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The 600 Group PLC

Unaudited Interim Results for the 26 weeks ended 29 September 2012

The 600 Group PLC, the machine tools and laser marking company, today announces its interim results for the 26 weeks ended 29 September 2012.

Highlights:

- Revenues increased by 9.5% to £19.91m (2011: £18.19m)
- Net profit before taxation from continuing operations* £1.34m (2011: £0.19m)
- Net profit attributable to equity holders £0.19m (2011: loss of £6.46m)
- Strategic review and refinancing implemented
- Divestment activity progressing well
- Net debt reduced to £6.89m (31 March 2012: £7.99m)
- Current trading showing improvements

*Before taxation, discontinued activities and special items

Commenting today, Paul Dupee, Chairman of The 600 Group PLC said:

“I am pleased to report satisfactory progress during the first half of the financial year, in which the new management team has implemented considerable structural changes to Group activities. We aim to develop our key strengths in metal turning machine tools and precision engineered components, and laser marking equipment. In each of these activities, our businesses have strong products and brands, significant market share, diverse geographical spread, robust manufacturing and supply chains, and reliable distribution partners.

Current trading since the period end is encouraging, with good revenue growth reflecting the improved supply chain and working capital position, and cost savings starting to take effect. Whilst these positive signs are no cause for complacency, the Board is confident that an improved second half performance is to be expected, and further progress can be made in coming months.”

More Information on the group can be viewed at: www.600group.com

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The 600 Group Plc

Chairman's Statement for the 26 weeks ended 29 September 2012

Overview

I am pleased to report satisfactory progress during the first half of the financial year, in which the new management team has implemented considerable structural changes to the Group's activities. The results for period are ahead of the corresponding period last year, and progress has been made on divestments and the provision of financial resources. Management is now focused on the delivery of improving operational results and sustainable earnings growth.

Strategy

Our goal is to develop the Group's key strengths in metal turning machine tools and precision engineered components, and laser marking equipment. In each of these activities, Group businesses have strong products and brands, significant market share, diverse geographical spread, robust manufacturing and supply chains, and reliable distribution partners.

Non-core businesses in South Africa and Poland were sold in July and September respectively, and their results are dealt with as discontinued activities.

Results and dividend

The trading performance of the Group was adversely affected by working capital constraints in Europe throughout the first half. Whilst this was alleviated by the proceeds from divestments, a significant proportion of the funds raised were utilised to reduce net bank indebtedness, and the normalisation of working capital was only fully resolved by the share placing in September.

Despite these conditions, revenue from continuing operations grew by 9.5% to £19.91m (2011: £18.19m) generating a net operating loss from continuing activities but before special items of £0.07m (2011: net loss of £0.36m).

After taking account of bank and net pension interest, the Group profit before taxation, discontinued activities and special items was £1.34m (2011: £0.19m).

The total profit before taxation of the Group for the financial period was £0.75m (2011: loss of £6.57m).

The Board does not recommend that any dividend payment be made (2011: Nil).

Operations

Note: Revenues and net operating profit in respect of Laser Marking spares and services in North America have been reclassified in the Laser Marking segment, and comparative amounts have been restated accordingly.

Machine tools and precision engineered components

Group companies design and develop metal cutting machine tools sold under the brand names Colchester, Harrison and Clausing and design and manufacture precision engineering components under the brand names Pratt Burnerd and Gamet. The results of these activities were as follows:

	26 weeks ended	
	29 September 2012 *£ 000*	**1 October 2011** *£ 000 Restated*
Revenues	16,199	14,131
Operating profit	409	(125)
Operating margin	2.5%	-0.9%

Worldwide revenues increased by 14.6% to £16.20m (2011: £14.13m). Trading in Europe was held back by the poor performance of the plant in Poland, which was sold in September 2012. By contrast, North American operations performed especially well, recording revenue growth of 27% compared to the same period last year, sourced from well-established global supply chain partners.

Delivery lead times in Europe are now much improved, restoring the confidence of our end user customers and distribution partners. The business is now beginning to realise the benefits of a settled supply chain, including shortened working capital cycle, cost reduction opportunities and normalised trading terms.

Attention is also focused on increased throughput in the production of workholding equipment, bearings and other precision engineered components, where reduced lead times will also provide opportunities for revenue growth in future.

Laser marking

Electrox designs, develops and manufactures equipment for the permanent marking of a wide variety of materials using lasers from its operations in Letchworth Garden City. Results for the financial period were as follows:

	26 weeks ended	
	29 September 2012 *£ 000*	**1 October 2011** *£ 000 Restated*
Revenues	3,790	4,180
Operating profit	155	483
Operating margin	4.1%	11.6%

Revenues for Electrox laser marking equipment fell by 9.3% to £3.79m when compared with the corresponding period last year (2011: £4.18m), although increased by 17.0% when compared with the second half of the prior year (2011 H2: £3.24m). This was attributable to reduced production output as a consequence of working capital constraints, which severely affected the final quarter of last year and prevailed for much of the current year to date.

