

MECHAN CONTROLS PLC

UNAUDITED INTERIM STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2015

CHAIRMAN'S REPORT

The Directors of Mechan Controls plc are pleased to announce the group's financial results for the 6 months trading period ending 30th June 2015.

The Group's turnover compared to the same period last year is up by 0.64% from £1,879,026 in 2014 to £1,891,219 before tax. Group 'after tax' profits are £124,114 compared to £205,914.

This drop in profits is largely due to a 'one off' bad debt of £70K incurred by our subsidiary PJO, from the coal industry when the government withdrew their £32 million support for Hatfield Colliery, the last remaining deep mine in the country.

The bad debt was particularly disappointing since we had just restored PJO to profitability after the trauma with UK Coal in 2013.

Hatfield Colliery had been promised £32 million of government financial support into 2017 and we had continued to supply in good faith, with a tidy exit planned for 2017. However, on 28th June the government support was dramatically withdrawn overnight and the mine went into voluntary insolvency, the day afterwards, 29th June. PJO were left with the bad debt of some £70K.

In addition a further one off exceptional cost of £30k was incurred in the first half due to an up front agency fee to carry out a strategic review of the ongoing direction of the group.

But for these one off costs, pre tax profits would have been down by just 7.6%, the second half of the year should continue to improve.

We are especially pleased to announce that after our subsidiary Company PJO's breakthrough into the Russian coal mining market in 2014, they have now signed an international agency agreement with Turkey for coal mining equipment, this agreement also covers the Middle East and the Stan countries.

Further, PJO are set to deliver their first order to Iran and a breakthrough into the Indian market is also set to follow.

In July, as a result of the afore mentioned strategic review, the company formally announced that it is now actively looking for an investment partner to take over the whole or part of the group.

The full year should see Mechan Controls Group reach before tax profits similar to last year, which are double those for 2013. We are confident that the business will continue to grow organically and resume its historical 'year on year' growth pattern.

In the light of this, the Director's are pleased to maintain the interim dividend at 0.938 pence per share.

The Directors accept responsibility for this report.

Wilf Boardman
Chairman
Mechan Controls plc
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MECHAN CONTROLS PLC

GROUP PROFIT AND LOSS ACCOUNT

FOR THE SIX MONTHS ENDED 30th JUNE 2015

	Unaudited Accounts for the six months ended	Unaudited Accounts for the six months ended
	<u>30 JUNE</u> <u>2015</u> £	<u>30 JUNE</u> <u>2014</u> £
TURNOVER	1,891,219	1,879,026
Cost of sales	<u>959,119</u>	<u>966,080</u>
GROSS PROFIT	932,100	912,946
Distribution costs	91,509	84,458
Administrative expenses	661,311	547,917
Other operating income	(122)	(450)
OPERATING PROFIT	179,402	281,021
Interest receivable	679	2,340
Interest payable and similar charges	(469)	(4,941)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	179,612	278,420
Tax on profit on ordinary activities	55,498	75,506
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	124,114	205,914
Dividends	(37,800)	(25,200)
RETAINED PROFIT FOR THE FINANCIAL YEAR	86,314	180,714
EARNINGS PER SHARE	6.21p	10.3p

MECHAN CONTROLS PLC

GROUP BALANCE SHEET

FOR THE SIX MONTHS ENDED 30th JUNE 2015

	Unaudited Accounts for the six months ended		Unaudited Accounts for the six months ended	
	30 JUNE 2015		30 JUNE 2014	
	£	£	£	£
FIXED ASSETS				
Intangible assets		1,279,135		1,405,497
Tangible assets		187,455		182,264
		<u>1,466,590</u>		<u>1,587,761</u>
CURRENT ASSETS				
Stocks	574,809		522,968	
Debtors	792,213		830,822	
Cash at Bank	717,269		363,598	
	<u>2,084,291</u>		<u>1,717,388</u>	
CREDITORS Amounts falling due within one year	600,911		690,002	
NET CURRENT LIABILITIES		<u>1,483,380</u>		<u>1,027,386</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,949,970</u>		<u>2,615,147</u>
CREDITORS: Amounts falling due after more than one year		-		-
PROVISION FOR LIABILITGIES				
Deferred Taxation		(23,222)		(25,820)
		<u>2,926,748</u>		<u>2,589,327</u>
CAPITAL AND RESERVES				
Called-up equity Share Capital		50,000		50,000
Share premium account		653,000		653,000
Profit and Loss Account		2,223,748		1,886,327
SHAREHOLDERS' FUND		<u>2,926,748</u>		<u>2,589,327</u>

NOTES TO THE FINANCIAL STATEMENTS

1 FINANCIAL INFORMATION

The interim results for the six months ended 30 June 2015 are unaudited and do not constitute accounts within the meaning of section 434 of the Companies Act 2006. The interim results have been drawn up using accounting policies and presentation consistent with those applied in the audited accounts for the year ended 31 December 2014. The comparative information contained in this report for the period ended 30 June 2015 does not constitute statutory accounts for that financial period.

2 DIVIDENDS

The directors have recommend payment of an interim dividend of £18,760 payable on the 12th October 2015

3 COPIES OF UNAUDITED INTERIM REPORTS

Copies of this report are available to the public from the registered office at 14/16 Seddon Place, Stanley Industrial Estate, Skelmersdale, WN8 8EB.

4 RESPONSIBILITY

The directors of the Company accept responsibility for the information contained in this document and to the best of their knowledge and belief (having taken such care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.