The 600 Group PLC

Unaudited Interim Results for the six months ended 28 September 2013

The 600 Group PLC, the machine tools and laser marking company, today announces its unaudited interim results for the six months ended 28 September 2013.

Highlights:

- Revenues increased by 5.2% to £20.94m (FY13 H1: £19.91m)
- Adjusted* net profit before tax of £0.58m (FY13 H1: loss of £0.33m*)
- Total profit attributable to shareholders of £0.80m (FY13 H1: loss of £0.73m)
- Earnings per share increased to 0.95 pence (FY13 H1: loss of 1.11 pence)
- Cash conversion of 108% from trading activities
- Site compression project at Heckmondwike completed
- New products launched by Electrox Laser in September
- March 2013 actuarial valuation completed – no new pension funding commitments until 2016

*from continuing operations, before pension credit interest, amortization of shareholder loan costs and special items.
FY 13 figures have been restated for revisions to interest on net pension surplus following the adoption of IAS 19 'employee benefits (2011)'.

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

"I am pleased to report satisfactory results which have been achieved through increased market share and improvements in operational efficiency.

It appears that business confidence is slowly returning in our major markets, and there is a renewed interest in manufacturing activity and investment in developed economies. With globally recognised brands and continued focus on developing our product range, we continue to look forward with optimism."

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 six months ended 28 September 2013

Overview

I am pleased to report satisfactory financial results for the six month period ended 28 September 2013. These have been delivered despite reductions in total industry demand for machine tools in most major geographical markets in the first half of the year, although we expect business confidence overall to improve in the second half.

Results and dividend

Revenue increased by 5.2% to £20.94m (FY13 H1: £19.91m from continuing operations) generating a net operating profit of £0.77m (FY13 H1: net operating loss of £0.07m from continuing operations, but before special items).

Gross margins increased to 33.0% of revenues (FY13 H1: 31.2%), and net operating margin improved to 3.7% of revenues (FY13 H1: loss of 2.0% of revenues).

After taking account of interest on bank borrowings, the underlying Group pre-tax profit before pension credit interest and amortisation of shareholder loan costs (and discontinued activities and special items in the prior year only) was £0.58m (FY13 H1: loss of £0.33m).

The total profit attributable to shareholders of the Group for the financial period was £0.80m (FY13 H1: loss of £0.73m), providing earnings of 0.95 pence per share (FY13 H1: loss of 1.11 pence)

The Board does not recommend that any dividend payment be made.

Operating activities

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:

	FY14 H1 *£000*	**FY13 H1** *£000* *Restated*
Revenues	17,648	16,494
Operating profit	1,213	454
Operating margin	6.9%	2.8%

Revenue growth worldwide in the period of 7% was driven by increased market share in Europe, where sales were up by more than 35% compared with the equivalent period last year. Demand in the UK improved steadily throughout the period, although overall market activity in Eurozone countries remained relatively weak compared with the prior year. Machine availability and throughput continued to improve, and lead times for delivery to distributors and end users have now been fully normalised.

Market conditions in North America in the first quarter were slower, as anticipated, but gathered momentum as the period continued. Overall revenues for North America fell around 7% compared with the prior year, although we believe that this reduction was less marked than the equivalent for the industry as a whole, implying a gain in market share.

Demand in Australia was very subdued as a result of government austerity, coupled with low levels of investment in extractive industries, in the run up to the recent elections. Sales reduced by more than 20% compared with last year, although the impact on profitability was mitigated by tight control of overhead costs.

Operating margins improved by 4.1% to 6.9% of revenues. This reflected the significant operational gearing effect of additional throughput in Europe, and the higher margin/mix of component and aftermarket sales, mainly in North America. Furthermore, the compression of manufacturing operations into the reduced site footprint at Heckmondwike was completed in September 2013, and the further benefits of this project on operating efficiency and overhead costs are expected to flow into the second half of the year.

Since the period end, the Group has regained exclusive rights to the distribution of Colchester branded products in Germany, the largest market in Europe. This important development is expected to provide opportunities to further increase market share in the territory by the end of the current financial year.