Production and customer lead times returned to normalised levels towards the end of the period, leading to growth in underlying revenues which is expected to continue into the second half of the year.

Significant progress has also been made in new product development, and in particular on a major project to upgrade the proprietary software control system across the full product range. This will be available for launch in the next financial year, and will provide substantial new opportunities.

Discontinued activities and divestments

On 17 July 2012, the sale of the Group's subsidiary in South Africa, 600 SA Pty Ltd ("600SA") was completed for net cash proceeds of £1.81m.

On 11 September 2012, the Group also completed the sale of its subsidiary in Poland, FMT Colchester Sp. Zo.o ("FMT") for a nominal sum. This followed the closure of FMT announced on 10 August 2012 following the withdrawal of financial support from FMT by 600 Group.

During the period these businesses suffered a combined trading loss of £0.5m. Significant impairments had already been taken against their values in the year to 31 March 2012. These amounts are dealt with as discontinued activities in the current financial period. No further costs are expected to arise in future periods.

The Group also sold surplus freehold property at Shepshed, Leicestershire, during the period, receiving net cash proceeds of £1.2m against a book value of £1.1m. At the time of sale the property was generating rental income of approximately £0.02m per annum.

On 13 November 2012, the sale of the former sports ground at Batley, West Yorkshire, was completed for cash consideration of £0.39m, against book value of £0.03m. The gain arising will be dealt with as a special item in the results for the second half of the year. Further freehold property disposals are anticipated during the current financial year.

Financial resources

On 3 September 2012 the Company entered into an agreement for the placing of an aggregate of 19.66m ordinary shares of 1p each at a placing price of 7.5 pence per share, raising an aggregate of £1.47m.

The Company also entered into revised facility agreements with its principal banker in the UK covering existing term loan and revolving credit facilities amounting to £3.64m and a new working capital facility of £0.30m.

The proceeds from the divestment of South Africa and the freehold property in the period were used to repay the UK overdraft and term loan facilities and provide much needed additional working capital for the UK businesses. Additional banking facilities were made available locally in the US to help fund the increased working capital as a result of the significant growth in turnover being achieved.

At 29 September 2012 the Group had headroom on its banking facilities of over £2m with net debt (including the shareholder loan) at £6.9m compared to £8m at 31 March 2012.

Principal Risks and Uncertainties

The principal risks and uncertainties affecting the Group remain those set out in the 2012 Annual Report. Those which are most likely to impact the performance of the Group in the remaining period of the current financial year are the exposure to increased input costs, the dependence on a relatively small number of key vendors in the supply chain and a downturn in its customers' end markets particularly in North America.

Outlook

Current trading since the period end is encouraging, with good revenue growth reflecting the improved supply chain and working capital position, and cost savings starting to take effect. Whilst these positive signs are no cause for complacency, the Board is confident that an improved second half performance is to be expected, and further progress can be made in coming months.

Paul Dupee
Chairman
14 November 2012

Condensed consolidated income statement (unaudited)
for the 26 week period ended 29 September 2012

				As restated *			
	Before special items 26 weeks ended 29 September 2012	**special items 26 weeks ended 29 September 2012**	**After special items 26 weeks ended 29 September 2012**	Before special items 26 weeks ended 1 October 2011	special items 26 weeks ended 1 October 2011	After special items 26 weeks ended 1 October 2011	After special items 52 weeks ended 31 March 2012
	£'000	**£'000**	**£'000**	£'000	£'000	£'000	£'000
Continuing							
Revenue	**19,911**		**19,911**	18,187		18,187	37,565
Cost of sales	**(13,540)**	**(165)**	**(13,705)**	(12,675)	(4,092)	(16,767)	(32,941)
Gross profit	**6,371**	**(165)**	**6,206**	5,512	(4,092)	1,420	4,624
Other operating income	**38**		**38**	78		78	126
Net operating expenses	**(6,480)**	**(168)**	**(6,648)**	(5,950)	(2,663)	(8,613)	(14,356)
Loss from operations	**(71)**	**(333)**	**(404)**	(360)	(6,755)	(7,115)	(9,606)
Bank and other interest	**11**	**-**	**11**	11	-	11	24
Expected return on pension assets	**5,713**	**-**	**5,713**	5,405	-	5,405	10,834
Financial income	**5,724**		**5,724**	5,416		5,416	10,858
Bank and other interest	**(322)**	**(253)**	**(575)**	(306)	-	(306)	(669)
Interest on pension obligations	**(3,990)**	**-**	**(3,990)**	(4,565)	-	(4,565)	(9,268)
Financial expense	**(4,312)**	**(253)**	**(4,565)**	(4,871)	-	(4,871)	(9,937)
Profit/(Loss) before tax	**1,341**	**(586)**	**755**	185	(6,755)	(6,570)	(8,685)
Income tax charge	**(65)**	**-**	**(65)**	(45)	-	(45)	(907)
Profit/(Loss) for the period from continuing operations	**1,276**	**(586)**	**690**	140	(6,755)	(6,615)	(9,592)
Post tax (loss)/ profit of discontinued operations	**(501)**	**-**	**(501)**	153	-	153	(5,257)
Total profit/(loss) for the financial period attributable to equity holders of the parent	**775**	**(586)**	**189**	293	(6,755)	(6,462)	(14,849)

