



Preliminary Results Presentation

6 September 2012

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- Business overview & prospects** - **Nigel Rogers, CEO**

HIGHLIGHTS

- Revenues up by 8.1% to £39.39M
- Senior management changes completed
- Debt reduction underway since year end
- Further property divestments likely in FY 2013
- Equity fundraising and bank refinancing completed
- Market leading brands with global reach
- Strong customer loyalty & order books
- Niche businesses with growth potential

CURRENT GROUP STRUCTURE



FINANCIAL OVERVIEW

CONSOLIDATED INCOME STATEMENT

£M	<u>FY2012</u>	<u>FY2011</u>
REVENUE*	<u>39.39</u>	<u>36.45</u>
NET (LOSS)/PROFIT FROM OPERATIONS*	(1.21)	0.26
NET FINANCIAL INCOME/(EXPENSE)	0.92	0.86
<i>Bank and other debt</i>	(0.65)	(0.53)
<i>Net pension credit</i>	1.57	1.39
NET (LOSS) / PROFIT BEFORE TAX*	(0.29)	1.12
TAXATION	(0.90)	(0.45)
DISCONTINUED ACTIVITIES	(0.78)	0.85
SPECIAL ITEMS	(12.88)	1.35
NET (LOSS)/PROFIT FOR THE YEAR	<u>(14.85)</u>	<u>2.87</u>

* denotes from continuing activities before special items

FINANCIAL OVERVIEW

SEGMENTAL REPORTING

£M	<u>FY2012</u>	<u>FY2011</u>
REVENUE*		
MACHINE TOOLS	32.94	29.43
<i>Continuing in FY13</i>	31.11	29.04
<i>FMT Poland</i>	1.83	0.39
LASER MARKING	6.45	7.02
TOTAL REVENUE*	39.39	36.45
OPERATING (LOSS)/PROFIT*		
MACHINE TOOLS	0.03	1.52
<i>Continuing in FY13</i>	1.46	1.29
<i>FMT Poland</i>	(1.43)	0.23
LASER MARKING	0.32	0.33
HEAD OFFICE/UNALLOCATED	(1.56)	(1.59)
TOTAL OPERATING (LOSS)/PROFIT*	(1.21)	0.26

* denotes from continuing activities before special items

FINANCIAL OVERVIEW

DISCONTINUED ACTIVITIES & SPECIAL ITEMS

DISCONTINUED ACTIVITIES

600 SA - Operating profit	0.34	0.91
- Loss on sale	(1.26)	-
- Taxation	0.14	(0.06)
(LOSS)/PROFIT ON DISCONTINUED ACTIVITIES	<u>(0.78)</u>	<u>0.85</u>

SPECIAL ITEMS

IMPAIRMENTS	(7.26)	(0.20)
<i>Tangible fixed assets</i>	(1.16)	-
<i>Intangibles</i>	(0.93)	-
<i>Inventory</i>	(5.17)	(0.20)
REDUNDANCY COSTS	(1.41)	(0.24)
REFINANCING COSTS	(0.45)	-
REORGANISATION & RESTRUCTURING COSTS	(3.67)	(0.65)
SHARE BASED PAYMENTS	(0.09)	(0.13)
PENSION CREDIT	-	2.57
	<u>(12.88)</u>	<u>1.35</u>

FINANCIAL OVERVIEW

CASH FLOWS

£M	<u>FY2012</u>	<u>FY2011</u>
(LOSS)/PROFIT FOR YEAR	(14.70)	2.87
WORKING CAPITAL AND OTHER ITEMS	11.72	(0.99)
TRADING CASH FLOW	<u>(2.98)</u>	<u>1.88</u>
INTEREST & TAXATION PAID	(0.89)	(0.70)
OPERATING CASH FLOW	<u>(3.87)</u>	<u>1.18</u>
INVESTING ACTIVITIES	(1.06)	(1.78)
FINANCING ACTIVITIES	6.79	2.07
<i>Equity</i>	1.80	0.14
<i>Debt</i>	4.99	1.93
NET CASH FLOW	<u>1.86</u>	<u>1.47</u>
DEBT FINANCING	(4.99)	(1.93)
FX MOVEMENTS	<u>(0.07)</u>	<u>-</u>
MOVEMENT IN NET DEBT	<u><u>(3.20)</u></u>	<u><u>(0.46)</u></u>

