The 600 Group PLC

Full Year Results for the year ended 28 March 2015

The 600 Group PLC ("the Group"), the AIM listed distributor, designer and manufacturer of industrial products (AIM: SIXH), today announces its full year results for the year ended 28 March 2015.

The Group has made substantial changes in the year to improve the way it operates and invested in and acquired companies to give it a much stronger presence in its core markets. It has also strengthened management at Board and operational level and these changes are improving the operational performance significantly.

There is now in place a highly motivated team of people developing new markets for the branded machine tools and ancillary products, improving the range of machines and the levels of customer service and at the same time actively looking for opportunities to acquire companies where they can increase market share in key areas such as laser marking and the distribution of industrial products.

CORPORATE AND OPERATIONAL HIGHLIGHTS

- Increased revenues and improved market share in the US and Europe in a challenging trading environment
- Acquisition of TYKMA Inc – a leading laser marking business.
- Investment in ProPhotonix Ltd – a designer and distributor of laser related products and LED systems
- New long term debt package in place including the issue of £7.7m of loan notes with warrants
- Launch of new Harrison and Colchester lathes and introduction of Clausing product ranges to Europe
- Strengthened Board and senior management team

FINANCIAL HIGHLIGHTS

- Profit before tax £3.68m (2014: 2.47m)
- Underlying profit before tax* £2.01m (2014: £1.97m)
- Earnings per share 2.66p (2014:2.19p)
- Underlying earnings per share* of 2.09p (2014:1.90p)
- Revenues increased by 5% to £43.8m (2014: £41.7m)
- Group net operating margin* maintained at 5.6%

* From continuing activities, before pension credit interest, amortisation of shareholder loan costs, special items and share based payment costs

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

“This has been a year of substantial change. We have made two significant investments in TYKMA and the holding in ProPhotonix. TYKMA is now fully integrated with our Electrox business under the leadership of David Grimes in the US and is already making a good contribution to revenues and profits. We continue to maintain a cordial and constructive relationship with the ProPhotonix Board.

In our industrial products and machine tools business, we have an excellent team of sales and engineering professionals where Don Haselton of our US business is leading the focus on revenue growth through market development utilising the Colchester, Harrison, Clausing and Pratt Burnerd brands.”

SUMMARY OF FINANCIAL RESULTS	**FY15 £m**	**FY14 £m**
Revenues	43.79	41.71
Underlying Operating profit*	**2.46**	**2.35**
Bank and other interest	(0.45)	(0.38)
Underlying Profit before taxation*	**2.01**	**1.97**
Non-bank finance income (net)	0.70	0.69
Special items (net)	0.97	(0.19)
Profit before taxation	3.68	2.47
Taxation charge	(1.33)	(0.62)
Total profit for the year	**2.35**	**1.85**
Earnings per share		
Underlying basis*	2.09p	1.90p
Total for the year	2.66p	2.19p

* From continuing activities, before pension credit interest, amortisation of shareholder loan costs, special items and share based payment costs

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

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Chairman’s statement

I am pleased to report that the Group has continued to establish a stronger position in the markets in which it operates and improve its overall financial performance to deliver increased revenues and profits. This was achieved despite challenging worldwide market conditions and in particular a weaker than expected performance from our Australian subsidiary.

The UK based European business continues to improve. We successfully launched newly designed lathes and ancillary products under the widely recognised Colchester, Harrison and Pratt Burnerd brands along with improvements in delivery times for existing products.

In addition, we have implemented the worldwide distribution of the Clausing branded machine tool range. The combination of the Colchester, Harrison, Clausing and Pratt Burnerd brands, successful in North America, is now available throughout our worldwide distributor base. Don Haselton the President of 600 Group Inc. has played a key role in this activity and will continue to work with the UK team.

Our laser marking business has been transformed by the acquisition of TYKMA in February this year, and already we are seeing substantial improvements to its operating performance. Electrox is now fully integrated into TYKMA and is run by David Grimes. David has built up the TYKMA business which, when combined with the UK business, now ranks it as a world leader in a very fragmented industry.

We continue to seek and evaluate opportunities for further strategic acquisitions, particularly in North America.

Strong Brands, distribution and exports

The 600 Group has developed several of the most widely recognised and respected brands in the machine tool industry. These brands along with accessories, spare parts and service provide a well balanced platform that delivers exceptional revenue and profit potential.

In the UK and Europe, our much improved financial position has enabled our sales and engineering team to deliver machines and spare parts from stock quickly. This improvement in customer service has delivered welcome gains in its market share.