Laser marking

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

	FY14 H1 *£000*	**FY13 H1** *£000* *Restated*
Revenues	3,455	3,495
Operating profit	144	110
Operating margin	4.2%	3.1%

The main objective for Electrox during the period was to maintain revenues and profitability whilst completing the design and launch of a brand new range of laser marking equipment and workstations at the EMO trade exhibition in September. In the event, this was achieved, with revenues at similar levels and operating margins improved to 4.2% of revenues.

The full range of new products was completed and launched on time, and was well received by the market. The Electrox EMS family of workstations is modular in design, and offers improved flexibility, ease of use, performance and reliability over its predecessors. Further new products and software upgrades are expected to come on stream during the second half of the financial year.

Since the period end, order intake for the new range has commenced at levels consistent with our expectations, confirming that Electrox is regaining its reputation for technical excellence and innovative design solutions.

Financial position

Net assets increased to £21.85m despite the adverse effect of £0.6m of exchange rate movements on the re-translation of foreign net assets. Net assets excluding the effect of pension schemes (net of associated taxation) were £9.79m.

Cash flow generated from operations was £0.83m, or 108% of operating profit, compared with an outflow from operations exceeding £2.5m in the prior year.

Net debt increased slightly from £5.41m to £5.60m, primarily to finance investment in fixed assets and product development, resulting in gearing of 25.6% (March 2013: 25.0%). Gearing after excluding net pension assets was 57.2% (March 2013: 61.1%).

UK pension scheme

In October 2013 the Company reached agreement with the Trustee of the 600 Group Pension Scheme ("the Scheme") regarding the triennial valuation of the Scheme as at 31 March 2013 as set out in Note 11. This confirmed that contributions by the Company will not be considered again until the next triennial valuation due in 2016.

Possible bid approach

On 11 September 2013 the Company announced that it had received an approach from Qingdao D&D Investment Group Co Limited that may or may not lead to a cash offer being made for the Company. Discussions are ongoing, and in accordance with the City Code on Takeovers and Mergers (" the Code") the relevant deadline either to announce a firm intention to make an offer for the Company in accordance with Rule 2.7 of the Code or announce that it does not intend to make an offer (in which case the announcement will be treated as a statement to which Rule 2.8 of the Code applies) is 5pm on 4 December 2013.

There can be no certainty that an offer will be made, nor as to the terms on which any offer will be made. A further update announcement will be made as and when appropriate.

Outlook

Recent industry forecasts* indicate that outlook for the machine tool consumption worldwide is expected to show growth of 5.2% in 2014, with the most significant contribution from the Americas at 7.3%, compared with a decline of 8.2% worldwide (3.8% Americas) in 2013.

It appears that business confidence is slowly returning in our major markets, and there is a renewed interest in manufacturing activity and investment in developed economies. With globally recognised brands and continued focus on developing our product range, we continue to look forward with optimism.

Paul Dupee
Chairman
20 November 2013

**Source: Oxford Economics, Global Machine Tool Outlook Survey, Autumn 2013.*

Condensed consolidated income statement (unaudited)
for the 26 week period ended 28 September 2013

	26 weeks Ended 28September 2013	26 weeks ended 29 September 2012*	52 weeks Ended 29 March 2013*
	£'000	£'000	£'000
Continuing			
Revenue	**20,937**	19,911	41,788
Cost of sales	**(14,019)**	(13,705)	(29,138)
Gross profit	**6,918**	6,206	12,650
Other operating income	**90**	38	79
Net operating expenses	**(6,241)**	(6,648)	(11,058)
Operating profit/(loss)	**767**	(404)	1,671
Bank and other interest	**2**	11	7
Interest on pension surplus	**421**	309	618
Financial income	**423**	320	625
Bank and other interest	**(184)**	(523)	(469)
Amortisation of shareholder loan costs	**(63)**	(52)	(117)
Financial expense	**(247)**	(575)	(586)
Profit/(loss) before tax	**943**	(659)	1,710
Income tax(charge)/credit	**(142)**	430	646
Profit/(loss)for the period from continuing operations	**801**	(229)	2,356
Post tax loss of discontinued operations	**-**	(501)	(295)
Total profit/(loss) for the financial period attributable to equity holders of the parent	**801**	(730)	2,061

*restated for revisions to interest on pensions surplus in respect of IAS 19 'Employee Benefits (2011)'- see note 11

