chief Executive
22 August 2012

Consolidated Income Statement

	Note	Year Ended 31 May 2012 Unaudited £'000	Restated [1] Year Ended 31 May 2011 Audited £'000
Continuing operations			
Revenue	3	29,814	32,743
Cost of sales		(11,964)	(11,937)
Gross profit		17,850	20,806
Other operating income		72	214
Distribution costs		(7,073)	(7,007)
Administrative expenses		(5,756)	(6,326)
Operating profit		5,093	7,687
Finance income	4	1,405	1,283
Finance costs	5	(1,786)	(1,793)
Profit before taxation		**4,712**	**7,177**
Taxation	6	(1,487)	(2,175)
Profit for the period from continuing operations		**3,225**	**5,002**
Attributable to :			
Equity holders of the Company		3,211	4,995
Non-controlling interests		14	7
		3,225	**5,002**
Earnings per 20p share from continuing operations	7	Pence	Pence
- Basic		20.0	30.5
- Diluted		20.0	30.5

[1] See Note 1 Restatement of prior years

Consolidated Statement of Comprehensive Income

	Year Ended 31 May 2012 Unaudited £'000	Restated [1] Year Ended 31 May 2011 Audited £'000
Profit for the period	**3,225**	**5,002**
Other comprehensive income :		
Exchange differences on translation of foreign operations	725	(2,325)
Actuarial gains/(losses) on retirement benefit obligation		
- UK Scheme	(888)	3,032
- US Scheme	934	210
Deferred tax on retirement benefit obligation		
- UK Scheme	213	(788)
- US Scheme	(373)	(84)
Deferred tax arising on change in UK corporation tax rate	(181)	(234)
Other comprehensive income recognised directly in equity	**430**	**(189)**
Total comprehensive income for the financial period	**3,655**	**4,813**
Attributable to :		
Equity holders of the Company	3,641	4,806
Non-controlling interests	14	7
	3,655	**4,813**

[1] See Note 1 Restatement of prior years

Consolidated Balance Sheet

	Note	Year Ended 31 May 2012 Unaudited £'000	Restated [1] Year Ended 31 May 2011 Audited £'000
Non-current assets			
Property, plant and equipment		9,877	9,850
Intangible assets		17,250	17,022
Deferred tax assets		4,316	4,685
Total non-current assets		**31,443**	**31,557**
Current assets			
Inventories		13,376	13,255
Trade and other receivables		8,759	10,319
Cash and cash equivalents		4,775	5,383
Total current assets		**26,910**	**28,957**
Total assets		**58,353**	**60,514**
Current liabilities			
Trade and other payables		(4,278)	(4,465)
Current tax liabilities		(327)	(704)
Total current liabilities		**(4,605)**	**(5,169)**
Non-current liabilities			
Deferred tax liabilities		(3,988)	(3,849)
Retirement benefit obligation	10	(9,980)	(10,434)
Total non-current liabilities		**(13,968)**	**(14,283)**
Total liabilities		**(18,573)**	**(19,452)**
Net assets		**39,780**	**41,062**
Equity			
Share capital		3,270	3,270
Share premium		638	638
Treasury shares		(2,447)	-
Retained earnings		33,794	33,368
Foreign currency translation reserve		4,496	3,771
Capital and reserves attributable to equity shareholders		**39,751**	**41,047**
Equity attributable to non-controlling interests		29	15
Total equity		**39,780**	**41,062**

[1] See Note 1 Restatement of prior years

Consolidated Statement of Changes in Equity (unaudited)

	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 2010	3,270	638	-	6,096	28,448	38,452	8	38,460
Prior year adjustment	-	-	-	-	324	324	-	324
Balance at 1 June 2010 restated [1]	3,270	638	-	6,096	28,772	38,776	8	38,784
Profit for the period	-	-	-	-	4,995	4,995	7	5,002
Other comprehensive income :								
Currency translation adjustments	-	-	-	(2,325)	-	(2,325)	-	(2,325)
Actuarial gains on defined benefit plans (net of tax)	-	-	-	-	2,136	2,136	-	2,136
Total other comprehensive income restated [1]	**-**	**-**	**-**	**(2,325)**	**2,136**	**(189)**	**-**	**(189)**
Total comprehensive income restated [1]	**-**	**-**	**-**	**(2,325)**	**7,131**	**4,806**	**7**	**4,813**
Dividends (note 8)	-	-	-	-	(2,535)	(2,535)	-	(2,535)
Balance at 1 June 2011 restated [1]	**3,270**	**638**	**-**	**3,771**	**33,368**	**41,047**	**15**	**41,062**
Profit for the period	-	-	-	-	3,211	3,211	14	3,225
Other comprehensive income :								
Currency translation adjustments	-	-	-	725	-	725	-	725
Actuarial losses on defined benefit plans (net of tax)	-	-	-	-	(295)	(295)	-	(295)
Total other comprehensive income	**-**	**-**	**-**	**725**	**(295)**	**430**	**-**	**430**
Total comprehensive income	**-**	**-**	**-**	**725**	**2,916**	**3,641**	**14**	**3,655**
Dividends (note 8)	-	-	-	-	(2,490)	(2,490)	-	(2,490)
Purchase of shares for treasury	-	-	(2,447)	-	-	(2,447)	-	(2,447)
Balance at 31 May 2012	**3,270**	**638**	**(2,447)**	**4,496**	**33,794**	**39,751**	**29**	**39,780**

