

# HAYNES PUBLISHING GROUP P.L.C.

## INTERIM RESULTS FOR THE 6 MONTHS ENDED 30 November 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 throughout 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 the professional trade. Content is delivered entirely digitally on a subscription basis to over 40,000 workstations in 23 languages 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.

### Financial Highlights

- Total revenue up 3% at £12.2 million (2014: £11.9 million)
- EBITDA of £3.4 million (2014: £3.3 million<sup>1</sup>)
- Operating profit of £0.6 million (2014: £0.3 million)
- Profit before tax of £0.3 million (2014: £0.1 million)
- Basic earnings per share of 1.2 pence (2014: 0.2 pence)
- Interim dividend declared of 3.5 pence per share (2014: 3.5 pence)
- Local currency North American & Australian revenue down 11% at \$9.4 million (2014: \$10.6 million)
- UK & European revenue up 13% at £6.1 million (2014: £5.4 million)
- Net debt of £0.5 million (2014: £1.0 million) giving net gearing of 2% (2014: 3%). 1.2 million ordinary shares still held in treasury
- Revenue from the Group’s digital product ranges up 26% at £3.4 million (2014: £2.7 million) representing 28% of Group revenue (2014: 23%)

### Business Highlights

- In September 2015 the Board announced an operational and cost review of the Group would be undertaken by the Group’s senior independent non-executive director Eddie Bell. The final review findings and recommendations are expected in early 2016.
- The first of two new HaynesPro internally developed databases was launched on time in January 2016 covering vehicle repair times. The second of the new databases covering vehicle Comfort Wiring Diagrams remains on schedule for launch in January 2017.

### J Haynes, Group Chairman, said:

*“We are pleased with the continued growth of our professional business which now accounts for more than a quarter of the Group’s total revenue and the performance of our UK consumer automotive manuals where revenues grew by 12% against the prior period.*

*“We continue to experience difficult trading conditions in the US and Australian markets and senior management are focussing their attention on this area of the business.*

*“The initial findings of the operational, cost and structure review announced at the full year are currently being discussed by the Board and senior management. Once the review has been fully considered and an implementation plan agreed and communicated internally, a further announcement will be issued by the Board.*

*“I would like to offer my congratulations to James Bunkum who, with effect from today, has been appointed to the Board as Chief Financial Officer designate. James has been with the Group for 20 years and is currently the UK & European Finance Director and Group Company Secretary. James will succeed Dan Benhardus who retires as the Group Finance Director at the end of May 2016”*

<sup>1</sup> EBITDA has been restated to add back £1.4 million of editorial origination amortisation following the re-categorisation of editorial origination costs from inventory to intangible assets in May 2015.

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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.

## **INTERIM STATEMENT**

### **Business overview**

Over the first six months of 2015/16 the Haynes Group has experienced mixed trading in its consumer business but with strong trading from its professional operations in Europe, overall Group revenue ended the six month period 3% ahead of last year. During the period the Group continued the development of its new consumer digital platforms. The recruitment of a new executive, Andrew Golby, in October 2015, with global responsibility for the Group's consumer digital development has significantly strengthened the Group's resources in this area.

In the Group's professional markets in Europe, continuing investment in new vehicle content and new product innovation has led to new customer gains and expanding relationships with existing customers. In our major consumer product markets, we have experienced a stronger six months of trading in the UK, however we continue to face challenging conditions for our printed manuals in both the US and Australia.

In August 2015, the Group completed the UK phase of its new global website improvement programme. The new platform is being developed and built entirely in-house and the roll out of the new US site will follow over the next few months. During the six months to 30 November 2015, revenue from the Group's digital product ranges rose by 26% to £3.4 million (2014: £2.7 million) representing 28% of total Group revenue (2014: 23%).

As part of the Group's succession planning, the Company has announced today the appointment of James Bunkum to the Main Board as Chief Financial Officer designate. James has worked in the Group for over 20 years and is currently the UK & European Finance Director and Group Company Secretary. James will succeed Dan Benhardus who retires as the Group Finance Director at the end of May 2016.

### **Financial review**

#### *Income statement*

Overall Group revenue ended the six month period 3% ahead of the prior year at £12.2 million (2014: £11.9 million).

In the UK & Europe, revenue ended the period 13% ahead of last year driven by strong growth in the European professional business, under the HaynesPro branding, where revenue for the six month period was up 27%. In the UK, a return to more normal ordering patterns by our key consumer retailers helped increase revenue from automotive manuals by 12% but after taking into account the higher revenue last year from the titles discontinued in 2013/14 the overall UK increase was lower at 1%.

In North America & Australia the trading conditions remain challenging. At the time of reporting our 2014/15 full year results in September 2015, we noted that revenue in these markets for the first three months of 2015/16 was 2% behind last year. Since this time we have seen further deterioration in North American & Australian markets with revenue ending the six month period 6% down on the prior year.

The higher mix of revenue from the Group's digital professional product ranges and the improved sales of UK consumer manuals helped increase the Group gross margin by 3.6 percentage points to 58.7% (2014: 55.1%) and in monetary terms up 9% to £7.1 million (2014: £6.5 million). With Group overheads ending the six month period up 6% at £6.6 million (2014: £6.2 million), primarily due to higher European sales costs following the opening of the new HaynesPro German subsidiary in May 2015 and higher customer related rebates, Group operating profit ended the period up £0.3 million at £0.6 million (2014: £0.3 million).