Basic EPS - continuing	**0.95p**	(0.35)p	3.14p
- discontinued	**-**	(0.76)p	(0.39)p
- Total	**0.95p**	(1.11)p	2.75p
Diluted EPS- continuing	**0.94p**	(0.35)p	3.08p
- discontinued	**-**	(0.76)p	(0.39)p
- Total	**0.94p**	(1.11)p	2.69p

Condensed consolidated statement of comprehensive income and expense (unaudited)
for the 26 week period ended 28 September 2013

	26 weeks ended 28 September 2013 £000	26 weeks ended 29 September 2012 £000	52 weeks Ended 30 March 2013 £000
Profit/(Loss) for the period	**801**	**(730)**	**2,061**
Other comprehensive (expense)/income:			
Items that will not be reclassified to the Income Statement:			
Net actuarial loss on employee benefit schemes	(68)	(6,086)	4,291
Impact of changes to defined benefit asset limit	—	12,940	12,940
Deferred taxation	24	(2,994)	(5,730)
Total items that will not be reclassified to the Income Statement:	**(44)**	**3,860**	**11,501**
Items that are or may in the future be reclassified to the Income Statement:			
Foreign exchange translation differences	65	—	—
Revaluation movement in respect of assets held for sale	—	—	(616)
Total items that are or may be reclassified subsequently to the Income Statement:	**65**	**—**	**(616)**
Other comprehensive income for the period, net of income tax	**21**	3,860	10,885
Total comprehensive income for the period	**822**	3,130	12,946

Condensed Consolidated statement of financial position (unaudited)

As at 28 September 2013

	As at 28 September 2013 £000	As at 29 September 2012 £000	As at 30 March 2013 £000
Non-current assets			
Property, plant and equipment	**4,299**	4,363	4,500
Intangible assets	**1,530**	1,018	1,297
Employee benefits	**18,554**	5,001	18,105
Deferred tax assets	**3,089**	1,473	3,120
	27,472	11,855	27,022
Current assets			
Inventories	**9,194**	10,967	10,273
Trade and other receivables	**5,794**	6,191	6,183
Assets held for sale	**-**	2,103	-
Cash and cash equivalents	**1,253**	892	1,025
	16,241	20,153	17,481
Total assets	**43,713**	32,008	44,503
Non-current liabilities			
Loans and other borrowings	**(5,006)**	(5,912)	(5,100)
Deferred tax liability	**(7,582)**	(3,864)	(7,597)
	(12,588)	(9,776)	(12,697)
Current liabilities			
Trade and other payables	**(6,142)**	(7,574)	(6,973)
Income tax payable	**(293)**	(197)	(535)
Provisions	**(943)**	(1,149)	(1,309)
Loans and other borrowings	**(1,899)**	(1,867)	(1,332)
	(9,277)	(10,787)	(10,149)
Total liabilities	**(21,865)**	(20,563)	(22,846)
Net assets	**21,848**	11,445	21,657
Shareholders' equity			
Called-up share capital	**14,581**	14,579	14,579
Share premium account	**16,885**	16,858	16,858
Revaluation reserve	**835**	1,077	909
Capital redemption reserve	**2,500**	2,500	2,500
Equity reserve	**176**	170	173
Translation reserve	**1,271**	1,346	1,860
Retained earnings	**(14,400)**	(25,085)	(15,222)
Total equity	**21,848**	11,445	21,657

Condensed Consolidated statement of changes in equity (unaudited)
As at 28 September 2013