Special items comprise exceptional costs relating to reorganisation, redundancy, inventory and intangibles impairments, property disposals and share based payments.
*Comparative figures have been restated as a result of the South African and Polish businesses being treated as discontinued.

Basic EPS	**- continuing**	**1.94p**	**(0.89)p**	**1.05p**	0.22p	(10.62)p	(1040)p	(15.05)p
	- discontinued	**(0.76)p**		**(0.76)p**	0.24p		0.24p	(8.25)p
	- Total	**1.18p**	**(0.89)p**	**0.29p**	0.46p	(11.0)p	(10.16)p	(23.30)p
Diluted EPS	**- continuing**	**1.93p**	**(0.89)p**	**1.04p**	0.21p	(10.62)p	(1040)p	(15.05)p
	- discontinued	**(0.76)p**		**(0.76)p**	0.24p		0.24p	(8.25)p
	- Total	**1.17p**	**(0.89)p**	**0.28p**	0.45p	(10.62)p	(10.16)p	(23.30)p

Condensed consolidated statement of comprehensive income and expense (unaudited)
for the 26 week period ended 29 September 2012

	26 weeks To 29 September 2012 £000	26 weeks To 1 October 2011 £000	52 weeks To 31 March 2012 £000
Profit/(Loss) for the period	**189**	(6,462)	(14,849)
Other comprehensive (expense)/income:			
Foreign exchange translation differences	**—**	—	(95)
Net actuarial loss on employee benefit schemes	**(7,500)**	(760)	(1,785)
Recognition of pension surplus	**12,940**	—	—
Impact of transfer to assets held for sale	**—**	—	349
Deferred taxation	**(2,499)**	—	386
Other comprehensive income/(expense) for the period, net of income tax	**2,941**	(760)	(1,145)
Total comprehensive income/(expense) for the period	**3,130**	(7,222)	(15,994)

Condensed Consolidated statement of financial position (unaudited)

As at 29 September 2012

	As at 29 September 2012 £000	As at 1 October 2011 £000	As at 31 March 2012 £000
Non-current assets			
Property, plant and equipment	**4,363**	10,379	5,085
Intangible assets	**1,018**	868	852
Employee benefits	**7,140**	—	—
Deferred tax assets	**1,473**	2,594	1,473
	13,994	13,841	7,410
Current assets			
Inventories	**10,967**	15,873	10,811
Trade and other receivables	**6,190**	8,088	6,528
Assets held for sale	**2,103**	—	9,093
Cash and cash equivalents	**892**	859	409
	20,153	24,820	26,841
Total assets	**34,147**	38,661	34,251
Non-current liabilities			
Employee benefits	**(2,139)**	(1,960)	(2,012)
Loans and other borrowings	**(5,912)**	(6,184)	(5,824)
Deferred tax liability	**(3,864)**	(1,806)	(1,365)
	(11,915)	(9,950)	(9,201)
Current liabilities			
Trade and other payables	**(7,574)**	(11,485)	(9,556)
Income tax payable	**(197)**	(157)	(199)
Provisions	**(1,149)**	(96)	(1,241)
Loans and other borrowings	**(1,867)**	(1,750)	(2,579)
Liabilities held for sale	**—**	—	(4,488)
	(10,787)	(13,488)	(18,063)
Total liabilities	**(22,702)**	(23,438)	(27,264)
Net assets	**11,445**	15,223	6,987
Shareholders' equity			
Called-up share capital	**14,580**	14,375	14,375
Share premium account	**16,861**	15,646	15,645
Revaluation reserve	**1,077**	1,404	1,080
Capital redemption reserve	**2,500**	2,500	2,500
Equity reserve	**170**	14	167
Translation reserve	**1,342**	869	1,487
Retained earnings	**(25,085)**	(19,585)	(28,267)
Total equity	**11,445**	15,223	6,987

