

MECHAN CONTROLS PLC
UNAUDITED INTERIM STATEMENT FOR THE SIX MONTHS
ENDED 30 JUNE 2013

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 2013.

The Group's turnover compared to the same period last year is down by 12.8% from £2078,875 mostly due to the loss of contracts at PJO Industrial Limited and PJO Group. Group profits are down by 33.6%.

PJO are suppliers to the UK mining industry through UK Coal. UK coal experienced a catastrophic event due to a fire in February 2013 at the Daw Mill Mine in Warwickshire, and this subsequently led to the shutting down of the mine. This had the knock on effect in turn of rendering UK Coal insolvent. UK Coal was put into administration on 9th July 2013 and a week later placed into liquidation.

The impact of the above was that many suppliers to UK coal were left with large bad debts, and many have been driven into liquidation. Whilst this is not the case for PJO, it has had to absorb a large write off on monies due from UK Coal. This write off has been included in the results for the period to 30 June 2013, and has therefore had a significant adverse impact on PJO trading performance for the period to 30 June 2013

The impact of PJO has masked an otherwise excellent six months from the rest of the group, namely Mechan Controls with profits up 120% and Nirvana, profits up 3%.

PJO has been substantially re-organised to reduce the labour and overheads in line with it's new circumstances. UK coal has been pre-packed out of liquidation and the new business should now thrive without the burden of Daw Mill and likewise PJO & the Mechan Group should prosper with it

Trading conditions in the second half of the year are expected to be much improved with the restructuring of costs now behind us. 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 maintain the interim dividend at 0.625 pence per share. The Directors accept responsibility for this report.

Wilf Boardman
Chairman

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MECHAN CONTROLS PLC**GROUP PROFIT AND LOSS ACCOUNT****FOR THE SIX MONTHS ENDED 30th JUNE 2013**

	Unaudited Accounts for the six months ended	Unaudited Accounts for the six months ended
	<div>30 JUNE 2013 £</div>	<div>30 JUNE 2012 £</div>
TURNOVER	1,813,367	2,078,875
Cost of sales	941,672	1,122,209
GROSS PROFIT	871,695	956,666
Distribution costs	142,973	176,860
Administrative expenses	603,237	598,475
Other operating income	(1,450)	-
OPERATING PROFIT	126,935	181,331
Interest receivable	47	374
Interest payable and similar charges	(13,265)	(23,183)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	113,717	158,522
Tax on profit on ordinary activities	38,519	50,995
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	75,198	107,527
Dividends	25,074	25,200
RETAINED PROFIT FOR THE FINANCIAL YEAR	50,124	82,327
EARNINGS PER SHARE	3.8p	5.4p

MECHAN CONTROLS PLC

GROUP BALANCE SHEET

FOR THE SIX MONTHS ENDED 30th JUNE 2013

	Unaudited Accounts for the six months ended		Unaudited Accounts for the six months ended	
	30 JUNE 2013		30 JUNE 2012	
	£	£	£	£
FIXED ASSETS				
Intangible assets		1,532,998		1,639,414
Tangible assets		194,221		224,982
		<u>1,727,219</u>		<u>1,864,396</u>
CURRENT ASSETS				
Stocks	484,323		502,805	
Debtors	877,712		1,193,719	
Cash at Bank	117,647		308,769	
	<u>1,479,682</u>		<u>2,005,293</u>	
CREDITORS Amounts falling due within one year		789,702		1,093,242
NET CURRENT LIABILITIES		<u>689,980</u>		<u>912,051</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		2,417,199		2,776,447
CREDITORS: Amounts falling due after more than one year		(136,885)		(644,585)
PROVISION FOR LIABILITIES				
Deferred Taxation		(12,364)		(35,338)
		<u>2,267,950</u>		<u>2,096,524</u>
CAPITAL AND RESERVES				
Called-up equity Share Capital		50,000		50,000
Share premium account		653,000		653,000
Profit and Loss Account		1,564,950		1,393,524
SHAREHOLDERS' FUND		<u>2,267,950</u>		<u>2,096,524</u>

NOTES TO THE FINANCIAL STATEMENTS

1 FINANCIAL INFORMATION

The interim results for the six months ended 30 June 2013 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 2012. The comparative information contained in this report for the period ended 30 June 2013 does not constitute statutory accounts for that financial period.

2 DIVIDENDS

The directors have recommend payment of an interim dividend of £12,500 payable on the 13 September 2013

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.