	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 31 March 2012	14,375	15,645	1,080	2,500	1,487	167	(28,267)	6,987
Loss for the period	—	—	—	—	—	—	(730)	(730)
Other comprehensive income:								
Foreign currency translation	—	—	(3)	—	(141)	—	—	(144)
Net actuarial losses on employee benefit schemes	—	—	—	—	—	—	(6,086)	(6,086)
Impact of changes to defined benefit asset limit	—	—	—	—	—	—	12,940	12,940
Deferred tax	—	—	—	—	—	—	(2,994)	(2,994)
Total comprehensive income	—	—	(3)	—	(141)	—	3,130	2,986
Transactions with owners:								
Share capital subscribed for	204	1,213	—	—	—	—	—	1,417
Shareholder loan issue with convertible warrants	—	—	—	—	—	3	—	3
Credit for share-based payments	—	—	—	—	—	—	52	52
Total transactions with owners	204	1,213	—	—	—	3	52	1,472
At 29 September 2012	14,579	16,858	1,077	2,500	1,346	170	(25,085)	11,445
Profit for the period	—	—	—	—	—	—	2,791	2,791
Other comprehensive income:								
Foreign currency translation	—	—	29	—	514	—	—	543
Net actuarial gains on employee benefit schemes	—	—	—	—	—	—	10,377	10,377
Impact of assets disposed of	—	—	(197)	—	—	—	(616)	(813)
Deferred tax	—	—	—	—	—	—	(2,736)	(2,736)
Total comprehensive income	—	—	(168)	—	514	—	9,816	10,162
Transactions with owners:								
Shareholder loan issue with convertible warrants	—	—	—	—	—	3	—	3
Credit for share-based payments	—	—	—	—	—	—	47	47
Total transactions with owners	—	—	—	—	—	3	47	50
At 30 March 2013	14,579	16,858	909	2,500	1,860	173	(15,222)	21,657
Profit for the period	**—**	**—**	**—**	**—**	**—**	**—**	**801**	**801**
Other comprehensive income:								
Foreign currency translation	**—**	**—**	**(74)**	**—**	**(589)**	**—**	**37**	**(626)**
Net actuarial losses on employee benefit schemes	**—**	**—**	**—**	**—**	**—**	**—**	**(68)**	**(68)**
Deferred tax	**—**	**—**	**—**	**—**	**—**	**—**	**24**	**24**
Total comprehensive income	**—**	**—**	**(74)**	**—**	**(589)**	**—**	**794**	**131**
Transactions with owners:								
Share capital subscribed for	**2**	**27**	**—**	**—**	**—**	**—**	**—**	**29**
Shareholder loan issue with convertible warrants	**—**	**—**	**—**	**—**	**—**	**3**	**—**	**3**
Credit for share-based payments	**—**	**—**	**—**	**—**	**—**	**—**	**28**	**28**
Total transactions with owners	**2**	**27**	**—**	**—**	**—**	**3**	**28**	**60**
At 28 September 2013	**14,581**	**16,885**	**835**	**2,500**	**1,271**	**176**	**(14,400)**	**21,848**

Condensed consolidated cash flow statement (unaudited)
for the 26 week period ended 28 September 2013

	26 weeks ended 28 September 2013 £000	26 weeks ended 29 September 2012 £000	52 weeks To 30 March 2013 £000
Cash flows from operating activities			
Profit/(loss) for the period	**801**	(730)	2,061
Adjustments for:			
Amortisation of development expenditure	**37**	49	87
Depreciation	**249**	318	627
Discontinued operations	—	—	(295)
Special items	—	—	1,631
Net financial (expense)/income	**(176)**	2	(39)
Loss on disposal of property, plant and machinery	**21**	—	—
Net pension credit	—	—	(2,429)
Equity share option expense	—	52	100
Income tax expense/ (income)	**142**	(430)	(646)
Operating cash flow before changes in working capital and provisions	**1,074**	(739)	1,097
Decrease in trade and other receivables	**231**	307	346
Decrease/(increase) in inventories	**638**	(210)	104
Decrease in trade and other payables	**(1,112)**	(1,903)	(2,874)
Restructuring and redundancy expenditure	—	—	(572)
Cash generated from/(used in)operations	**831**	(2,545)	(1,899)
Interest paid	**(118)**	(323)	(469)
Income tax paid	**(359)**	(66)	(40)
Net cash flows from operating activities	**354**	(2,934)	(2,408)
Cash flows from investing activities			
Interest received	**2**	4	7
Proceeds from sale of property, plant and equipment	—	—	2,710
Proceeds from sale of assets held for sale	—	1,179	1,708
Proceeds from sale of subsidiary	—	1,810	—
Purchase of property, plant and equipment	**(239)**	(54)	(129)
Refinancing expenditure	—	—	(286)
Development expenditure capitalized	**(269)**	(216)	(532)
Net cash from investing activities	**(506)**	2,723	3,478
Cash flows from financing activities			
Proceeds from issue of ordinary shares	**29**	1,414	1,416
Netproceeds from external borrowings	**425**	(191)	(1,383)
Net cash flows from financing activities	**454**	1,223	33
Net increase/(decrease) in cash and cash equivalents	**302**	1,012	1,103
Cash and cash equivalents at the beginning of the period	**1,025**	(117)	(117)
Effect of exchange rate fluctuations on cash held	**(74)**	(3)	39
Cash and cash equivalents at the end of the period	**1,253**	892	1,025

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 28 September 2013 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 28 September 2013. 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 20 November 2013.