Net finance costs were in line with the prior year at £0.3 million (2014: £0.3 million) leaving overall Group profit before tax higher at £0.3 million (2014: £0.1 million). With an effective tax rate of 35% (2014: 38%), reflecting the lower mix of US profits over the six month period, earnings per share increased to 1.2 pence (2014: 0.2 pence).

### **Operational review**

#### *North America & Australia*

Local currency revenue in the Group's North American and Australian operations ended the six month period to 30 November 2015 down 11% at \$9.4 million (2014: \$10.6 million). Over the past 18 months our sales teams in both the US and Australia have been working closely with our key retailers to address the declining sales in these key territories for the Group, focussing particularly on the in-store marketing of our manuals. Whilst we experienced the normal seasonal pick-up in sales during the second half of 2014/15, the expected improvement in sales during the first six months of 2015/16, against a very poor first half of trading last year, did not materialise. Against the same six month period last year sales of our US Haynes

and Chilton manuals were down 8% while our Australian manuals were down 43% and Clymer motorcycle manuals were down 17%. With an average exchange rate of \$1.54 for the six month period to 30 November 2015 (2014: \$1.64) after translation to Sterling, North American & Australian revenue ended the period down 6% at £6.1 million (2014: £6.5 million).

The net impact of the lower US and Australian revenue coupled with a lower goodwill amortisation charge of \$0.2 million following the £9.7 million (\$14.8 million) impairment of acquired intangible assets in 2014/15, left segmental operating profit before interest down 50% at \$0.1 million (2014: \$0.2 million) which after translation to Sterling was in line with last year at £0.1 million (2014: £0.1 million).

### *UK & Europe*

UK revenue, excluding sales of the discontinued general publishing titles, ended the period 11% up on the six month period last year. Revenue from automotive manuals was up 12%, following a return to more normal ordering patterns from two key retailers and continued growth from UK retailers with a strong online presence, whilst revenue from the UK's non-automotive titles ended the period up 2%. Year-on year UK revenue including the discontinued general publishing titles (2014: £0.3 million) was up 1%.

In Europe, revenue from HaynesPro ended the period 27% up on the same six month period last year boosted by new customer gains during the period and increased business from its existing customer base. The impact of the higher average Euro exchange rate during the period of €1.40 (2014: €1.27) reduced our European revenues by £0.3 million and left overall UK & European revenue up 13% at £6.1 million (2014: £5.4 million).

The higher revenue in the UK & Europe along with a lower UK cost base, following the restructuring in 2013/14, has helped return the UK & European business to profitability during the six months to 30 November 2015 leading to a segmental operating profit before interest of £0.3 million (2014: loss of £0.4 million).

### **Balance sheet and cash flow**

As noted in the Annual Report 2015, during 2014/15 the Group's editorial origination costs were re-classified from inventory to intangible assets and the prior year numbers restated. Accordingly, in this Interim Statement, a similar re-classification of the November 2014 inventory and intangible assets balances has been made. The impact of the change has been to increase intangible assets by £7.6 million with a corresponding reduction to inventory.

During the six month period the Group incurred £0.2 million of expenditure on tangible fixed assets (2014: £0.2 million) and invested £2.9 million in new product development (2014: £2.6 million).

As at 30 November 2015 the net IAS 19 deficit on the Group's two defined benefit retirement schemes reduced to £13.4 million (31 May 2015: £14.3 million). The combined total assets of the schemes increased by £0.4 million to £33.1 million (31 May 2015: £32.7 million) and a slightly higher UK discount rate assumption of 3.8% (31 May 2015: 3.6%) led to a decrease in the schemes' liabilities of £0.6 million which ended the period at £46.5 million (31 May 2015: £47.1 million).

Also during the period the Group repaid £1.0 million of its US bank borrowings taken out to part fund the Clymer acquisition in September 2013 and at 30 November 2015 the balance outstanding on the US revolver loan was £0.4 million (31 May 2015: £1.4 million). Group net debt ended the period at £0.5 million (31 May 2015: net cash of £0.1 million) leaving net gearing of 2% (2014: 3%). The Company still holds 1.2 million shares in treasury.

### **Interim dividend**

The Board is declaring an unchanged interim dividend of 3.5 pence per share. The interim dividend will be paid on 6 April 2016 to shareholders on the register at the close of business on 18 March 2016.

### **Future outlook**

The initial findings of the operational, cost and structure review announced at the full year are currently being discussed with the Board and senior management. Once the plans have been evaluated and agreed internally, a further announcement will be issued by the Board.

On the professional side of the business, the new HaynesPro Repair Times database was launched on schedule at the beginning of January 2016 and will yield significant cost savings for the Group going forward as well as open up new revenue generating opportunities. The second of the new databases being developed internally, covering in vehicle comfort wiring diagrams, remains on track for launch in early 2017.

The continuing focus on new product development and establishing new customer relationships will be a key driver for HaynesPro management over the coming months.

As the Group moves towards what is traditionally the stronger six months of trading for our automotive manuals the difficult trading conditions we are encountering for our printed manuals in the US and Australia remains a concern for management and early second half trading is continuing to track behind last year.

In the UK, management are encouraged by the sales performance of manuals during the first half of the year but are aware this improved performance comes on the back of a very poor six months of trading last year. Nevertheless, early indications are that early like-for-like second half trading in the UK is tracking in line with last year.

The development of our new consumer digital platform and the creation of new video content will continue to be a complementary area of focus for our digital and editorial teams over the coming months.