Condensed Consolidated statement of changes in equity (unaudited)
As at 29 September 2012

	called up share capital £000	share premium account £000	Revaluation reserve £000	capital redemption reserve £000	Translation reserve £000	Equity reserve £000	Retained earnings £000	Total £000
At 2 April 2011	14,315	13,899	1,475	2,500	1,697	160	(12,363)	21,683
Loss for the period	—	—	—	—	—	—	(6,462)	(6,462)
Other comprehensive income:								
Foreign currency translation	—	—	(70)	—	(829)	—	—	(899)
Net actuarial losses on employee benefit schemes	—	—	—	—	—	—	80	80
Impact of changes to defined benefit asset limit	—	—	—	—	—	—	(840)	(840)
Deferred tax	—	—	—	—	—	—	—	—
Total comprehensive income	—	—	(70)	—	(829)	—	(7,222)	(8,121)
Transactions with owners:								
Share capital subscribed for	60	1,746	—	—	—	—	—	1,806
Shareholder loan issue with convertible warrants	—	—	—	—	—	4	—	4
Non-controlling interest reversal	—	—	—	—	—	—	—	—
Credit for share-based payments	—	—	—	—	—	—	—	—
Total transactions with owners	60	1,746	—	—	—	—	—	1,810
At 1 October 2011	14,375	15,645	1,405	2,500	868	164	(19,585)	15,372
Loss for the period	—	—	—	—	—	—	(8,387)	(8,387)
Other comprehensive income:								
Foreign currency translation	—	—	24	—	619	—	(95)	548
Net actuarial losses on employee benefit schemes	—	—	—	—	—	—	6,945	6,945
Impact of write down of assets held for sale	—	—	(349)	—	—	—	349	—
Impact of changes to defined benefit asset limit	—	—	—	—	—	—	(7,970)	(7,970)
Deferred tax	—	—	—	—	—	—	386	386
Total comprehensive income	—	—	(325)	—	619	—	(8,772)	(8,478)
Transactions with owners:								
Share capital subscribed for	—	—	—	—	—	—	—	—
Shareholder loan issue with convertible warrants	—	—	—	—	—	3	—	3
Non-controlling interest reversal	—	—	—	—	—	—	—	—
Credit for share-based payments	—	—	—	—	—	—	90	90
Total transactions with owners	—	—	—	—	—	3	90	93
At 31 March 2012	14,375	15,645	1,080	2,500	1,487	167	(28,267)	6,987
Profit for the period	**—**	**—**	**—**	**—**	**—**	**—**	**189**	**189**
Other comprehensive income:								
Foreign currency translation	**—**	**—**	**(3)**	**—**	**(145)**	**—**	**—**	**(148)**
Net actuarial losses on employee benefit schemes	**—**	**—**	**—**	**—**	**—**	**—**	**(6,150)**	**(6,150)**
Impact of changes in actuarial assumptions	**—**	**—**	**—**	**—**	**—**	**—**	**(1,350)**	**(1,350)**
Recognition of pension surplus	**—**	**—**	**—**	**—**	**—**	**—**	**12,940**	**12,940**
Deferred tax	**—**	**—**	**—**	**—**	**—**	**—**	**(2,499)**	**(2,499)**
Total comprehensive income	**—**	**—**	**(3)**	**—**	**(145)**	**—**	**3,130**	**2,982**
Transactions with owners:								
Share capital subscribed for	**205**	**1,216**	**—**	**—**	**—**	**—**	**—**	**1,421**
Shareholder loan issue with convertible warrants	**—**	**—**	**—**	**—**	**—**	**3**	**—**	**3**
Credit for share-based payments	**—**	**—**	**—**	**—**	**—**	**—**	**52**	**52**
Total transactions with owners	**205**	**1,216**	**—**	**—**	**—**	**3**	**52**	**1,476**
At 29 September 2012	**14,580**	**16,861**	**1,077**	**2,500**	**1,342**	**170**	**(25,085)**	**11,445**

Condensed consolidated cash flow statement (unaudited)