The comparative figures for the financial year ended 30 March 2013 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 30 March 2013 the Group agreed amendments to its UK banking arrangements with Santander on 5 September 2012 which include a revolving credit facility of £2.5m until 30 June 2014 and on 21 October 2013 a new on demand £500,000 trade finance facility was also made available to the UK businesses. 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 Santander PLC and its overseas banks about its future borrowing needs and no matters have been drawn to its attention to suggest that renewal of, or provision of, similar working capital facilities would not be forthcoming on acceptable terms at the expiry of the current facilities. The Group also considers that alternative sources of finance would be available should the need arise.

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 facilities.

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 28 September 2013 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 30 March 2013 except that the basis for deferring the income or expense relating to employee benefits has been amended due to the adoption of IAS 19 'Employee Benefits (2011)' from 31 March 2013.

As a result of the change the Group now determines the net interest income on the net employee benefits asset for the period by applying the discount rate used to measure the employee benefit obligation at the start of the annual period to the net employee benefit asset at the beginning of the annual period. The comparative figures, including the related deferred taxation, have been restated accordingly in the Income Statement and Statement of Comprehensive Income. As there is no effect on the balance sheet carrying amount for employee benefits or the retained earnings, restated statements of financial position have not been presented.

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 30 March 2013.

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.

The Executive Directors consider there to be two continuing operating segments being Machine Tools and Precision Engineered Components and Laser Marking.

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 and the charge for share based payments.

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

		Continuing		
26 Weeks ended 28 September 2013	**Machine Tools & Precision Engineered Components**	**Laser Marking**	**Head Office & unallocated**	**Total**
Segmental analysis of revenue	**£000**	**£000**	**£000**	**£000**
Revenue from external customers	**17,648**	**3,289**		**20,937**
Inter-segment revenue		**166**		**166**
Total segment revenue	**17,648**	**3,455**		**21,103**
Less: inter-segment revenue		**(166)**		**(166)**
Total revenue	**17,648**	**3,289**		**20,937**
Operating Profit/(loss)	**1,213**	**144**	**(590)**	**767**
Other segmental information:				
Reportable segment assets	**16,399**	**4,622**	**22,692**	**43,713**
Reportable segment liabilities	**(6,236)**	**(1,119)**	**(14,510)**	**(21,865)**
Intangible & Fixed asset additions	**120**	**388**	**-**	**508**
Depreciation and amortisation	**162**	**109**	**14**	**285**

3. Segment analysis (continued)

26 Weeks ended 29 September 2012	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	16,494	3,417		19,911	3,658	23,569
Inter-segment revenue		78		78	323	401
Total segment revenue	16,494	3,495		19,989	3,981	23,970
Less: inter-segment revenue		(78)		(78)	(323)	(401)
Total revenue	16,494	3,417		19,911	3,658	23,569
Segmental analysis of operating Profit/(loss) before Special Items	454	110	(635)	(71)	(501)	(572)
Special Items				(333)		(333)
Group Loss from operations	454	110	(635)	(404)	(501)	(905)
Other segmental information:						
Reportable segment assets	20,865	4,926	6,217	32,008	-	32,008
Reportable segment liabilities	(11,224)	(1,793)	(7,546)	(20,563)	-	(20,563)
Fixed asset additions	54	216	-	270	-	270
Depreciation and amortisation	296	57	14	367	-	367

3. **Segment analysis (continued)**

52-weeks ended 30 March 2013	Continuing					
Segmental analysis of revenue	Machine Tools & Precision Engineered Components £000	Laser Marking £000	Head Office & unallocated £000	Total £000	Discontinued £000	Total £000
Revenue from external customers	34,906	6,882	—	41,788	3,658	45,446
Inter-segment revenue		131	—	131	323	454
Total segment revenue	34,906	7,013	—	41,919	3,981	45,900
Less: inter-segment revenue		(131)	—	(131)	(323)	(454)
Total revenue per statutory accounts	34,906	6,882	—	41,788	3,658	45,446
Segmental analysis of operating Profit/(loss) before special Items	2,145	213	(1,385)	973	(500)	473
Special Items	(1,391)	7	2,082	698	-	698
Group (Loss)/profit from operations	754	220	697	1,671	(500)	1,171
Other segmental information:						
Reportable segment assets	18,006	4,374	22,123	44,503	-	44,503
Reportable segment liabilities	(7,166)	(1,187)	(14,493)	(22,846)	-	(22,846)
Fixed asset additions	72	57	-	129	-	129
Depreciation and amortisation	491	195	28	714	-	714