The North American business continues to be successful in gaining market share and exceeding revenue goals by providing exceptional customer service and support along with high quality machine tools that cover the requirements of its target customers. This model will provide the framework for the marketing and sales platform that we hope will bring the North American success across all 600 Group machine tool markets. North America also continues to develop a line of US built products, including drills, milling machines and saws. These products broaden the manufacturing base and deliver the US built products desired by the domestic market.

We will also expand our distribution network in South East Asia in the coming year with particular emphasis on the Thailand, Philippines and Malaysian markets. These markets are high growth areas where the 600 Group machine tool and components names have a high level of brand recognition. Early discussions with distributors in these markets are very promising and we anticipate incremental revenue growth in the next financial year.

The integration of TYKMA and Electrox has also opened up new markets and distribution channels for both of these respected laser marking brands and given the division worldwide credibility to appeal to multi-national corporations.

Financial Overview

Revenue from continuing operations was £43.8m (2014: £41.7m) a 5% increase on the previous year.

After taking account of interest, pensions, taxation special items and share based payment charge, the Group profit for the financial year was £2.35m (2014: £1.85m).

Underlying earnings (from continuing operations before special items, share based payment charge, pensions interest and shareholder loan amortisation) amounted to 2.09 pence per share (2014: 1.90p) and total earnings were 2.66 pence per share (2014:2.19 p).

At the end of the financial year, group net indebtedness stood at £10.80m (2014: £5.31m), and gearing was 31% (2014:24%). The group had financial headroom on existing borrowing facilities of £4.2m and was in full compliance with all its financial covenants.

Acquisitions

In August 2014 we acquired a 26.3% share of ProPhotonix Limited, a company that designs and manufactures LED arrays and laser diode modules in the UK and Ireland. It has a strong base of technology and applications knowledge, applicable to high growth sectors including niche industrial, security and medical markets.

In February 2015 we acquired an 80% controlling stake in TYKMA Inc. a US based laser marking business run by David Grimes its Chief Operating Officer. TYKMA is a specialist designer, producer and distributor of laser marking systems which are used for traceability, branding and component identification. Electrox, the 600 Group's laser marking company based in Letchworth has been entirely integrated into TYKMA and the combined business is already achieving significantly improved results.

Facilities

In June 2014 we acquired the freehold site in Colchester, UK occupied previously under lease by our Gamet Bearings operation for a consideration of £0.77m. In the US we are re-locating Clausing to new purpose built leasehold premises in Kalamazoo, Michigan and TYKMA, again to purpose built leasehold premises, in Chillicothe Ohio. These new sites are better located with excellent road links and significantly improved facilities. In the period we also agreed the sale of our previous Head Office building in Leeds.

People

We have welcomed a number of new people to the Group at Board and operational level during the year. Stephen Fiamma was appointed as a Non- Executive Director in May 2015 and we welcome his experience in cross-border acquisitions, divestitures and joint ventures.
David Grimes the CEO of TYKMA is now leading our Laser marking division and his experience in building one of the world's leading companies in the sector will be of great benefit as we develop this division even further. Lastly, following the resignation of Nigel Rogers in April, I was delighted to assume the position of Executive Chairman with responsibility for managing the operational activities of the Group as well as pursuing our strategy for growth and working with my fellow Board and executive team to achieve this.

On behalf of the Board I would like to thank all our employees for their ongoing support, commitment and dedication to The 600 Group which has been so important in the last year and I look forward to working with them in the coming year.

Dividends

The Board continues to believe that the retention of earnings for deployment in the business is the most appropriate use of available financial resources. Accordingly they do not recommend the payment of a dividend at the present time.

Outlook

The 600 Group has begun the process of leveraging our industry recognised brands to expand our worldwide distribution network and accelerate our revenue growth. In the coming year, we aim to deliver additional organic revenue growth through market development in conjunction with our distribution base throughout Europe and Asia. We will also continue to evaluate acquisition opportunities to identify the partners who will best compliment our core competencies.

Paul Dupee
Chairman
30 June 2015

Results

Revenue

Revenue from continuing operations increased by 5% to £43.8m (2014: £41.7m). Excluding the effects of the TYKMA acquisition, revenue growth was 3% reflecting the difficult market conditions experienced in our major markets in Europe, the USA and particularly Australia.

Costs and margins

Gross margins were maintained at 33% and, with Group operating expenses contained in line with the underlying sales growth, the overall Group operating margin before special items was also maintained at 5.6% (excluding special items).