[1] See Note 1 Restatement of prior years

Consolidated Cash Flow Statement

	Year Ended 31 May 2012 Unaudited £'000	Restated [1] Year Ended 31 May 2011 Audited £'000
Cash flows from operating activities - continuing		
Profit after tax	3,225	5,002
Adjusted for :		
Income tax expense	1,487	2,175
Interest payable and similar charges	1	1
Interest receivable	(23)	(16)
Interest charges on pension liabilities less expected returns on pension assets	403	525
Operating profit	5,093	7,687
Depreciation on property, plant and equipment	962	976
Amortisation of intangible assets	1,599	1,215
IAS 19 pensions current service cost net of contributions paid	(867)	(621)
Gain on disposal of property, plant and equipment	(26)	(5)
	6,761	9,252
Changes in working capital :		
Decrease/(increase) in inventories	310	(839)
Decrease/(increase) in receivables	1,814	(351)
(Decrease)/increase in payables	(208)	315
Net cash generated from operations	**8,677**	**8,377**
Tax paid	(1,545)	(1,447)
Net cash generated by operating activities	**7,132**	**6,930**
Investing activities		
Proceeds on disposal of property, plant and equipment	29	31
Purchases of property, plant and equipment	(731)	(578)
Expenditure on development costs	(2,198)	(2,134)
Interest received	23	16
Net cash used in investing activities	**(2,877)**	**(2,665)**
Financing activities		
Dividends paid	(2,490)	(2,535)
Purchase of treasury shares	(2,447)	-
Interest paid	(1)	(1)
Net cash used in financing activities	**(4,938)**	**(2,536)**
Net increase in cash and cash equivalents	**(683)**	**1,729**
Cash and cash equivalents at beginning of year	5,383	3,842
Effect of foreign exchange rate changes	75	(188)
Cash and cash equivalents at end of year (net funds)	**4,775**	**5,383**

[1] See Note 1 Restatement of prior years

Notes to the Preliminary 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 2012 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 (IFRS's) 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.

Basis of accounting

The accounting policies used to prepare this preliminary announcement are consistent with those applied in the 2011 consolidated financial statements, apart from :

1. The inclusion of the following new accounting policy in relation to treasury shares :

   'Shares in Haynes Publishing Group P.L.C. held by the Company are classified as part of shareholders equity as treasury shares and are recognised at cost. The consideration received for the sale of shares held in treasury is also recognised in equity, with any difference between the proceeds from the sale of the shares and their original cost being taken directly to revenue reserves. No gain or loss is recognised in the Consolidated Statement of Comprehensive Income on the purchase, sale or cancellation of the treasury shares'.

2. The adoption of the following new or amended standards effective during the year :

   IAS 24 (revised): 'Related Party Disclosures', IFRIC 14 (amendment): 'The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction', and IFRIC 19: 'Extinguishing Financial Liabilities with Equity Instruments'.

   In addition to the above, 'Improvements to International Reporting Standards 2010' was issued in May 2010 and became effective for the Haynes Group for the first time during our current financial year. This was a collection of amendments to six standards and one interpretation including; IFRS 1 'First-time adoption of International Financial Reporting Standards', IFRS 3 'Business Combinations', IFRS 7 'Financial Instruments', IAS 1 'Presentation of Financial Statements, IAS 27 'Consolidated and Separate Financial Statements', IAS 34 ' Interim Financial Reporting' and IFRIC 13 'Customer Loyalty Programmes'. The above amendments were either not relevant or did not have a material impact on the Group during our financial year ended 31 May 2012.

   The above accounting policies have been applied consistently in respect of the Group entities.