for the 26 week period ended 29 September 2012

	26 weeks To 29 September 2012 £000	26 weeks To 1 October 2011 £000	52 weeks To 31 March 2012 £000
Cash flows from operating activities			
Profit/(loss) for the period	**189**	(6,462)	(14,849)
Adjustments for:			
Amortisation of development expenditure	**49**	109	116
Depreciation	**318**	478	1,033
Impairment of goodwill			931
Impairment of tangible fixed assets			1,158
Special items		5,888	(2,570)
Net financial (expense)/income	**(1,412)**	(529)	(921)
Net pension credit			(1,224)
Equity share option expense	**52**	—	90
Income tax expense/ (income)	**65**	45	907
Operating cash flow before changes in working capital and provisions	**(739)**	(471)	(12,759)
Decrease/(increase) in trade and other receivables	**307**	268	(1,240)
(Increase)/ decrease in inventories	**(210)**	(693)	5,896
(Decrease)/increase in trade and other payables	**(1,903)**	(2,008)	3,358
Increase/(decrease) in employee benefits	—	—	1,767
Cash (used in)/generated from operations	**(2,545)**	(2,904)	(2,978)
Interest paid	**(323)**	(322)	(757)
Income tax (paid)	**(66)**	32	(132)
Net cash flows from operating activities	**(2,934)**	(3,194)	(3,867)
Cash flows from investing activities			
Interest received	**4**	11	68
Proceeds from sale of property, plant and equipment	—	—	380
Net proceeds from sale of assets held for sale	**1,179**	—	—
Net proceeds from sale of subsidiary	**1,810**	—	—
Purchase of property, plant and equipment	**(54)**	(454)	(963)
Development expenditure capitalized	**(216)**	(319)	(549)
Net cash from investing activities	**2,723**	(762)	(1,064)
Cash flows from financing activities			
Proceeds from issue of ordinary shares	**1,414**	1,807	1,806
Net proceeds from external borrowings	**(191)**	4,745	4,986
Net cash flows from financing activities	**1,223**	6,552	6,792
Net increase/(decrease) in cash and cash equivalents	**1,012**	2,596	1,861
Cash and cash equivalents at the beginning of the period	**(117)**	(1,905)	(1,905)
Effect of exchange rate fluctuations on cash held	**(3)**	(92)	(73)
Cash and cash equivalents at the end of the period	**892**	599	(117)

1. Basis of preparation

The 600 Group PLC (the "Company") is a public limited company incorporated and domiciled in England and Wales. The Company's ordinary shares are traded on the AIM Market of the London Stock Exchange. The Consolidated Interim Financial Statements of the Company for the 26 week period ended 29 September 2012 comprise the Company and its subsidiaries (together referred to as the "Group").

This half yearly financial report is the condensed consolidated financial information of the Group for the 26 week period ended 29 September 2012. The Condensed Consolidated Half-yearly Financial Statements do not constitute statutory financial statements and do not include all the information and disclosures required for full annual financial statements. The Condensed Consolidated Half-yearly Financial Statements were approved by the Board on 14 November 2012.

The comparative figures for the financial year ended 31 March 2012 are not the Group's statutory accounts for that financial year. Those accounts have been reported on by the Group's auditors and delivered to the Registrar of Companies. The report of the auditors was (i) unqualified; (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under Section 498 (2) or (3) of the Companies Act 2006.

The half yearly results for the current and comparative period are neither audited nor reviewed by the Company's auditors.

As noted in the Basis of preparation accounting policy in the Group's Financial Statements for 31 March 2012 the Group agreed amendments to its UK banking arrangements and undertook a placing of shares with institutions on 5 September 2012.

The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of these revised facilities. This includes consideration of working capital requirements and the impact of funding further reorganisation costs and the possible delay in the divestment of further property assets. Additional property asset disposals have been factored into future banking covenants and the disposal of these properties and allocation of the proceeds will require the agreement of all debenture holders including Haddeo and the Pension Trustees.

The overseas bank overdrafts in place around the Group are all due for renewal within the next 6 months. The Group has held discussions with its overseas bankers about its future borrowing needs and no matters have been drawn to its attention to suggest that renewals may not be forthcoming on acceptable terms. The Group also considers that alternative sources of finance would be available should the need arise.

After making enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they have continued to adopt the going concern basis in the preparation of this half yearly financial report.

2. Significant accounting policies

The Condensed Consolidated Financial Statements in this half yearly financial report for the 26 week period ended 29 September 2012 have been prepared using accounting policies and methods of computation consistent with those set out in The 600 Group PLC's Annual Report and Financial Statements for the 52 week period ended 31 March 2012.

In preparing the condensed financial statements, management is required to make accounting assumptions and estimates. The assumptions and estimation methods were consistent with those applied to the Annual Report and Financial Statements for the 52 week period ended 31 March 2012.

3. Segment analysis

IFRS 8 – "Operating Segments" requires operating segments to be identified on the basis of internal reporting about components of the Group that are regularly reviewed by the chief operating decision maker to allocate resources to the segments and to assess their performance. The chief operating decision maker has been identified as the Executive Directors. The Executive Directors review the Group's internal reporting in order to assess performance and allocate resources.

Following the restructuring undertaken the two business streams of Machine Tools and Precision Engineered Components have been aggregated as they are operationally managed and report internally to the Executive Directors as a single Division. The Group's significant manufacturing facility in Poland which was sold in September 2012 has been classified as a discontinued activity as has the South African business sold in July 2012 which consisted of the Mechanical Handling and Waste activity The Executive Directors consider there to be two continuing operating segments being Machine Tools and Precision Engineered Components and Laser Marking. The sale of parts and service of lasers in the USA in connection with the Laser Marking business had previously been reported within the USA operations of the Machine Tools and Precision Components business but are now included within the Laser Marking figures. The comparative figures have been adjusted to reflect this change.