Machine tools and precision engineered components

Group companies design and develop metal cutting machine tools sold under the brand names Colchester and Harrison and design and manufacture precision engineering components under the brand names Pratt Burnerd and Gamet. These are sold worldwide, with direct sales operations in North America ("Clausing"), Europe, and Australia and a network of distributors in all other key end-user markets. Clausing is a customer service led distribution business and, in addition to branded Group products, carries a broad range of other machine tools, spares and accessories to serve the North American market. The Clausing branded machines have now started to be distributed in Europe through our existing sales channels

The financial results of these activities, before special items, were as follows:

	2015	2014 Restated
	£'000	*£'000*
Revenues	34,747	33,749
Operating profit	2,931	2,740
Operating margin	8.4%	8.1%

Revenues overall increased by 3% to £34.7m. Revenues in local currency in our North American operations increased by 9% as this business led by Don Haselton continues to win market share, and profit margins increased to 8.2% (2014 7.9%).These results now exclude the results of the Electrox spares and service operation which was transferred to TYKMA on acquisition. Comparative figures have been restated accordingly. The overall revenue increase was held back by very challenging market conditions in Australia where a fall of 6% in local currency was compounded by the weakness of the Australian Dollar to give a 13.4% fall in Sterling terms. A small trading loss was incurred and significant effort was put into preserving cash. With its strong brands and wide product range, a great deal of focus is now going into sales opportunities outside Australia into South East Asia.

The European operation, headed up by Mike Berry, experienced difficult market conditions, particularly in Europe, where the weakness of the Euro has added to pricing pressure and consequently revenue was 1% lower year on year. Good control of operating costs, which was underlined by the business winning the EEF regional and runner up in the National Business Efficiency Awards, led to improved margins and operating profit increasing to 10.3% (2014 9.6%)

At a recent open house in the UK, the Group launched a number of new machines including the Harrison Alpha 1400XC combination Lathe and the Harrison EziTurn 330. Also under the Colchester brand, the new Master VS and Triumph VS lathes were launched and have met with significant success with distributors. In addition, for the first time products which Clausing has successfully sold in the US were introduced to the UK and Europe including variables speed drills and precision manual surface grinders.

Laser marking

Following the acquisition of TYKMA Inc. in early February 2015, the Electrox UK based laser marking business was entirely integrated, including the sales, spares and service operations in the USA, moving from their base within Clausing in Michigan to TYKMA in Ohio. The segmental analysis includes the twelve months trading for Electrox and the USA spares and service previously within Clausing Machine tools, combined with the two months trading from TYKMA. Comparative figures have been restated accordingly. The Enlarged laser marking Division is now headed up by David Grimes. The combined laser marking Division provides a wide range of industrial marking and product identification systems to manufacturing industries.

Results for the financial year before special items were as follows:

	2015	**2014** Restated
	£ 000	*£ 000*
Revenues	9,229	8,254
Operating profit	304	686
Operating Margin	3.3%	8.3%

Revenues increased by 12% as a result of the TYKMA acquisition to £9.2m. Operating profit fell significantly in the second half of the year as the performance of Electrox in the US deteriorated and corrective action was delayed pending the completion of the TYKMA acquisition. In addition development costs previously capitalized were written off, adding a further £0.2m to operating costs.

Looking forward, the year has started strongly and the integration benefits are being realised. We are confident that this division is now back on track and capable of sustained growth in the coming year under the very experienced management team at TYKMA.

Profit before taxation

Group profit before tax was £3.68m (2014 £2.48m) and the underlying profit figure before special items and share based payment costs and the pensions interest credit and amortization of shareholder loan costs was £2.01m (2014 £1.97m).

Special items

During the financial year, the Group had a number of transactions which in the opinion of the Director's should be excluded for a better understanding of the underlying trading performance of the Group.

A credit of £2.35m is included in operating profit as a result of the work by the trustees of the UK pension scheme and the company in reducing liabilities. A number of transactions including a pension increase exchange took place during the year. This resulted in an actuarial adjustment to the pension liabilities, which was processed through the Consolidated Income Statement.

Costs incurred on the acquisition of TYKMA amounted to £0.3m and redundancy and restructuring costs incurred on the integration of the Electrox and TYKMA businesses were £0.4m.

The Group disposed of the previous UK head office in Leeds and the Clausing machine tools site in Michigan during the period and incurred a loss on valuation of the Colchester site. The total property related special items were £0.4m. In addition share option costs and amortization of intangible assets acquired which are non-cash costs to the Group have been included in special items.

Taxation

The current year charge for taxation amounted to £1.33m (2014 £0.62m). The majority of this charge relates to deferred taxation provided on the pension credit of £2.35m and interest on pension surplus of £0.86m which is at a rate of 35%, being the rate applicable to any refund from a pension scheme. The UK businesses continue to benefit from the substantial previous tax losses and no taxation is payable in the UK. The US businesses are subject to taxation on their profits at a rate of 34%.