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	
	2012	2011	2012	2011
US dollar	1.54	1.65	1.59	1.59
Euro	1.24	1.15	1.18	1.17
Swedish krona	11.19	10.18	10.59	10.65
Australian dollar	1.59	1.54	1.53	1.62

Restatement of prior years

In the US, the Group provides a supplemental executive retirement plan (SERP) to compensate certain executives for contributions that would have been made under the qualified defined benefit plan if not for limitations imposed by the Internal Revenue Code on the defined benefit scheme. Prior to 31 May 2012, no deferred tax asset was recognised on the contributions made into the scheme which are disallowed for corporation tax relief in the computations notwithstanding that, upon death, retirement or termination of the employment of the executives, the US subsidiary will be entitled to tax relief based on the cash surrender value of the policies provided to the executive. Accordingly, at each financial year end a deferred tax asset in relation to the tax recovery that will benefit the US subsidiary in future periods should have been recognised so an appropriate amount has now been recognised in the current year's figures and a retrospective adjustment has been applied to prior years.

1. Accounting policies (continued)

The impact of the restatement on the 31 May 2011 figures is shown below :

- To decrease the charge to taxation in the Income Statement by £253,000
- To increase exchange losses on the translation of foreign operations in the Consolidated Statement of Comprehensive Income by £47,000
- To increase the deferred tax asset by £530,000
- To increase the Group's net assets by £530,000
- To increase retained earnings by £577,000
- To decrease the foreign currency translation reserve by £47,000

The impact on the Group's Balance Sheet at 31 May 2010 has been to increase retained earnings by £324,000, increase the deferred tax asset by £324,000 and increase the Group's net assets by £324,000. As the adjustment to the 2010 Balance Sheet is not significant in a Group context a separate Balance Sheet for 2010 has not been included in these statements.

The impact on both the Group's basic and diluted earnings per share for the year ended 31 May 2011 is an increase from 29.0 pence to 30.5 pence.

Status of preliminary announcement

The financial information contained in this report does not constitute the Company's statutory accounts for the year ended 31 May 2012 or for the year ended 31 May 2011. Statutory accounts for the year ended 31 May 2011 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 2011 have been filed with the Registrar of Companies.

The 2012 figures are based on unaudited accounts for the year ended 31 May 2012. Statutory accounts for the year ended 31 May 2012 will be finalised based on the information presented in this announcement and the auditors will report on those accounts once they are finalised. The statutory accounts for the year ended 31 May 2012 will be delivered to the Registrar in due course.

The preliminary announcement has been approved by the Board of Directors and authorised for issue on 22 August 2012.

2. 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 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.

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 2012 £'000	North America & Australia 2012 £'000	Consolidated 2012 £'000
Segmental revenue			
Total segmental revenue	14,780	17,745	32,525
Inter-segmental sales [1]	(423)	(2,288)	(2,711)
Total external revenue	**14,357**	**15,457**	**29,814**
Segment result			
Segment operating profit before interest	1,759	2,606	4,365
Interest receivable	3	20	23
Interest payable	-	(1)	(1)
Segment profit after interest	**1,762**	**2,625**	**4,387**
Unallocated head office income less expenses			(246)
Segment operating profit before tax and adjustments			**4,141**
Reconciliation to consolidated profit before tax :			
IAS 16 Property, plant and equipment [2]			30
IAS 19 Employee benefits [3]			322
IFRS 3 Business combinations [4]			219
Consolidated profit before tax			**4,712**
Taxation [5]			(1,487)
Consolidated profit after tax			**3,225**

[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 £206,000 which relates to the UK & European operations and £1,024,000 which relates to the North American & Australian operations.

2. Segmental analysis (continued)

Revenue and results :	UK & Europe 2011 £'000	North America & Australia 2011 £'000	Consolidated 2011 £'000
Segmental revenue			
Total segmental revenue	14,783	20,804	35,587
Inter-segmental sales [1]	(357)	(2,487)	(2,844)
Total external revenue	**14,426**	**18,317**	**32,743**
Segment result			
Segment operating profit before interest	2,400	4,413	6,813
Interest receivable	2	14	16
Interest payable	(1)	-	(1)
Segment profit after interest	**2,401**	**4,427**	**6,828**
Unallocated head office income less expenses			(132)
Segment operating profit before tax and adjustments			**6,696**
Reconciliation to consolidated profit before tax :			
IAS 16 Property, plant and equipment [2]			19
IAS 19 Employee benefits [3]			84
IFRS 3 Business combinations [4]			378
			7,177
Taxation as restated * [5]			(2,175)
Consolidated profit after tax			**5,002**

[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 £390,000 which relates to the UK & European operations and £1,512,000 (as restated *) which relates to the North American & Australian operations.