4.Discontinued operations

600SA the Group's South African business was sold on 16 July 2012 and FMT the Group's Polish manufacturing business was sold on 11 September 2012.
The results and loss on sale for both these activities were included in the post tax loss on discontinued activities in the Group's Condensed consolidated income statement.

The results of these discontinued operations were as follows:

	26 weeks ended 28 September 2013	26 weeks ended 29 September 2012			52 weeks ended 30 March 2013		
	£000	£000	£000	£000	£000	£000	£000
	Total	South Africa	Poland	Total	South Africa	Poland	Total
Results of the discontinued operations							
Revenue	**-**	3,042	616	3,658	3,042	616	3,658
Expenses	**-**	(3,003)	(1,156)	(4,159)	(3,002)	(1,156)	(4,158)
Profit /(loss) before tax from discontinued operations	**-**	39	(540)	(501)	40	(540)	(500)
Taxation	–	–	–	–	-	—	-
Profit/(Loss) from operating activities after tax	**-**	39	(540)	(501)	40	(540)	(500)
Profit from sale of discontinued activities	–	–	–	–	-	205	205
Profit/(Loss) for the period	**-**	39	(540)	(501)	40	(335)	(295)

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.

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

	28 September 2013	29 September 2012	30 March 2013
	£000	£000	£000
Cost of sales			
Inventory impairments	—	—	246
Redundancies	—	165	354
Operating costs			
Redundancies	—	100	—
Reorganisation and restructuring costs	—	170	760
Profit on sale of freehold property	—	(155)	(23)
Share-based payments	—	53	99
Pension curtailment credit	—	—	(2,429)
Refinancing	—	253	295
Total Special Items	—	586	(698)

6.FINANCIAL INCOME AND EXPENSE

	28 September 2013	29 September 2012 (Restated)	30 March 2013 (Restated)
	£000	£000	£000
Interest income	**2**	11	7
Interest on Pension surplus	**421**	309	618
Financial income	**423**	320	625
Bank overdraft and loan interest	**(78)**	(150)	(185)
Shareholder loan interest	**(100)**	(100)	(200)
Other loan interest	**—**	—	(23)
Finance charges on finance leases	**(6)**	(20)	(61)
Amortisation of shareholder loan costs	**(63)**	(52)	(117)
Refinancing costs – special items	**—**	(253)	—
Financial expense	**(247)**	(575)	(586)

7. TAXATION

	28 September 2013	29 September 2012 (Restated)	30 March 2013 (Restated)
	£000	£000	£000
Current tax:			
Corporation tax at 23% (2012: 26%):			
Overseas taxation:			
– current period	**(117)**	(57)	(499)
Total current tax charge	**(117)**	(57)	(499)
Deferred taxation:			
– current period	**(134)**	495	(569)
– prior period	**109**	(8)	1,714
Total deferred taxation (charge)/credit	**(25)**	487	1,145
Taxation (charged)/credited to the income statement	**(142)**	430	646

Following the enactment of legislation in the UK to reduce the corporation tax rate from 23% to 21% from 1 April 2014, the effective tax rate in this period includes the impact on the income statement of calculating the UK deferred tax balances at the lower UK corporation tax rate.

8. EARNINGS PER SHARE

The calculation of the basic profit per share of 0.95p (2012 (restated):loss of 0.35p) is based on the earnings for the financial period attributable to the Parent Company's shareholders of a profit of £801,000 (2012 (restated): loss of £229,000) and on the weighted average number of shares in issue during the period of 84,368,806 (2012: 65,799,553). At 28 September 2013, there were 4,500,000 (2012: 308,247) potentially dilutive shares on option with a weighted average effect of 1,276,504 giving a diluted profit per share of 0.94p. As a loss cannot be diluted the diluted figures for 2012 (restated) remained the same as the basic loss per share of 0.35p.