### **Responsibility statement**

Pages 22 and 23 of the Annual Report 2015 provide details of the serving Executive and Non-Executive Directors and there have been no changes during the six months to 30 November 2015. A statement of the Directors' responsibilities is contained on page 45 of the Annual Report 2015. A copy of the Annual Report 2015 can be found on the Haynes website [www.haynes.co.uk/investor](http://www.haynes.co.uk/investor).

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

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

**J H C Haynes**  
**Chairman of the Board**

27 January 2016

## Consolidated Income Statement (unaudited)

	6 months to 30 Nov 2015	6 months to 30 Nov 2014	31 May 2015 Before exceptional items £000	Year ended Restated <sup>1</sup> 31 May 2015 Exceptional items (note 4) £000	Restated <sup>1</sup> 31 May 2015 Total £000
<b>Continuing operations</b>					
<b>Revenue</b> (note 2)	<b>12,170</b>	<b>11,866</b>	<b>26,065</b>	-	<b>26,065</b>
Cost of sales	(5,021)	(5,324)	(10,380)	-	(10,380)
<b>Gross profit</b>	<b>7,149</b>	<b>6,542</b>	<b>15,685</b>	-	<b>15,685</b>
Other operating income	19	15	44	-	44
Distribution costs	(3,268)	(3,003)	(6,981)	-	(6,981)
Administrative expenses	(3,291)	(3,207)	(5,698)	(9,772)	(15,470)
<b>Operating profit/(loss)</b>	<b>609</b>	<b>347</b>	<b>3,050</b>	<b>(9,772)</b>	<b>(6,722)</b>
Finance income	3	4	11	-	11
Finance costs	(40)	(43)	(80)	-	(80)
Other finance costs – retirement benefits	(277)	(253)	(456)	-	(456)
<b>Profit/(loss) before taxation</b>	<b>295</b>	<b>55</b>	<b>2,525</b>	<b>(9,772)</b>	<b>(7,247)</b>
Taxation (note 5)	(103)	(21)	(891)	2,231	1,340
<b>Profit/(loss) for the period</b>	<b>192</b>	<b>34</b>	<b>1,634</b>	<b>(7,541)</b>	<b>(5,907)</b>
<b>Attributable to:</b>					
Equity holders of the Company	184	23	1,621	(7,541)	(5,920)
Non-controlling interests	8	11	13	-	13
	<b>192</b>	<b>34</b>	<b>1,634</b>	<b>(7,541)</b>	<b>(5,907)</b>
<b>Earnings per 20p share -</b> (note 6)	Pence	Pence	Pence		Pence
From continuing operations					
- Basic	1.2	0.2	10.7		(39.2)
- Diluted	1.2	0.2	10.7		(39.2)

<sup>1</sup> See Note 1 Restatement of prior years

## Consolidated Statement of Comprehensive Income (unaudited)

	6 months to 30 Nov 2015 £000	6 months to 30 Nov 2014 £000	Restated <sup>1</sup> Year ended 31 May 2015 £000
<b>Profit/(loss) for the period</b>	<b>192</b>	<b>34</b>	<b>(5,907)</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss in subsequent periods:</b>			
Actuarial gains/(losses) on retirement benefit obligation			
- UK Scheme	1,227	(2,417)	(2,099)
- US Scheme	(438)	(1,208)	(1,433)
Deferred tax on retirement benefit obligation			
- UK Scheme	(245)	483	420
- US Scheme	175	483	574
	719	(2,659)	(2,538)
<b>Items that will or maybe reclassified to profit or loss in subsequent periods:</b>			
Exchange differences on translation of foreign operations	(25)	1,285	810
<b>Other comprehensive income/(expense) recognised directly in equity</b>	<b>694</b>	<b>(1,374)</b>	<b>(1,728)</b>
<b>Total comprehensive income/(expense) for the financial period</b>	<b>886</b>	<b>(1,340)</b>	<b>(7,635)</b>
<b>Attributable to:</b>			
Equity holders of the Company	878	(1,351)	(7,648)
Non-controlling interests	8	11	13
	<b>886</b>	<b>(1,340)</b>	<b>(7,635)</b>

<sup>1</sup> See Note 1 Restatement of prior years

## Consolidated Balance Sheet (unaudited)

	30 Nov 2015 £000	Restated <sup>1</sup> 30 Nov 2014 £000	Restated <sup>1</sup> 31 May 2015 £000
<b>Non-current assets</b>			
Property, plant and equipment (note 11)	8,833	9,338	9,027
Intangible assets (note 12)	20,465	29,294	20,165
Deferred tax assets	7,201	5,357	7,206
<b>Total non-current assets</b>	<b>36,499</b>	<b>43,989</b>	<b>36,398</b>
<b>Current assets</b>			
Inventories	4,565	4,877	4,649
Trade and other receivables	7,108	8,046	7,929
Cash and short-term deposits	2,355	2,203	2,968
<b>Total current assets</b>	<b>14,028</b>	<b>15,126</b>	<b>15,546</b>
<b>Total assets</b>	<b>50,527</b>	<b>59,115</b>	<b>51,944</b>
<b>Current liabilities</b>			
Trade and other payables	(3,861)	(3,845)	(4,376)
Current tax liabilities	(255)	(357)	(444)
Bank overdrafts and loans	(2,830)	(3,209)	(2,827)
<b>Total current liabilities</b>	<b>(6,946)</b>	<b>(7,411)</b>	<b>(7,647)</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	(3,218)	(3,374)	(3,248)
Retirement benefit obligation (note 9)	(13,380)	(14,930)	(14,348)
Deferred consideration	(125)	-	(125)
<b>Total non-current liabilities</b>	<b>(16,723)</b>	<b>(18,304)</b>	<b>(17,721)</b>
<b>Total liabilities</b>	<b>(23,669)</b>	<b>(25,715)</b>	<b>(25,368)</b>
<b>Net assets</b>	<b>26,858</b>	<b>33,400</b>	<b>26,576</b>
<b>Equity</b>			
Share capital	3,270	3,270	3,270
Share premium	638	638	638
Treasury shares	(2,447)	(2,447)	(2,447)
Retained earnings	22,246	28,298	21,947
Foreign currency translation reserve	3,073	3,573	3,098
<b>Capital and reserves attributable to equity shareholders</b>	<b>26,780</b>	<b>33,332</b>	<b>26,506</b>
Equity attributable to non-controlling interests	78	68	70
<b>Total equity</b>	<b>26,858</b>	<b>33,400</b>	<b>26,576</b>