Net profit and earnings per share

The total profit attributable to equity holders of the parent for the current financial year amounted to £2.33m (2014: £1.85m). The non- controlling interest represents 20% of the after tax profits of the TYKMA business.
Underlying earnings from continuing operations before pension and equity adjustments, special items and share based payment charge and related taxation was 2.09p per share (2014: 1.90p) and basic earnings per share was 2.66p (2014 2.19p)

Financial position and utilisation of resources

Cash flow

Cash generated from operations before working capital movements was £3.02m (2014: £2.71m). The working capital movement included an increase in inventories as a result of shipments into the USA caught up in the backlog from the East Coast dock strike and improved machine availability being offered by the European business to meet customer requirements. A large multiple machine sale to an educational establishment just before the period end increased receivables within the European Lathe business.

Taxation paid related entirely to the Clausing business in the USA.
Proceeds from the sale of the previous Head Office in Leeds and the Clausing facility in Kalamazoo contributed £0.46m to cash with the acquisition of the Colchester Gamet Bearings site at £0.72m being the major item of capital expenditure.

The investment in ProPhotonix was entirely funded by the issue of new shares and the investment and associated costs in relation to the purchase of 80% of TYKMA Inc. was funded by the issue of new loan notes.

Net borrowings

Group net debt at 28 March 2015 stood at £10.80m (2014: £5.31m) comprising net bank and finance lease indebtedness of £4.02m (2014: £3.02m) and the amount outstanding on the new loan notes of £6.78m (2014 shareholder loans of £2.29m). The amount outstanding is net of unamortised costs of £0.7m in the current financial year (2014 £0.21m).

New facilities were agreed with Santander in the UK in May 2014 and with Bank of America in April 2015. The Group has a mixture of term loans and revolving facilities with maturities between 2 and 6 years in addition to annual credit and tradeline facilities. Headroom on bank facilities was £4.2m at the year-end (2014: £2.72m) and all financial covenants were met in full.

During February and March 2015 the Group issued £7.69m of New 8% Loan Notes with a maturity of February 2020 under an £8.5m Loan Note programme. These Loan Notes, following shareholder approval in March 2015, also entitled holders to warrants of equal value to subscribe for new ordinary shares at 20p.

Gearing amounted to 31% of aggregate net assets (2014: 24%)

Going concern

In accordance with FRC guidelines, the Board has assessed the Group’s funding and liquidity position. The Directors confirm that, after having made appropriate enquiries, they have a reasonable expectation that the Group and the Company have adequate resources to continue operations for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparation of the financial statements.

Retirement Benefits

The accounting surplus at 28 March, 2015 was £34.29m (2014: £19.02m). This surplus has been calculated in accordance with the scheme rules and recognized accounting requirements.

As a result of liability reduction exercises undertaken by the UK scheme's Trustees in conjunction with the company, including pension increase Exchanges, a credit has been taken in the period in the Income Statement of £2.35m to reflect the actuarial reduction in Scheme liabilities.
In accordance with the current legislation on taxation of pension surplus returns to a company, deferred taxation has been provided for on the pension entries at 35% as opposed to the normal 20% rate.

In October 2013 the Company reached agreement with the Trustee of the scheme regarding the funding position on a more prudent Technical Provisions basis as at 31 March 2013, which indicated a funding deficit of £25.4m at that date, and estimated a deficit on a full buy-out basis of £51.1m.

It was further agreed that the Technical Provisions deficit would be resolved by an outperformance of the investment returns on the scheme assets of 1% above the return on UK gilts, and that no cash contributions would be required until at least the next funding valuation due as at 31 March 2016.

At 28 March 2015, the subsequent performance of the scheme assets and changes in the underlying market conditions in respect of the fund liabilities, indicate that the deficit on a Technical Provisions basis had reduced to £9.5m. The performance has continued to improve since that time and in mid May 2015 the deficit was £5.9m. On a full buy-out basis the deficit had reduced to £31m by the end of March 2015.

The directors and the Trustees work together on a collaborative basis to continue to monitor investment performance and market conditions closely, to mitigate the risk of mis-matching assets and liabilities to a tactically appropriate level, and to pursue opportunities to secure a full or partial buy-out of UK pension liabilities when conditions permit.

The US retiree health scheme and pension fund deficits increased slightly during the year due to changes in actuarial assumptions to £1.10.m (2014: £0.91m.)

Property Transactions and Revaluations

The Group disposed of the former Head Office in Leeds and the Clausing business sold its existing facility in Michigan during the period. Net proceeds were £0.46m and the loss on sale was £0.1m.