The executive directors assess the performance of the operating segments based on a measure of operating profit/(loss). This measurement basis excludes the effects of Special Items from the operating segments. Head Office and unallocated represent central functions and costs and include the effects of the Group Final Salary Scheme in the UK.

The following is an analysis of the Group's revenue and results by reportable segment:

	Continuing					
26 Weeks ended 29 September 2012	**Machine Tools & Precision Engineered Components**	**Laser Marking**	**Head Office & unallocated**	**Total continuing**	**Discontinued**	**Total**
Segmental analysis of revenue	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Revenue from external customers	**16,199**	**3,712**		**19,911**	**3,658**	**23,569**
Inter-segment revenue		**78**		**78**	**323**	**401**
Total segment revenue	**16,199**	**3,790**		**19,989**	**3,981**	**23,970**
Less: inter-segment revenue		**(78)**		**(78)**	**(323)**	**(401)**
Total revenue	**16,199**	**3,712**		**19,911**	**3,658**	**23,569**
Segmental analysis of operating Profit/(loss) before Special Items	**409**	**155**	**(635)**	**(71)**	**(476)**	**(547)**
Special Items				**(333)**		**(333)**
Group Loss from operations				**(404)**	**(476)**	**(880)**
Other segmental information:						
Reportable segment assets	**23,004**	**4,926**	**6,217**	**34,147**	**-**	**34,147**
Reportable segment liabilities	**(13,363)**	**(1,793)**	**(7,547)**	**(22,702)**	**-**	**(22,702)**
Fixed asset additions	**54**	**216**	**-**	**270**	**-**	**270**
Depreciation and amortisation	**296**	**57**	**14**	**367**	**-**	**367**

26 Weeks ended 1 October 2011	Continuing					
	Machine Tools & Precision Engineered Components	Laser Marking	Head Office & unallocated	Total continuing	Discontinued	Total
	£000	£000	£000	£000	£000	£000
Segmental analysis of revenue						
Revenue from external customers	14,131	4,056		18,187	6,520	24,707
Inter-segment revenue		124		124	966	1,090
Total segment revenue	14,131	4,180		18,311	7,486	25,797
Less: inter-segment revenue		(124)		(124)	(966)	(1,090)
Total revenue	14,131	4,056		18,187	6,520	24,707
Segmental analysis of operating Profit/(loss) before Special Items	(125)	483	(718)	(360)	360	-
Special Items	(3,789)	(1,267)	(1,699)	(6,755)	(191)	(6,946)
Group Loss from operations	(3,914)	(784)	(2,417)	(7,115)	169	(6,946)
Other segmental information:						
Reportable segment assets	18,205	5,320	6,488	30,013	8,648	38,661
Reportable segment liabilities	(9,189)	(1,915)	(7,885)	(18,989)	(4,449)	(23,438)
Fixed asset additions	45	160	1	206	248	454
Depreciation and amortisation	371	117	15	503	84	587

3**. Segment analysis (continued)**

52-weeks ended 31 March 2012	Continuing					
	Machine Tools & Precision Engineered Components	Laser Marking	Head Office & unallocated	Total	Discontinued	Total
Segmental analysis of revenue	£000	£000	£000	£000	£000	£000
Revenue from external customers	30,345	7,220	—	37,565	15,600	53,165
Inter-segment revenue		200	—	200	1,903	2,103
Total segment revenue	30,345	7,420	—	37,765	17,503	55,268
Less: inter-segment revenue		(200)	—	(200)	(1,903)	(2,103)
Total revenue per statutory accounts	30,345	7,220	—	37,565	15,600	53,165
Segmental analysis of operating Profit/(loss) before special Items	1,213	571	(1,559)	225	(1,097)	(872)
Special Items	(6,435)	(1,372)	(2,024)	(9,831)	(3,048)	(12,879)
Group (Loss)/profit from operations	(5,222)	(801)	(3,583)	(9,606)	(4,145)	(13,751)
Other segmental information:						
Reportable segment assets	21,034	4,056	1,385	26,475	7,776	34,251
Reportable segment liabilities	(15,441)	(3,977)	(1,903)	(21,321)	(5,943)	(27,264)
Non-current assets	3,063	2,310	2,037	7,410	—	7,410
Fixed asset additions	229	151	1	381	582	963
Depreciation and amortisation	613	225	28	866	283	1,149
Impairment of fixed assets	—	—	—	—	1,158	1,158
Impairment of development costs	—	931	—	931	—	931

4. Discontinued operations

600SA the Group's South African business was sold on 16 July 2012 to Eqstra Holdings Limited for a total consideration of ZAR (South African Rand) 24.3m which resulted in net proceeds after costs received in the UK of £1.81m. This represented the full activities of the Mechanical Handling and Waste business segment.
FMT the Group's Polish manufacturing business was sold for a nominal sum on 11 September 2012.
The results and loss on sale for both these activities are included in the post tax loss on discontinued activities in the Group's Condensed consolidated income statement.