<sup>1</sup> 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
<b>Current interim period :</b>								
Balance at 1 June 2015	3,270	638	(2,447)	3,098	21,947	26,506	70	26,576
Profit for the period	-	-	-	-	184	184	8	192
<i>Other comprehensive income:</i>								
Currency translation adjustments	-	-	-	(25)	-	(25)	-	(25)
Actuarial gains/(losses) on defined benefit plans (net of tax)	-	-	-	-	719	719	-	719
<b>Total other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(25)</b>	<b>719</b>	<b>694</b>	<b>-</b>	<b>694</b>
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(25)</b>	<b>903</b>	<b>878</b>	<b>8</b>	<b>886</b>
Dividends (note 7)	-	-	-	-	(604)	(604)	-	(604)
<b>Balance at 30 November 2015</b>	<b>3,270</b>	<b>638</b>	<b>(2,447)</b>	<b>3,073</b>	<b>22,246</b>	<b>26,780</b>	<b>78</b>	<b>26,858</b>
<b>Prior interim period :</b>								
Balance at 1 June 2014	3,270	638	(2,447)	2,288	31,538	35,287	57	35,344
Profit for the period	-	-	-	-	23	23	11	34
<i>Other comprehensive income:</i>								
Currency translation adjustments	-	-	-	1,285	-	1,285	-	1,285
Actuarial losses on defined benefit plans (net of tax)	-	-	-	-	(2,659)	(2,659)	-	(2,659)
<b>Total other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,285</b>	<b>(2,659)</b>	<b>(1,374)</b>	<b>-</b>	<b>(1,374)</b>
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,285</b>	<b>(2,636)</b>	<b>(1,351)</b>	<b>11</b>	<b>(1,340)</b>
Dividends (note 7)	-	-	-	-	(604)	(604)	-	(604)
<b>Balance at 30 November 2014</b>	<b>3,270</b>	<b>638</b>	<b>(2,447)</b>	<b>3,573</b>	<b>28,298</b>	<b>33,332</b>	<b>68</b>	<b>33,400</b>
<b>Prior year :</b>								
Balance at 1 June 2014	3,270	638	(2,447)	2,288	31,538	35,287	57	35,344
(Loss)/profit for the period restated <sup>1</sup>	-	-	-	-	(5,920)	(5,920)	13	(5,907)
<i>Other comprehensive income:</i>								
Currency translation adjustments restated <sup>1</sup>	-	-	-	810	-	810	-	810
Actuarial losses on defined benefit plans (net of tax)	-	-	-	-	(2,538)	(2,538)	-	(2,538)
<b>Total other comprehensive income restated<sup>1</sup></b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>810</b>	<b>(2,538)</b>	<b>(1,728)</b>	<b>-</b>	<b>(1,728)</b>
<b>Total comprehensive income restated<sup>1</sup></b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>810</b>	<b>(8,458)</b>	<b>(7,648)</b>	<b>13</b>	<b>(7,635)</b>
Dividends (note 7)	-	-	-	-	(1,133)	(1,133)	-	(1,133)
<b>Balance at 31 May 2015 restated<sup>1</sup></b>	<b>3,270</b>	<b>638</b>	<b>(2,447)</b>	<b>3,098</b>	<b>21,947</b>	<b>26,506</b>	<b>70</b>	<b>26,576</b>