In addition, as required by the accounting rules for revaluing assets, the remaining freehold properties in the Group were revalued as at 28 March 2015. This has resulted in a reduction of £0.3m on the UK Colchester site, which is taken through the income statement and an increase of £0.6m on the UK Letchworth site, which is taken directly to revaluation reserve.

Share Capital and Reserves

Following approval by Shareholder at the AGM in September 2014 an application to reduce the deferred shares, share premium and capital redemption reserve were processed through the High Court and £34.2m of capital was released to accumulated reserves*,*

Neil Carrick
Finance Director

Consolidated Income Statement
For the 52 weeks ended 28 March 2015

	52 weeks ended 28 March 2015 £000	52 weeks ended 29 March 2014 £000
Continuing		
Revenue	**43,794**	41,707
Cost of sales	**(29,374)**	(27,850)
Gross profit	**14,420**	13,857
Other operating income	**42**	134
Net operating expenses	**(11,998)**	(11,643)
Pensions credit	**2,347**	–
Acquisition costs	**(335)**	–
Share option costs	**(131)**	(57)
Other special items	**(896)**	(128)
Amortisation of intangible assets acquired	**(27)**	–
Total Net operating expenses	**(11,040)**	(11,828)
Operating profit	**3,422**	2,163
Bank and other interest	**2**	7
Interest on pension surplus	**857**	827
Financial income	**859**	834
Bank and other interest	**(451)**	(388)
Amortisation of shareholder loan expenses	**(155)**	(134)
Financial expense	**(606)**	(522)
Profit before tax	**3,675**	2,475
Income tax charge	**(1,325)**	(623)
Profit for the period from continuing operations	**2,350**	1,852
Attributable to equity holders of the parent	**2,333**	1,852
Attributable to non controlling interests	**17**	–
	2,350	1,852
Basic earnings per share	**2.66p**	2.19p
Diluted earnings per share	**2.58p**	2.15p

Consolidated statement of comprehensive income
for the 52-week period ended 28 March 2015

	52-week period ended 28 March 2015 £000	52-week period ended 29 March 2014 £000
Profit for the period	**2,350**	1,852
Other comprehensive income/(expense)		
Items that will not be reclassified to the Income Statement:		
Remeasurement of the net defined benefit assets	**-**	(229)
Impact of changes to defined benefit asset limit	**12,188**	-
Deferred taxation	**(4,296)**	139
Total items that will not be reclassified to the Income Statement:	**7,892**	(90)
Items that are or may in the future be reclassified to the Income Statement:		
Foreign exchange translation differences	**(13)**	2
Total items that are or may in the future be reclassified to the Income Statement:	**(13)**	2
Other comprehensive income/(expense) for the period, net of income tax	**7,879**	(88)
Total comprehensive income for the period	**10,229**	1,764
Attributable to:		
Equity holders of the Parent Company	**10,212**	1,764
Non controlling interests	**17**	-
Total recognised income	**10,229**	1,764

Consolidated statement of financial position
As at 28 March 2015

	As at 28 March 2015 £000	As at 29 March 2014 £000
Non-current assets		
Property, plant and equipment	**5,159**	4,348
Goodwill	**7,144**	-
Other Intangible assets	**2,347**	1,780
Investments	**525**	-
Deferred tax assets	**3,022**	2,723
Employee benefits	**34,292**	19,019
	52,489	27,870
Current assets		
Inventories	**11,036**	8,505
Trade and other receivables	**7,070**	6,209
Cash and cash equivalents	**902**	1,149
	19,008	15,863
Total assets	**71,497**	43,733
Non-current liabilities		
Loans and other borrowings	**(8,405)**	(2,475)
Trade and other payables	**(4,175)**	-
Deferred tax liabilities	**(13,358)**	(7,737)
	(25,938)	(10,212)
Current liabilities		
Trade and other payables	**(6,792)**	(6,425)
Income tax payable	**(135)**	(140)
Provisions	**(611)**	(429)
Loans and other borrowings	**(3,295)**	(3,982)
	(10,833)	(10,976)
Total liabilities	**(36,771)**	(21,188)
Net assets	**34,726**	22,545
Shareholders' equity		
Called-up share capital	**896**	14,581
Share premium account	**-**	16,885
Revaluation reserve	**1,494**	862
Capital redemption reserve	**-**	2,500
Equity reserve	**124**	180
Translation reserve	**806**	938
Retained earnings	**31,270**	(13,401)
	34,590	22,545
Non-controlling interests	**136**	**-**
Total equity	**34,726**	22,545