FINANCIAL OVERVIEW

STATEMENT OF FINANCIAL POSITION

£M	<u>FY2012</u>	<u>FY2011</u>
FIXED ASSETS	5.93	12.01
ASSETS FOR RESALE (NET)	4.60	-
WORKING CAPITAL	7.56	15.68
<i>Inventory</i>	10.81	18.74
<i>Receivables</i>	6.53	8.92
<i>Payables</i>	(9.75)	(11.98)
NET INDEBTEDNESS	(7.99)	(4.80)
<i>Bank and financial leases</i>	(5.94)	(2.84)
<i>Shareholder loans</i>	(2.05)	(1.96)
<i>Current</i>	(2.17)	(1.17)
<i>Non-current</i>	(5.82)	(3.63)
OTHER LIABILITIES (NET)	(3.14)	(1.21)
<i>Employee benefits*</i>	(2.01)	(1.85)
<i>Deferred taxation</i>	0.11	0.89
<i>Provisions</i>	(1.24)	(0.25)
NET ASSETS*	<u>£6.99M</u>	<u>£21.68M</u>

* Excludes UK pension fund net surplus of £12.9M to be recognised in FY13



FINANCIAL OVERVIEW

NET ASSETS HELD FOR RESALE

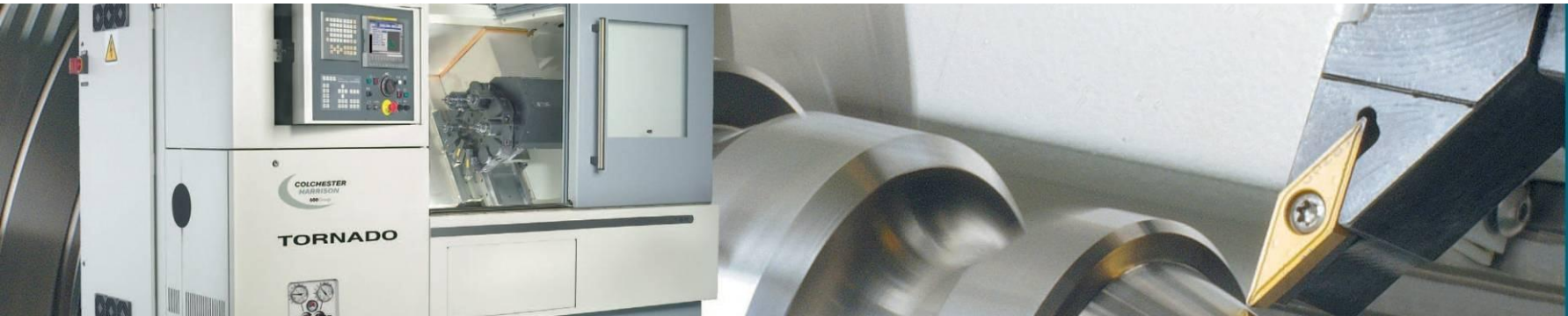
<u>At lower of carrying value or realisable value</u>	<u>£M</u>
600 SA Pty Ltd - Sold FY13 H1	1.8
Freehold properties	
<i>Sold FY13 H1</i>	1.1
<i>Currently held for resale</i>	1.7
	<hr/> £4.6M <hr/>

CURRENT GROUP STRUCTURE





- Metal turning machines
 - Conventional (non CNC)
 - Workshop CNC
 - Production CNC
- Brands: Colchester, Harrison, Storm, Tornado & Clausing



World leading brands – over 1 million units sold in > 100 years of history



NULC Workshop - UK

EDUCATION – Colchester & Harrison Manual Lathes, Harrison Alpha CNC, Europa Turret Miller

BUSINESS OVERVIEW: MACHINE TOOLS

- **Approx. 70% of Group revenues**
- **Market leading brands**
- **Global reach**
- **Strategy**
 - **Settled supply chain**
 - **New product development**
 - **Spares/service revenue share**



PRECISION ENGINEERED COMPONENTS

Standard chucks for traditional lathes



Power chucks for CNC lathes



PRECISION ENGINEERED COMPONENTS

Large Power Chucks



PRECISION ENGINEERED COMPONENTS

Super Precision Tapered Roller Bearings



PRECISION ENGINEERED COMPONENTS

Precision Machine Tool Accessories



BUSINESS OVERVIEW: PRECISION ENGINEERED COMPONENTS

- **Approx. 15% of Group revenue**
- **World class technology, niche product margins**
- **UK manufacture, global sales**
- **Strategy**
 - **Allocate financial resources**
 - **Modest investment required**
 - **Increase production capacity**
 - **Rapid cash payback**

LASER MARKING SOLUTIONS

Electrox laser marking solutions are used in a diverse range of industries worldwide including:

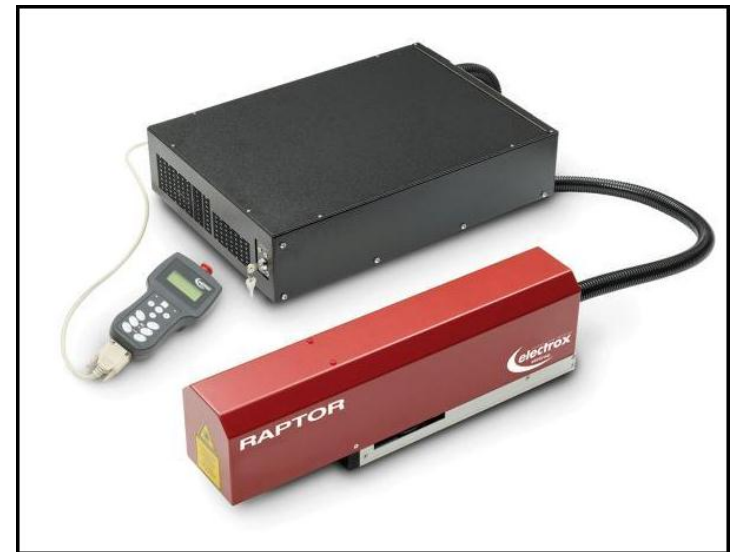
- Automotive
- Medical
- Computer Peripheral
- Telecommunications
- Cutting Tools
- Livestock
- Giftware
- Electronics
- Packaging



LASER MARKING SOLUTIONS

Four different laser technologies addressing the widest range of manufacturing situations

- ***Raptor EF Technology*** lasers
- ***Scorpion*** Yb:Fibre lasers
- ***Cobra*** diode pumped UV lasers
- ***Razor*** CO₂ lasers



LASER MARKING SOLUTIONS

- Workstations compatible with all lasers and all lenses
- Ideal for large components and medium volume users
- Flexible laser integration

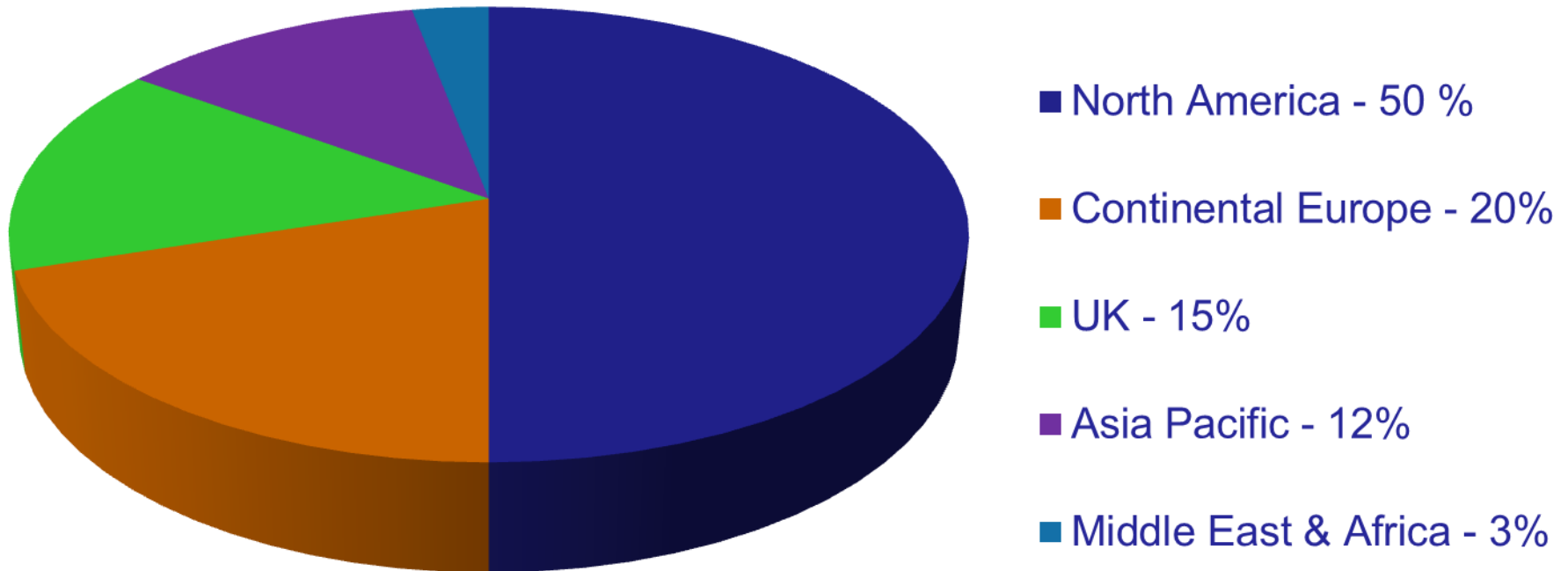


BUSINESS OVERVIEW: LASER MARKING

- **Approx. 15% of Group revenue**
- **UK manufacture, global sales**
- **Niche application of mainstream technology**
- **Strategy**
 - **Allocate financial resources**
 - **Product and software development underway**
 - **High growth potential**
 - **Interesting (fragmented) marketplace**



Revenue by geographical segment



PROSPECTS

- **Financial resources in place**
- **US / Australia sales operations robust**
- **Machine tools in Europe improving in H2**
- **Set fair for stability and future growth**
- **Interim results end November 2012**