<sup>1</sup> See Note 1 Restatement of prior years

## Consolidated Cash Flow Statement (unaudited)

	6 months to 30 Nov 2015 £000	Restated <sup>1</sup> 6 months to 30 Nov 2014 £000	Restated <sup>1</sup> Year ended 31 May 2015 £000
<b>Cash flows from operating activities - continuing</b>			
Profit/(loss) after tax	192	34	(5,907)
<b>Adjusted for :</b>			
Income tax expense	103	21	(1,340)
Interest payable and similar charges	40	43	80
Interest receivable	(3)	(4)	(11)
Retirement benefit finance cost	277	253	456
Operating profit	609	347	(6,722)
Depreciation on property, plant and equipment	349	417	774
Amortisation of intangible assets	2,416	2,535	4,891
Impairment of intangible assets	-	-	9,667
IAS 19 pensions current service cost net of contributions paid	(479)	(248)	(916)
Loss on disposal of property, plant and equipment	2	9	9
	<b>2,897</b>	<b>3,060</b>	<b>7,703</b>
<b>Changes in working capital :</b>			
Decrease in inventories	99	609	391
Decrease in receivables	898	1,781	1,638
Decrease in payables	(565)	(917)	(250)
<b>Net cash generated from operations</b>	<b>3,329</b>	<b>4,533</b>	<b>9,482</b>
Tax paid	(338)	(539)	(804)
<b>Net cash generated by operating activities</b>	<b>2,991</b>	<b>3,994</b>	<b>8,678</b>
<b>Investing activities</b>			
Acquisition costs – business combinations	-	-	(200)
Proceeds on disposal of property, plant and equipment	12	14	14
Purchases of property, plant and equipment	(164)	(245)	(412)
Expenditure on development costs	(2,880)	(2,583)	(5,567)
Interest received	3	4	11
<b>Net cash used in investing activities</b>	<b>(3,029)</b>	<b>(2,810)</b>	<b>(6,154)</b>
<b>Financing activities</b>			
Repayments of borrowings	(957)	(804)	(948)
Dividends paid	(604)	(604)	(1,133)
Interest paid	(40)	(43)	(80)
<b>Net cash from financing activities</b>	<b>(1,601)</b>	<b>(1,451)</b>	<b>(2,161)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(1,639)</b>	<b>(267)</b>	<b>363</b>
Cash and cash equivalents at beginning of year	1,547	1,114	1,114
Effect of foreign exchange rate changes	66	(479)	70
<b>Cash and cash equivalents at end of period</b>	<b>(26)</b>	<b>368</b>	<b>1,547</b>

<sup>1</sup> See Note 1 Restatement of prior years

## Notes to the Interim Results

### 1. Accounting policies - Basis of accounting

The interim financial statements for the six months ended 30 November 2015 and 30 November 2014 and for the twelve months ended 31 May 2015 do not constitute statutory accounts for the purposes of Section 434 of the Companies Act 2006. The Annual Report and Financial Statements for the year ended 31 May 2015 have been filed with the Registrar of Companies. The Independent Auditors' Report on the Annual Report and Financial Statements for the year ended 31 May 2015 was unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under sections 498(2) or 498(3) of the Companies Act 2006. The 30 November 2015 statements were approved by the Board of Directors on 27 January 2016 and although not audited are subject to a review by the Group's auditors.

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

The interim financial statements have been prepared on a consistent basis with the accounting policies set out in the Annual Report 2015 and should be read in conjunction with that Annual Report. The Group's annual financial statements are prepared in accordance with International Financial Reporting Standards (IFRS's) and International Financial Reporting Interpretations Committee (IFRIC) pronouncements as adopted by the European Union and the Annual Report 2015 provides details of other new standards, amendments and interpretations which come into effect for the first time during the current financial year. The new standards, amendments to standards and interpretations which apply to the Group for the first time in this financial year have been reviewed by management and management do not believe that the new standards, amendments to standards or interpretations will have a material impact on the Group's financial statements for the financial year ended 31 May 2016.

### Restatement of Prior Years

- i) During the previous financial year and as reported in the Annual Report 2015 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 impacted the Consolidated Balance Sheet and Cash Flow Statement and did not impact on the Consolidated Income Statement in either the current or prior year. The impact of the restatement on the 30 November 2014 figures has been to increase intangible assets (Product development) by £7,589,000 with a corresponding decrease to inventories (Finished goods). In the Consolidated Cash Flow Statement the amortisation of intangible assets has increased by £1,385,000, the decrease in inventories has increased by £186,000, the expenditure on development costs has increased by £1,363,000 and the effect on foreign exchange rate movements has decreased by £208,000.
- ii) In the year ended 31 May 2015 the Group recognised an impairment loss of £9,667,000 in respect of its US intangible assets. As certain of these assets are eligible for tax relief in the US over time, it is appropriate to recognise the future tax benefit to the Group by increasing the deferred tax asset in the balance sheet as at 31 May 2015. Accordingly, the comparative Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Consolidated Statement of Changes in Equity, Consolidated Cash Flow Statement and affected notes for 31 May 2015 have been restated. The impact of this restatement on the 31 May 2015 figures has been to reduce the tax charge in the Consolidated Income Statement by £2,130,000, increase the deferred tax asset in the Consolidated Balance Sheet by £2,206,000 and increase the exchange gains on the translation of foreign operations in the Consolidated Statement of Comprehensive Income by £76,000.

## 2. Revenue

	6 months to		Year ended
	30 Nov 2015	30 Nov 2014	31 May 2015
	£000	£000	£000
<b>Revenue by geographical destination on continuing operations :</b>			
United Kingdom	2,520	2,421	4,741
Rest of Europe	3,419	2,786	6,700
United States of America	5,088	5,216	11,963
Australia	758	1,054	1,859
Rest of World	385	389	802
<b>Total consolidated revenue *</b>	<b>12,170</b>	<b>11,866</b>	<b>26,065</b>

### \* Analysed as follows :

Revenue from sales of printed products	8,672	9,056	19,454
Revenue from sales of digital data	3,401	2,698	6,377
Revenue from royalty and licensing arrangements	97	112	234
	<b>12,170</b>	<b>11,866</b>	<b>26,065</b>

## 3. Segmental analysis

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

- 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, Germany and Sweden. Its core business is the publication and supply of automotive repair and technical information to the professional automotive and DIY aftermarkets in both a printed and digital format.

The North American and Australian business with headquarters near Los Angeles, California publishes DIY repair manuals for cars and motorcycles in both a printed and digital format. The business publishes titles under the Haynes, Chilton, Clymer and Intertec brands. 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. Inter-segmental sales are charged at the prevailing market rates in a manner similar to transactions with third parties.