* See Note 1 Restatement of prior years

3. Revenue

	Year Ended 31 May 2012 £'000	Year Ended 31 May 2011 £'000
Revenue by geographical destination on continuing operations :		
United Kingdom	7,415	7,585
Rest of Europe	5,918	5,738
United States of America	12,888	15,768
Australia	2,496	2,350
Rest of World	1,097	1,302
Total consolidated revenue	**29,814**	**32,743**

4. Finance income

	Year Ended 31 May 2012 £'000	Year Ended 31 May 2011 £'000
Interest receivable on bank deposits	23	16
Expected return on pension scheme assets	1,382	1,267
	1,405	**1,283**

5. Finance costs

	Year Ended 31 May 2012 £'000	Year Ended 31 May 2011 £'000
Interest payable on bank loans and overdrafts	1	1
Interest charge on pension scheme liabilities	1,785	1,792
	1,786	**1,793**

6. Taxation

	Year Ended 31 May 2012 £'000	Restated [1] Year Ended 31 May 2011 £'000
Analysis of charge during the period :		
Current tax		
- UK corporation tax on profits for the period	70	238
- Foreign tax	1,088	1,670
- Adjustments in respect of prior periods	(3)	(21)
	1,155	**1,887**
Deferred tax		
- Origination and reversal of temporary differences	332	288
Total taxation in the Consolidated Income Statement	**1,487**	**2,175**

In April 2012 the rate of UK corporation tax was reduced from 26% to 24% giving an effective tax rate of 25.7% for the financial year ended 31 May 2012. The relevant deferred tax balances have been re-measured accordingly.

[1] See Note 1 Restatement of prior years

7. Earnings per share

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

	Year Ended 31 May 2012 £'000	Restated * Year Ended 31 May 2011 £'000
Earnings :		
Profit after tax – continuing operations [1]	3,211	4,995
	No.	No.
Number of shares :		
Weighted average number of shares [2]	16,082,851	16,351,540
Basic earnings per share (pence)	20.0	30.5

[1] Figure has been adjusted for a profit of £14,000 (2011: £7,000) attributable to non-controlling interests.

[2] During the year the Company purchased 1,240,000 of its ordinary shares for placing in treasury.

* See Note 1 Restatement of prior years

As at 31 May 2012 and 31 May 2011 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 calculation.

8. Dividends

	Year Ended 31 May 2012 £'000	Year Ended 31 May 2011 £'000
Amounts recognised as distributions to equity holders :		
Final dividend for the year ended 31 May 2011 of 9.5p per share (2010: 9.3p per share)	1,553	1,521
Interim dividend for the year ended 31 May 2012 of 6.2p per share (2011: 6.2p per share)	937	1,014
	2,490	**2,535**
Proposed final dividend for the year ended 31 May 2012 of 9.5p per share (2011: 9.5p per share)	1,436	1,553

On 22 February 2012 the Company purchased 500,000 of its ordinary shares and on 26 March 2012 the Company purchased a further 740,000 of its ordinary shares to place in treasury. As the Company is not entitled to vote or receive a dividend on the shares held in treasury, the interim dividend for the year ended 31 May 2012, which was paid on 11 April 2012, was based on 15,111,540 shares and not the full shares in issue of 16,351,540.

The proposed final dividend is subject to approval by shareholders at the Annual General Meeting to be held on 24 October 2012 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 31 October 2012 to shareholders on the register at the close of business on 12 October 2012. The shares will be declared ex-dividend on 10 October 2012.

9. Analysis of the changes in net funds

	As at 1 June 2011 £'000	Cash flow £'000	Exchange movements £'000	As at 31 May 2012 £'000
Cash at bank and in hand	5,383	(683)	75	4,775

10. 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.

As at 31 May 2012 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 :

	Year Ended 31 May 2012 £'000	Year Ended 31 May 2011 £'000
Consolidated retirement benefit obligation at beginning of period	(10,434)	(14,017)
Movement in the period :		
- Total expenses charged in the income statement	(1,160)	(1,601)
- Contributions paid	1,501	1,697
- Actuarial gain taken directly to reserves	170	3,242
- Foreign currency exchange rates	(57)	245
Consolidated retirement benefit obligation at end of period	**(9,980)**	**(10,434)**

11. Other information

The Directors Report and audited Report & Accounts for the financial year ended 31 May 2012 will be posted to shareholders on 19 September 2012 and delivered to the Registrar of Companies following the Annual General Meeting which will be held on 24 October 2012. 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 19 September.

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