The results of these discontinued operations are as follows:

	26 weeks ended 29 September 2012			26 weeks ended 1 October 2011			52 weeks ended 31 March 2012		
	£000	**£000**	**£000**	£000	£000	£000	£000	£000	£000
	South Africa	**Poland**	**Total**	South Africa	Poland	Total	South Africa	Poland	Total
Results of the discontinued operations									
Revenue	**3,042**	**616**	**3,658**	5,807	713	6,520	13,772	1,828	15,600
Expenses	**(3,003)**	**(1,156)**	**(4,159)**	(5,942)	(425)	(6,367)	(13,437)	(6,308)	(19,745)
Profit /(loss) before tax from discontinued operations	**39**	**(540)**	**(501)**	(135)	288	153	335	(4,480)	(4,145)
Taxation	–	–	–	–	–	–	151	—	151
Profit/Loss from operating activities after tax	**39**	**(540)**	**(501)**	(135)	288	153	486	(4,480)	(3,994)
Loss from sale of discontinued activities	–	–	–	–	–	–	(1,263)	—	(1,263)
Profit/(Loss) for the period	**39**	**(540)**	**(501)**	(135)	288	153	(777)	(4,480)	(5,257)

Disposal of subsidiary undertakings:

	South Africa	**Poland**
	£'000	**£'000**
Fixed Assets	981	–
Inventory	2,732	1,198
Trade and Other Receivables	3,357	276
Cash	(31)	5
Trade and Other Payables	(4,101)	(1,479)
Provisions	(63)	–
Impairment at the year-end	(1,063)	–
Net Assets at disposal	1,812	–
Proceeds	1,812	–
Profit/(loss) on disposal	–	–

5. SPECIAL ITEMS

In order for users of the financial statements to better understand the underlying performance of the Group the Board have separately disclosed transactions which by virtue of their size or incidence, are considered to be one off in nature. In addition, they include the charge for share based payments.

Such items include gains and losses on the sale of properties and assets, impairments of assets re FMT closure, exceptional costs relating to reorganisation, redundancy and restructuring, legal disputes and inventory and intangibles impairments.

	29 September 2012 £000	1 October 2011 £000	31 March 2012 £000
Cost of sales			
Inventory impairments	—	3,227	5,171
Plant and equipment impairments	—	—	1,158
Development expenditure impairments	—	692	931
Redundancies	**165**	173	252
Operating costs			
Redundancies	**100**	242	1,159
Reorganisation and restructuring costs	**170**	2,341	3,667
Profit on sale of freehold property	**(155)**	—	—
Share-based payments	**53**	80	90
Financial expense			
Refinancing	**253**	—	451
Restructuring costs	**586**	6,755	12,879

Period to 29 September 2012

Redundancies and reorganisation and restructuring costs relate to UK staff and production capacity.

Refinancing costs relate to the costs of the re-financing undertaken in September 2012.

Prior periods

Reorganisation and restructuring costs relate to legal disputes and costs incurred both in the UK and Poland with regard to the move of the machine tools manufacturing to Poland. As a result of these manufacturing transfers and trading losses in Poland, inventory levels were reviewed for obsolescence and age and impairments were made to inventories and plant and machinery. Subsequent to the year end the decision was taken to cease manufacturing in Poland and the business was sold in September 2012.

Within the laser marking business there has been a sales trend towards the most recent technological ranges with the result that the carrying value of the development expenditure and related stock of older generation products has been impaired.

Redundancies relate to the reduction in UK production capacity on the transfer of machine tool manufacturing to Poland and the termination costs related to Head Office and Board changes.

Refinancing costs relate to the costs of the share placing in the early part of the year and the re-banking completed in August 2011

6. FINANCIAL INCOME AND EXPENSE

	29 September 2012 £000	1 October 2011 £000	31 March 2012 £000
Interest income	**4**	11	24
Expected return on defined benefit pension scheme assets	**5,720**	5,405	10,834
Financial income	**5,724**	5,416	10,858
Bank overdraft and loan interest	**(202)**	(179)	(385)
Shareholder loan interest	**(100)**	(100)	(200)
Other loan interest	**—**	**—**	(23)
Finance charges on finance leases	**(20)**	(27)	(61)
Interest on defined benefit pension scheme obligations	**(3,990)**	(4,565)	(9,268)
Financial expense	**(4,312)**	(4,871)	(9,937)