Consolidated statement of changes in equity
As at 28 March 2015

	Ordinary	Share		Capital						
	Ordinary	Share		Capital					Non	
	share	premium	Revaluation	redemption	Translation	Equity	Retained		Controlling	Total
	capital	account	reserve	reserve[1]	reserve	reserve	Earnings	Total	Interest	Equity
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
At 30 March 2013	**14,579**	**16,858**	**909**	**2,500**	**1,860**	**173**	**(15,222)**	**21,657**	**—**	**21,657**
At 31 March 2013	14,579	16,858	909	2,500	1,860	173	(15,222)	21,657	—	21,657
Profit for the period (restated)	—	—	—	—	—	—	1,852	1,852	—	1,852
Other comprehensive income:										
Foreign currency translation	—	—	(90)	—	(922)	—	2	(1,010)	—	(1,010)
Net defined benefit asset movement	—	—	—	—	—	—	(229)	(229)	—	(229)
Revaluation of properties	—	—	43	—	—	—	—	43	—	43
Deferred tax	—	—	—	—	—	—	139	139	—	139
Total comprehensive income	—	—	(47)	—	(922)	—	1,764	795	—	795
Transactions with owners:										
Share capital subscribed for	2	27	—	—	—	—	—	29	—	29
Shareholder loan issue	—	—	—	—	—	7	—	7	—	7
Credit for share-based payments	—	—	—	—	—	—	57	57	—	57
Total transactions with owners	2	27	—	—	—	7	57	93	—	93
At 29 March 2014	**14,581**	**16,885**	**862**	**2,500**	**938**	**180**	**(13,401)**	**22,545**	**—**	**22,545**
At 30 March 2014	14,581	16,885	862	2,500	938	180	(13,401)	22,545	—	22,545
Profit for the period	—	—	—	—	—	—	2,333	2,333	17	2,350
Other comprehensive income:										
Foreign currency translation	—	—	(24)	—	490	—	(13)	453	—	453
Net defined benefit asset movement	—	—	—	—	—	—	12,188	12,188	—	12,188
Fair value revaluation of Investments	—	—	—	—	(622)	—	—	(622)	—	(622)
Revaluation of properties	—	—	656	—	—	—	—	656	—	656
Deferred tax	—	—	—	—	—	—	(4,296)	(4,296)	—	(4,296)
Total comprehensive income	—	—	632	—	(132)	—	10,212	10,712	17	10,729
Transactions with owners:										
Share capital subscribed for	51	1,094	—	—	—	—	—	1,145	—	1,145
Cancellation of deferred shares, share premium and capital redemption reserve	(13,736)	(17,979)	—	(2,500)	—	—	34,215	—	—	—
Shareholder loan issue	—	—	—	—	—	(56)	104	48	—	48
Credit for share-based payments	—	—	—	—	—	—	131	131	—	131
Total transactions with owners	(13,685)	(16,885)	—	(2,500)	—	(56)	34,450	1,324	—	1,324
Non controlling interest	—	—	—	—	—	—	—	—	119	119
At 28 March 2015	**896**	**—**	**1,494**	**—**	**806**	**124**	**31,261**	**34,581**	**136**	**34,717**

[1] The capital redemption reserve was set up on cancellation and repayment of cumulative preference shares in 2001.

Consolidated cash flow statement
For the 52-week period ended 28 March 2015

	52-week period ended 28 March 2015 £000	52-week period ended 29 March 2014 £000
Cash flows from operating activities		
Profit for the period	**2,350**	1,852
Adjustments for:		
Amortisation of development expenditure	**133**	28
Depreciation	**450**	467
Net financial income	**(253)**	(312)
Net pension credit	**(2,347)**	—
Other Special Items	**1,231**	—
Equity share option expense	**131**	57
Income tax expense	**1,325**	623
Operating cash flow before changes in working capital and provisions	**3,020**	2,715
Decrease/(increase) in trade and other receivables	**203**	(255)
(Increase)/decrease in inventories	**(1,051)**	1,143
Decrease in trade and other payables	**(1,626)**	(1,243)
Restructuring and redundancy expenditure	**(170)**	(371)
Cash generated/(used) in operations	**376**	1,989
Interest paid	**(414)**	(290)
Income tax paid	**(205)**	(496)
Net cash flows from operating activities	**(243)**	1,203
Cash flows from investing activities		
Interest received	**2**	7
Proceeds from sale of property, plant and equipment	**460**	42
Purchase of Tykma	**(3,802)**	—
Investment in Prophotonics	**(1,147)**	—
Purchase of property, plant and equipment	**(944)**	(545)
Development expenditure capitalised	**(299)**	(511)
Refinancing expenditure	**(487)**	—
Net cash flows from investing activities	**(6,217)**	(1,007)
Cash flows from financing activities		
Proceeds from issue of ordinary shares	**1,145**	29
Proceeds from issue of Loan Notes	**7,694**	—
Net Repayment of external borrowing	**(2,505)**	(72)
Net Finance lease (expenditure)/income	**(107)**	58
Net cash flows from financing activities	**6,227**	15
Net (decrease)/increase in cash and cash equivalents	**(233)**	211
Cash and cash equivalents at the beginning of the period	**1,149**	1,025
Effect of exchange rate fluctuations on cash held	**(14)**	(87)
Cash and cash equivalents at the end of the period	**902**	1,149

NOTES RELATING TO THE GROUP FINANCIAL STATMENTS

BASIS OF PREPARATION

The Group financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and with those parts of the Companies Act 2006 applicable to companies reporting under adopted IFRS.