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

- In the segmental reporting freehold buildings are depreciated over 40 years - under IAS 16 the residual value of buildings reflect the expected value at the end of their useful life resulting in an adjustment to depreciation.
- In the segmental reporting pension contributions are expensed and the assets and liabilities of a defined benefit pension scheme are held separately from the Group - under IAS 19 the Income Statement and Statement of Comprehensive Income are adjusted to reflect the annual current service cost and actuarial gains and losses arising on a defined benefit pension scheme and the net surplus/(deficit) on the scheme is included in the balance sheet.
- In the segmental reporting goodwill is amortised over a period not exceeding 20 years - under IFRS 3 goodwill is reviewed annually for impairment but not amortised.
- In the segmental reporting the excess of the consideration over net assets acquired on a business combination is shown as goodwill – under IAS 38 specific intangible assets are created and adjusted for deferred tax arising on acquisition.
- The unallocated head office assets primarily relate to freehold property, deferred tax assets and amounts owed by subsidiary undertakings. The unallocated head office liabilities primarily relate to the deficit on the UK's multi-employer defined benefit pension scheme and tax liabilities.

### 3. Segmental analysis (continued)

#### Analysis of geographic operating segments

<i>Revenue and results:</i>	UK & Europe 6 months to 30 Nov 2015 £000	North America & Australia 6 months to 30 Nov 2015 £000	Consolidated 6 months to 30 Nov 2015 £000	
<b>Segmental revenue</b>				
Total segmental revenue	6,235	6,965	13,200	
Inter-segment sales	(143)	(887)	(1,030)	
<b>Total external revenue</b>	<b>6,092</b>	<b>6,078</b>	<b>12,170</b>	
<b>Segment result</b>				
Segment operating profit before interest	309	55	364	
Interest receivable	-	3	3	
Interest payable	(18)	(21)	(39)	
<b>Segment profit after and interest</b>	<b>291</b>	<b>37</b>	<b>328</b>	
Unallocated head office income less expenses			(314)	
<b>Segment profit before tax and adjustments</b>			<b>14</b>	
<b>Reconciliation to consolidated profit before tax:</b>				
IAS 16 Property, plant & equipment			62	
IAS 19 Employee benefits			219	
<b>Consolidated profit before tax</b>			<b>295</b>	
Taxation			(103)	
<b>Consolidated profit after tax</b>			<b>192</b>	
 <b>Segment assets:</b>				
	UK & Europe 30 Nov 2015 £000	North America & Australia 30 Nov 2015 £000	Eliminations 30 Nov 2015 £000	Consolidated 30 Nov 2015 £000
Property, plant and equipment	675	4,692	-	5,367
Intangible assets	9,332	5,042	-	14,374
Working capital assets	5,871	8,970	(755)	14,086
<b>Segment total assets</b>	<b>15,878</b>	<b>18,704</b>	<b>(755)</b>	<b>33,827</b>
Unallocated head office assets and eliminations				11,438
				<b>45,265</b>
Reconciling items from internal reporting to consolidated total assets				5,262
<b>Consolidated total assets</b>				<b>50,527</b>
 <b>Segment liabilities:</b>				
Working capital liabilities	6,538	3,009	(1,540)	8,007
Unallocated head office liabilities and eliminations				13,466
Reconciling items from internal reporting to consolidated total liabilities				2,196
<b>Consolidated total liabilities</b>				<b>23,669</b>

### 3. Segmental analysis (continued)

<b>Revenue and results:</b>	UK & Europe 6 months to 30 Nov 2014 £000	North America & Australia 6 months to 30 Nov 2014 £000	Consolidated 6 months to 30 Nov 2014 £000	
<b>Segmental revenue</b>				
Total segmental revenue	5,510	7,294	12,804	
Inter-segment sales	(128)	(810)	(938)	
<b>Total external revenue</b>	<b>5,382</b>	<b>6,484</b>	<b>11,866</b>	
<b>Segment result</b>				
Segment operating (loss)/profit before interest	(387)	145	(242)	
Interest receivable	-	4	4	
Interest payable	(14)	(29)	(43)	
<b>Segment (loss)/profit after exceptional items and interest</b>	<b>(401)</b>	<b>120</b>	<b>(281)</b>	
Unallocated head office income less expenses			(88)	
<b>Segment loss before tax and adjustments</b>			<b>(369)</b>	
<b>Reconciliation to consolidated profit before tax:</b>				
IAS 16 Property, plant & equipment			61	
IAS 19 Employee benefits			257	
IFRS 3 Business combinations			106	
<b>Consolidated profit before tax</b>			<b>55</b>	
Taxation			(21)	
<b>Consolidated profit after tax</b>			<b>34</b>	
<b>Segment assets:</b>	Restated <sup>1</sup> UK & Europe 30 Nov 2014 £000	Restated <sup>1</sup> North America & Australia 30 Nov 2014 £000	Eliminations 30 Nov 2014 £000	Restated <sup>1</sup> Consolidated 30 Nov 2014 £000
Property, plant and equipment	843	5,079	-	5,922
Intangible assets	8,269	10,347	-	18,616
Working capital assets	5,930	9,582	(356)	15,156
<b>Segment total assets</b>	<b>15,042</b>	<b>25,008</b>	<b>(356)</b>	<b>39,694</b>
Unallocated head office assets and eliminations				9,425
				<b>49,119</b>
Reconciling items from internal reporting to consolidated total assets				9,996
<b>Consolidated total assets</b>				<b>59,115</b>
<b>Segment liabilities:</b>				
Working capital liabilities	5,274	4,377	(935)	8,716
Unallocated head office liabilities and eliminations				14,887
Reconciling items from internal reporting to consolidated total liabilities				2,112
<b>Consolidated total liabilities</b>				<b>25,715</b>