7. TAXATION

	29 September 2012 £000	1 October 2011 £000	31 March 2012 £000
Current tax:			
Corporation tax at 26% (2011: 28%):			
– current period relating to prior period	**—**	—	—
Overseas taxation:			
– current period	**(57)**	(74)	(60)
Total current tax charge	**(57)**	(74)	(60)
Deferred taxation:			
– current period		(50)	(213)
– prior period	**(8)**	(783)	(175)
Total deferred taxation charge (Note 13)	**(8)**	(833)	(388)
Taxation charged to the income statement	**(65)**	(907)	(448)

8. EARNINGS PER SHARE

The calculation of the basic profit per share of 0.29p (2011:loss 10.16p) is based on the earnings for the financial period attributable to the Parent Company's shareholders of a profit of £690,000 (2011: loss £6,615,000) and on the weighted average number of shares in issue during the period of 65,799,553 (2011: 63,570,946). At 29 September 2012, there were 308,247 (2011: 2,272,102) potentially dilutive shares on option (as a loss cannot be diluted the figures for 2011 remain the same as the basic loss per share).

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	29 September 2012	1 October 2011	31 March 2012
Weighted average number of shares	**£000**	£000	£000
Issued shares at start of period	**63,926,253**	57,933,679	57,933,679
Effect of shares issued in the year	**1,873,300**	5,637,267	5,783,545
Weighted average number of shares at end of period	**65,799,553**	63,570,946	63,717,224

9. RECONCILIATION OF NET CASH FLOW TO NET DEBT

	29 September 2012 £000	1 October 2011 £000	31 March 2012 £000
Increase in cash and cash equivalents	**1,012**	1,466	1,861
Increase in debt and finance leases	**191**	(1,933)	(4,988)
Decrease /(Increase) in net debt from cash flows	**1,203**	(467)	(3,127)
Net debt at beginning of period	**(7,994)**	(4,328)	(4,795)
Exchange effects on net funds	**(96)**	—	(72)
Net debt at end of period	**(6,887)**	(4,795)	(7,994)

10. ANALYSIS OF NET DEBT

	At 31 March 2012 £000	Exchange/ Reserve movement £000	Cash flows £000	**At 29 September 2012 £000**
Cash at bank and in hand	309	(3)	486	**792**
Term deposits (included within cash and cash equivalents on the balance sheet)	100	—	—	**100**
Overdrafts	(526)	—	526	**—**
	(117)	(3)	1,012	**892**
Debt due within one year	(1,761)	(21)	115	**(1,667)**
Debt due after one year	(3,638)	(20)	21	**(3,637)**
Shareholder loan	(2,052)	(52)		**(2,104)**
Finance leases	(426)	—	55	**(371)**
Total	(7,994)	(96)	1,203	**(6,887)**

11. EMPLOYEE BENEFITS

The Group operates a number of defined benefit pension schemes throughout the world. The assets of these schemes are held in separate trustee-administered funds. The principal scheme is the UK defined benefit plan.

The benefits from these schemes are based upon years of pensionable service and pensionable remuneration of the employee as defined under the respective scheme provisions. The schemes are funded by contributions from the employee and from the employing company over the period of the employees' service. Contributions are determined by independent qualified actuaries based upon triennial actuarial valuations in the UK and on annual valuations in the US.

The principal assumptions used for the purpose of the IAS 19 valuation for the UK scheme compared to the 2012 year end were as follows:

	29 September 2012 UK scheme % p.a.	31 March 2012 UK scheme % p.a.
Inflation under RPI	**2.6**	3.2
Inflation under CPI	**1.6**	2.2
Rate of general long-term increase in salaries	**4.1**	4.7
Rate of increase for CARE benefit while an active member	**2.5**	3.1
Rate of increase to pensions in payment – LPI 5%	**2.5**	3.1
Rate of increase to pensions in payment – LPI 2.5%	**1.8**	2.1
Discount rate for scheme liabilities	**4.2**	4.7

Retirement benefit obligations increased by £7.5m in the period. This principally comprised actuarial losses being £3.77m due to losses on asset values largely due to the fall in bond markets, experience losses of £2.38m due to actual pension increases as at April 2012 being higher than the actuarial expectations and £1.35m due to the increases value placed on liabilities as a result of changes in assumptions, particularly the fall in the yield on corporate bonds.

As a result of a minor change to the Scheme Rules it has now been possible to recognise the scheme accounting surplus on the balance sheet at the 29 September 2012 period end in accordance with IFRIC 14. This surplus was £12.94m at 31 March 2012 and consequently following the actuarial adjustments in the period of £7.5m and the net credit in the income statement for the period a surplus of £7.14m before deferred taxation has been recorded in the balance sheet.

A copy of this report is available on the Company's website and has been posted to those shareholders who requested to continue to receive printed material.