IFRS and IFRIC are issued by the International Accounting Standards Board (the IASB) and must be adopted into European Union law, referred to as endorsement, before they become mandatory under the IAS Regulation.

1. SEGMENT INFORMATION

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.

	Continuing			
52 Weeks ended 28 March 2015	**Machine Tools & Precision Engineered Components**	**Laser Marking**	**Head Office & unallocated**	**Total continuing**
Segmental analysis of revenue	**£000**	**£000**	**£000**	**£000**
Revenue from external customers	**34,747**	**9,047**	**—**	**43,794**
Inter-segment revenue	**—**	**182**	**—**	**182**
Total segment revenue	**34,747**	**9,229**	**—**	**43,976**
Less: inter-segment revenue	**—**	**(182)**	**—**	**(182)**
Total revenue	**34,747**	**9,047**	**—**	**43,794**
Segmental analysis of operating Profit/(loss) before Special Items	**2,931**	**304**	**(771)**	**2,464**
Special Items	**1,965**	**(772)**	**(235)**	**958**
Group profit from operations	**4,896**	**(468)**	**(1,006)**	**3,422**
Other segmental information:				
Reportable segment assets	**29,443**	**6,622**	**35,432**	**71,497**
Reportable segment liabilities	**(19,614)**	**(2,619)**	**(14,538)**	**(36,771)**
Fixed asset additions	**919**	**353**	**—**	**1,272**
Depreciation and amortisation	**305**	**278**	**—**	**583**

52-weeks ended 29 March 2014 (restated) Segmental analysis of revenue	Machine Tools & Precision Engineered Components £000	Laser Marking £000	Head Office & unallocated £000	Total £000
Revenue from external customers	33,749	7,958	—	41,707
Inter-segment revenue	—	296	—	296
Total segment revenue	33,749	8,254	—	42,003
Less: inter-segment revenue	—	(296)	—	(296)
Total revenue	33,749	7,958	—	41,707
Segmental analysis of operating Profit/(loss) before special Items	2,740	686	(1,078)	2,348
Special Items	—	—	(185)	(185)
Group (Loss)/profit from operations	2,740	686	(1,263)	2,163
Other segmental information:				
Reportable segment assets	37,454	6,153	126	43,733
Reportable segment liabilities	(13,007)	(1,522)	(6,659)	(21,188)
Fixed asset additions	412	643	—	1,055
Depreciation and amortisation	308	159	28	495

The comparative figures have been restated to reflect the move of the laser marking spares and service activity from within Clausing Machine Tools to TYKMA in the current year.

Inter-segment pricing is determined on an arm’s length basis. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

Geographical segmental analysis of revenue is shown by origin and destination in the following two tables:

Segmental analysis by origin	**2015**		2014	
	£000	**%**	£000	%
Gross sales revenue:				
UK	**20,806**	**47.5**	20,803	49.9
North America	**21,083**	**48.1**	18,703	44.8
Australasia	**1,905**	**4.4**	2,201	5.3
Total Revenue	**43,794**	**100.0**	41,707	100.0

1. SEGMENT INFORMATION (CONTINUED)

Segmental analysis by destination:

	2015		2014	
	£000	**%**	£000	%
Gross sales revenue:				
UK	**8,043**	**18.4**	8,223	19.7
Other European	**7,045**	**16.1**	6,486	15.6
North America	**24,087**	**55.0**	22,360	53.6
Africa	**187**	**0.4**	315	0.8
Australasia	**1,709**	**3.9**	2,057	4.9
Central America	**148**	**0.3**	112	0.3
Middle East	**893**	**2.1**	914	2.2
Far East	**1,682**	**3.8**	1,240	2.9
	43,794	**100.0**	41,707	100.0

There are no customers that represent 10% or more of the Group's revenues.

2. SPECIAL ITEMS, ACQUISITION COSTS AND SHARE BASED PAYMENT CHARGES

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 the charge for share based payments and amortization of intangible assets acquired have also been separately identified.

