

# **MECHAN CONTROLS PLC**

## **UNAUDITED INTERIM STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2014**

### **CHAIRMAN'S REPORT**

The Directors of Mechan Controls plc are very pleased to announce the group's financial results for the 6 months trading period ending 30<sup>th</sup> June 2014.

The Group's turnover compared to the same period last year is up by 3.6% from £1,813,367 in 2013. Group 'after tax' profits are almost treble at £205,914 compared to £71,406. An increase of 188%.

The impressive increase in profit is due to a number of factors. The main one being that the problems in the UK coal industry which effected our subsidiary company PJO in 2013, are now largely behind us. These problems consisted of UK Coal going into liquidation leaving us with a large bad debt and the collapse in the market for mining supplies. After a savage programme of draconian cost cutting at PJO the company, is now profitable. Adding to this, Mechan operations are 60% ahead on last years profits for the same period and our subsidiary Nirvana Ltd is 20% ahead.

The second half of the year should continue the trend. We are especially pleased to announce a break through by PJO into the Russian mining industry with the first international sale of our £100,000 V5 drilling machine, which was delivered in August. The V5 machine is destined for a coal mine in Verkuta City in Northern Siberia. The company Severstal has, we understand, many such sites in the area. We are optimistic that this could be the start of a future pipeline of business with Russia.

The full year should see Mechan Controls Group reach record profits. 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 Directors' are pleased to announce an increase in the interim dividend of 50%, from 0.625 pence per share to 0.938 pence per share.

The Directors accept responsibility for this report.

Wilf Boardman  
Chairman  
Mechan Controls plc  
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Stanley Industrial Estate  
Skelmersdale  
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**MECHAN CONTROLS PLC****GROUP PROFIT AND LOSS ACCOUNT****FOR THE SIX MONTHS ENDED 30th JUNE 2014**

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|  | Unaudited<br>Accounts for<br>the six<br>months<br>ended | Unaudited<br>Accounts<br>for the six<br>months<br>ended |
|--|---|---|
|  | <div>30 JUNE<br/>2014<br/>£</div>                       | <div>30 JUNE<br/>2013<br/>£</div>                       |
| <b>TURNOVER</b>                                      | <b>1,879,026</b>  | <b>1,813,367</b>  |
| Cost of sales  | <b>966,080</b>  | <b>941,672</b>  |
| <b>GROSS PROFIT</b>                                  | <b>912,946</b>  | <b>871,695</b>  |
| Distribution costs                                   | <b>84,458</b>   | <b>142,973</b>  |
| Administrative expenses                              | <b>547,917</b>  | <b>609,527</b>  |
| Other operating income                               | <b>(450)</b>  | <b>(1,450)</b>  |
| <b>OPERATING PROFIT</b>                              | <b>281,021</b>  | <b>120,645</b>  |
| Interest receivable                                  | <b>2,340</b>  | <b>47</b>   |
| Interest payable and similar charges                 | <b>(4,941)</b>  | <b>(13,265)</b>   |
| <b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b> | <b>278,420</b>  | <b>107,427</b>  |
| Tax on profit on ordinary activities                 | <b>72,506</b>   | <b>36,021</b>   |
| <b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>  | <b>205,914</b>  | <b>71,406</b>   |
| Dividends  | <b>(25,200)</b>   | <b>25,047</b>   |
| <b>RETAINED PROFIT FOR THE FINANCIAL YEAR</b>        | <b>180,714</b>  | <b>46,332</b>   |
| <b>EARNINGS PER SHARE</b>                            | <b>10.3p</b>  | <b>3.6p</b>   |

# MECHAN CONTROLS PLC

## GROUP BALANCE SHEET

FOR THE SIX MONTHS ENDED 30th JUNE 2014

|   | Unaudited<br>Accounts<br>for the six<br>months<br>ended |                  | Unaudited<br>Accounts<br>for the six<br>months<br>ended |                  |
|---|---|------------------|---|------------------|
|   | 30 JUNE<br>2014   |                  | 30 JUNE<br>2013   |                  |
|   | £   | £                | £   | £                |
| <b>FIXED ASSETS</b>   |   |                  |   |                  |
| Intangible assets   |   | 1,405,497        |   | 1,532,998        |
| Tangible assets   |   | 182,264          |   | 194,221          |
|   |   | <u>1,587,761</u> |   | <u>1,727,719</u> |
| <b>CURRENT ASSETS</b>   |   |                  |   |                  |
| Stocks  | 522,968   |                  | 484,323   |                  |
| Debtors   | 830,822   |                  | 865,908   |                  |
| Cash at Bank  | 363,598   |                  | 117,647   |                  |
|   | <u>1,717,388</u>  |                  | <u>1,467,878</u>  |                  |
| <b>CREDITORS</b> Amounts falling due within<br>one year           | 690,002   |                  | 766,423   |                  |
| <b>NET CURRENT LIABILITIES</b>                                    |   | <u>1,027,386</u> |   | <u>701,455</u>   |
| <b>TOTAL ASSETS LESS CURRENT<br/>LIABILITIES</b>                  |   | 2,615,147        |   | 2,428,674        |
| <b>CREDITORS:</b> Amounts falling due after<br>more than one year |   | -                |   | (136,885)        |
| <b>PROVISION FOR LIABILITIES</b>                                  |   |                  |   |                  |
| Deferred Taxation   |   | (25,820)         |   | (27,631)         |
|   |   | <u>2,589,327</u> |   | <u>2,264,158</u> |
| <b>CAPITAL AND RESERVES</b>                                       |   |                  |   |                  |
| Called-up equity Share Capital                                    |   | 50,000           |   | 50,000           |
| Share premium account   |   | 653,000          |   | 653,000          |
| Profit and Loss Account   |   | 1,886,327        |   | 1,561,158        |
| <b>SHAREHOLDERS' FUND</b>   |   | <u>2,589,327</u> |   | <u>2,264,158</u> |

## **NOTES TO THE FINANCIAL STATEMENTS**

### **1 FINANCIAL INFORMATION**

The interim results for the six months ended 30 June 2014 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 2013. The comparative information contained in this report for the period ended 30 June 2014 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 22<sup>nd</sup> September 2014

### **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.