<sup>1</sup> See Note 1 Restatement of prior years

### 3. Segmental analysis (continued)

<b>Revenue and results:</b>	UK & Europe Year ended 31 May 2015 £000	North America & Australia Year ended 31 May 2015 £000	Restated <sup>1</sup> Consolidated Year ended 31 May 2015 £000	
<b>Segmental revenue</b>				
Total segmental revenue	12,180	15,915	28,095	
Inter-segment sales	(268)	(1,762)	(2,030)	
<b>Total external revenue</b>	<b>11,912</b>	<b>14,153</b>	<b>26,065</b>	
<b>Segment result</b>				
Underlying segment operating profit before exceptional items and interest	623	1,237	1,860	
Exceptional items	(64)	(9,708)	(9,772)	
Interest receivable	3	7	10	
Interest payable	(27)	(52)	(79)	
<b>Segment profit/(loss) after exceptional items and interest</b>	<b>535</b>	<b>(8,516)</b>	<b>(7,981)</b>	
Unallocated head office income less expenses			(80)	
<b>Segment operating loss before tax and adjustments</b>			<b>(8,061)</b>	
<b>Reconciliation to consolidated loss before tax:</b>				
IAS 16 Property, plant & equipment			124	
IAS 19 Employee benefits			466	
IFRS 3 Business combinations			224	
<b>Consolidated loss before tax</b>			<b>(7,247)</b>	
Taxation			1,340	
<b>Consolidated loss after tax</b>			<b>(5,907)</b>	
<b>Segment assets:</b>	UK & Europe 31 May 2015 £000	North America & Australia 31 May 2015 £000	Eliminations 31 May 2015 £000	Restated <sup>1</sup> Consolidated 31 May 2015 £000
Property, plant and equipment	707	4,880	-	5,587
Intangible assets	8,968	5,025	-	13,993
Working capital assets	5,886	10,720	(964)	15,642
<b>Segment total assets</b>	<b>15,561</b>	<b>20,625</b>	<b>(964)</b>	<b>35,222</b>
Unallocated head office assets and eliminations				11,317
				<b>46,539</b>
Reconciling items from internal reporting to consolidated total assets				5,405
<b>Consolidated total assets</b>				<b>51,944</b>
<b>Segment liabilities:</b>				
Working capital liabilities	5,049	4,530	(1,635)	7,944
Unallocated head office liabilities and eliminations				14,146
Reconciling items from internal reporting to consolidated total liabilities				3,278
<b>Consolidated total liabilities</b>				<b>25,368</b>

<sup>1</sup> See Note 1 Restatement of prior years

#### 4. Exceptional items

	6 months to		Year ended
	30 Nov 2015	30 Nov 2014	31 May 2015
	£000	£000	£000
Exceptional costs included in administrative expenses :			
- Acquisition expenses	-	-	105
- Impairment of intangible assets	-	-	9,667
	-	-	<b>9,772</b>

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

#### 5. Taxation

The tax charge in the Consolidated Income Statement is calculated using the tax rates which each of the Group's operating entities expects to adopt for the financial year ended 31 May 2016. The charge for taxation for the six months to 30 November 2015 of £103,000 (30 November 2014: £21,000 / 31 May 2015 a credit of £1,340,000 restated<sup>1</sup>) reflects the lower mix of US profits and trading losses in the UK business. The Group continues to expect its effective corporation tax rate to be higher than the standard UK rate due to the trading profits it generates in overseas subsidiaries where the tax rates are higher than the UK.

<sup>1</sup> See Note 1 Restatement of prior years

#### 6. Earnings per share

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

	6 months to	6 months to	Before exceptional items	After exceptional items
	30 Nov 2015	30 Nov 2014	Year ended 31 May 2015	Restated <sup>1</sup> Year ended 31 May 2015
	£000	£000	£000	£000
<b>Earnings :</b>				
Profit/(loss) after tax attributable to equity holders of the Company – continuing operations	184	23	1,621	(5,920)
	No.	No.	No.	No.
<b>Number of shares :</b>				
Weighted average number of shares <sup>[a]</sup>	15,111,540	15,111,540	15,111,540	15,111,540
Basic earnings/(loss) per share (pence)	1.2	0.2	10.7	(39.2)

<sup>1</sup> See Note 1 Restatement of prior years

<sup>[a]</sup> During the period the Company held 1,240,000 of its ordinary shares in treasury.

As at 30 November 2015, 31 May 2015 and 30 November 2014 there were no outstanding options on either of the Company's two classes of shares and there is no difference between the earnings used in the basic and diluted earnings per share calculation.

## 7. Dividends

	6 months to 30 Nov 2015 £000	6 months to 30 Nov 2014 £000	Year ended 31 May 2015 £000
<b>Amounts recognised as distributions to equity holders :</b>			
Final dividend of 4.0p per share (2014: 4.0p)	604	604	604
Interim dividend of 3.5p per share	-	-	529
	<b>604</b>	<b>604</b>	<b>1,133</b>

An interim dividend of 3.5p per share (2014: 3.5p) amounting to £528,904 (2014: £528,904) has been declared during the period but has not been reflected in the interim accounts. The payment of the interim dividend will be made on 6 April 2016 to shareholders on the register at the close of business on 18 March 2016.