The prior period figures have been restated as a result of the changes to pension interest recognition on the adoption of IAS 19 'Employee Benefits (2011)' from 31 March 2013.

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	28 September 2013	29 September 2012	30 March 2013
Weighted average number of shares	£000	£000	£000
Issued shares at start of period	**84,256,091**	63,926,253	63,926,253
Effect of shares issued in the period	**112,715**	1,873,300	11,071,154
Weighted average number of shares at end of period	**84,368,806**	65,799,553	74,997,407

9.RECONCILIATION OF NET CASH FLOW TO NET DEBT

	28 September 2013	29 September 2012	30 March 2013
	£000	£000	£000
Increase in cash and cash equivalents	**301**	1,012	1,103
Increase in debt and finance leases	**(425)**	191	1,556
Decrease /(Increase) in net debt from cash flows	**(124)**	1,203	2,659
Net debt at beginning of period	**(5,407)**	(7,994)	(7,994)
Shareholder loan adjustment	**(60)**	_	(111)
Exchange effects on net funds	**(10)**	(96)	39
Net debt at end of period	**(5,601)**	(6,887)	(5,407)

10. ANALYSIS OF NET DEBT

	At 30 March 2013 £000	Exchange/ Reserve movement £000	Other £000	Cash flows £000	**At 28 September 2013 £000**
Cash at bank and in hand	925	(73)	—	301	**1,153**
Term deposits (included within cash and cash equivalents on the balance sheet)	100	—	—	—	**100**
	1,025	(73)	—	301	**1,253**
Debt due within one year	(1,208)	42	(160)	(513)	**(1,839)**
Debt due after one year	(2,808)	—	160	—	**(2,648)**
Shareholder loan	(2,163)	—	(60)	—	**(2,223)**
Finance leases	(253)	21	—	88	**(144)**
Total	(5,407)	(10)	(60)	(124)	**(5,601)**

11.EMPLOYEE BENEFITS

The Group has defined benefit pension schemes in the UK and USA. The assets of these schemes are held in separate trustee-administered funds. The principal scheme is the UK defined benefit plan.

The UK scheme was closed to future accrual of benefits at 31 March 2013. Any deficit contributions required are determined by independent qualified actuaries based upon triennial actuarial valuations in the UK and on annual valuations in the US. There have been no deficit contributions made to the schemes during the reported periods and the latest actuarial valuation of the UK scheme to 31 March 2013 was agreed with the Trustees in October 2013. The Technical Provisions deficit of the UK scheme at 30 September 2013 represented a funding level of 91% and the recovery plan agreed with the Trustees based upon this updated deficit at 30 September 2013 of £19.5m assumes this deficit will be eliminated by a 1% out performance of the scheme assets against the 3.5% gilt yield discount rate assumed in the valuation update over a 14 year period, with the Company again not required to make any deficit contributions.

Value of scheme assets and liabilities for the purposes of IAS 19	**28 September 2013 £000**	29 September 2012 £000	30 March 2013 £000
Opening Fair value of schemes assets	**204,214**	188,665	188,665
Experience adjustments in the period	**(10,400)**	(3,080)	15,549
Closing Fair value of schemes assets	**193,814**	185,585	204,214
Opening present value of schemes liabilities	**186,109**	177,737	177,737
Experience adjustments in the period	**(10,849)**	2,847	8,372
Closing present value of schemes liabilities	**175,260**	180,584	186,109
Surplus recognised under IAS 19	**18,554**	5,001	18,105

The principal assumptions used for the purpose of the IAS 19 valuation for the UK scheme compared to the 2013 year end were as follows:

	28 September 2013 UK scheme % p.a.	30 March 2013 UK scheme % p.a.
Inflation under RPI	**3.15**	3.50
Inflation under CPI	**1.95**	2.30
Rate of increase to pensions in payment – LPI 5%	**3.05**	3.35
Rate of increase to pensions in payment – LPI 2.5%	**2.14**	2.20
Discount rate for scheme liabilities and return on assets	**4.40**	4.20

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties affecting the Group remain those set out in the 2013 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 the cyclical nature of customers' end markets.

A copy of this report and of the Company's interim results presentation is available on the Company's website.