## 8. Analysis of the changes in net funds

	As at 1 June 2015 £000	Cash flow £000	Exchange movements £000	As at 30 Nov 2015 £000
Cash at bank and in hand	2,968	(679)	66	2,355
Bank overdrafts	(1,421)	(960)	-	(2,381)
	<b>1,547</b>	<b>(1,639)</b>	<b>66</b>	<b>(26)</b>

## 9. Retirement benefit obligation

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

During the period, the financial position of the above pension arrangements have been updated in line with the anticipated annual cost for current service, the interest on scheme liabilities and cash contributions made to the schemes.

The last full IAS 19 actuarial valuation was carried out by a qualified independent actuary as at 31 May 2015. This valuation has been updated by the Scheme's actuaries on an approximate basis for the six month period ending 30 November 2015.

The movements in the retirement benefit obligation were as follows:

	6 months to 30 Nov 2015 £000	6 months to 30 Nov 2014 £000	Year ended 31 May 2015 £000
Retirement benefit obligation at beginning of period	(14,348)	(11,245)	(11,245)
Movement in the period :			
- Total expenses charged in the income statement	(604)	(560)	(1,114)
- Contributions paid	806	555	1,574
- Actuarial losses taken directly to reserves	789	(3,625)	(3,532)
- Foreign currency exchange rates	(23)	(55)	(31)
<b>Retirement benefit obligation at end of period</b>	<b>(13,380)</b>	<b>(14,930)</b>	<b>(14,348)</b>

## 10. Exchange rates

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

	Period end rate			Average rate		
	30 Nov 2015	30 Nov 2014	31 May 2015	30 Nov 2015	30 Nov 2014	31 May 2015
US dollar	1.50	1.56	1.53	1.54	1.64	1.58
Euro	1.42	1.26	1.39	1.40	1.27	1.31
Swedish krona	13.12	11.66	13.06	13.07	11.65	12.18
Australian dollar	2.08	1.84	2.00	2.12	1.82	1.89

## 11. Property, plant and equipment

	Total £000
Net book value at 1 June 2014	9,265
Exchange rate movements	267
Additions	245
Disposals	(22)
Depreciation	(417)
<b>Net book value at 30 November 2014</b>	<b>9,338</b>
	£000
Net book value at 1 June 2015	9,027
Exchange rate movements	5
Additions	164
Disposals	(14)
Depreciation	(349)
<b>Net book value at 30 November 2015</b>	<b>8,833</b>

The Group had no capital expenditure which had been contracted but had not been provided for as at 30 November 2015 (2014: £nil).

## 12. Intangible assets

	Restated <sup>1</sup> Total £000
Carrying value at 1 June 2014	28,623
Exchange rate movements	623
Additions	2,583
Amortisation	(2,535)
<b>Carrying value at 30 November 2014</b>	<b>29,294</b>
	£000
Carrying value at 1 June 2015	20,165
Exchange rate movements	(164)
Additions	2,880
Amortisation	(2,416)
<b>Carrying value at 30 November 2015</b>	<b>20,465</b>

<sup>1</sup> See Note 1 Restatement of prior years

### **13. Related party transactions**

During the six months to 30 November 2015 there were no new material related party transactions or material changes to the related party transactions as reported in the Annual Report 2015.

### **14. Principal risks and uncertainties**

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

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

The Board considers that the above, along with the principal risks and uncertainties which were discussed at more length in the Annual Report 2015 under the following headings and page references, continue to be the major risks and uncertainties facing the Group :

- The Group's principal operational risks and uncertainties (pages 17 – 18)
- The processes adopted by the Board to identify and monitor risk (page 31)
- The Group's principal financial risks and uncertainties (pages 79 – 81)

A copy of the Annual Report 2015 can be found on the Group's corporate website [www.haynes.co.uk/investor](http://www.haynes.co.uk/investor).

### **15. Other information**

#### **Adoption of Financial Reporting Standard (FRS) 101 - Reduced Disclosure Framework**

Following the publication of FRS 100 'Application of Financial Reporting Requirements' by the Financial Reporting Council, Haynes Publishing Group P.L.C. and its UK subsidiaries will no longer be able to report under UK GAAP for financial year-ends beginning after 1 January 2015. Therefore, the Company and its UK subsidiaries intends to adopt the new FRS 101 "Reduced Disclosure Framework", based on International Financial Reporting Standards as adopted by the European Union for its next financial year-end reporting and in future years.

In line with the new reporting regime, a shareholder or shareholders who hold in aggregate 5% or more of the total allotted shares in Haynes Publishing Group P.L.C. may serve objections to the use of the disclosure exemptions. Any such objections should be served in writing to the Company Secretary of Haynes Publishing Group P.L.C., at its registered office (Sparkford, Somerset BA22 7JJ) by no later than 29 February 2016.

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

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

### **Introduction**

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 November 2015 which comprises a consolidated income statement, consolidated statement of comprehensive income, consolidated balance sheet, consolidated statement of changes in equity, consolidated cash flow statement and related notes.

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

### **Directors' responsibilities**

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

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

### **Our responsibility**

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

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

### **Scope of review**

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 November 2015 is not prepared, in all material respects, in accordance with International Accounting Standard 34, as adopted by the European Union, and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

*BDO LLP  
Chartered Accountants and Registered Auditors  
Southampton  
United Kingdom  
27 January 2016*

*BDO LLP is a limited liability partnership registered in England and Wales (with registered number 0C305127).*