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

	2015	2014
	£000	£000
Operating costs		
Abortive transaction costs	**—**	128
Inventory write downs	**268**	—
Reorganisation and restructuring costs	**157**	—
Property disposals	**193**	—
Property write-downs	**278**	—
Other Special Items	**896**	128
Pensions credit	**(2,347)**	—
Acquisition costs	**335**	—
Share option costs	**131**	57
Amortisation of intangible assets acquired	**27**	—

During the year the Group incurred costs with regard to the acquisition of TYKMA Inc. Property disposals in both the UK and US and the revaluation of properties led to losses. Reorganisation and restructuring costs were principally related to the integration of TYKMA Inc and the Electrox Laser marking division.

The pension credit relates to liability reduction exercises undertaken by the trustees of the main scheme including pensions increase exchange.

During the prior year the Group incurred costs with regard to the abortive acquisition of the Group by Qinddao D&D Investment Group Co. Ltd. Costs were also incurred with regard to the granting of share options.

3. FINANCIAL INCOME AND EXPENSE

	2015 £000	2014 £000
Interest income	**2**	7
Interest on pensions surplus	**857**	827
Financial income	**859**	834
Bank overdraft and loan interest	**(174)**	(169)
Shareholder loan interest	**(238)**	(200)
Other loan interest	**(22)**	—
Other finance charges	—	(1)
Finance charges on finance leases	**(17)**	(18)
Amortisation of shareholder loan expenses	**(155)**	(134)
Financial expense	**(606)**	(522)

4. TAXATION

	2015 £000	2014 £000
Current tax:		
Corporation tax at 21% (2014: 23%):		
– current period	**—**	—
Overseas taxation:		
– current period	**(339)**	(62)
Total current tax charge	**(339)**	(62)
Deferred taxation:		
– current period	**(1,060)**	(400)
– prior period	**74**	(161)
Total deferred taxation charge (Note 13)	**(986)**	(561)
Taxation charged to the income statement	**(1,325)**	(623)

TAX RECONCILIATION

The tax charge assessed for the period is higher than the standard rate of corporation tax in the UK of 21% (2014: 23%). The differences are explained below:

	2015		2014	
	£000	%	£000	%
Profit before tax	**3,675**		2,475	
Profit before tax multiplied by the standard rate of corporation tax in the UK of 21% (2014: 23%)	**772**	**21.0**	569	23.0
Effects of:				
– expenses not deductible	**252**	**6.9**	152	6.1
– overseas tax rates	**114**	**3.1**	48	1.9
– pension fund surplus taxed at higher rate	**454**	**12.3**	100	4.0
– property disposals	**-**	**-**	-	-
– deferred tax prior period adjustment	**(74)**	**(2.0)**	161	6.5
– (unrecognised losses utilised)/tax not recognised on losses	**(193)**	**(5.2)**	(520)	(21.0)
– impact of rate change	**-**	**-**	113	4.6
Taxation charged to the income statement	**1,325**	**36.1**	623	25.2

5. EARNINGS PER SHARE

The calculation of the basic earnings per share of 2.66p (2014: 2.19p) is based on the earnings for the financial period attributable to the Parent Company's shareholders of a profit of £2,383,000 (2014: £1,852,000) and on the weighted average number of shares in issue during the period of 87,771,514 (2014: 84,430,346). At 28 March 2015, there were 9,900,000 (2014: 4,500,000) potentially dilutive shares on option with a weighted average effect of 2,783,270 (2014: 1,553,045) shares giving a diluted profit per share of 2.58p (2014: 2.15p)

	2015	2014
Weighted average number of shares		
Issued shares at start of period	**84,430,346**	84,256,091
Effect of shares issued in the year	**3,341,168**	174,255
Weighted average number of shares at end of period	**87,771,514**	84,430,346

	£000	£000
Total post tax earnings	**2,350**	1,852
Share Option Costs	**131**	57
Pensions Interest	**(857)**	(827)
Amortisation of Shareholder loan expenses	**155**	134
Pensions credit	**(2,347)**	-
Amortisation of intangible assets acquired	**27**	-
Property sales and revaluation	**462**	-
Other special items	**434**	128
Acquisition costs	**335**	-
Associated Taxation	**1,159**	258
Underlying Earnings before tax	**2,015**	1,967
Underlying Earnings after tax	**1,849**	1,602
Underlying EPS	**2.09p**	1.90p

6. CASH AND CASH EQUIVALENTS

	2015	2014
	£000	£000
Cash at bank	**802**	1,049
Short-term deposits	**100**	100
Cash and cash equivalents per statement of financial position and per cash flow statement	**902**	1,149

7. RECONCILIATION OF NET CASH FLOW TO NET DEBT

	2015 £000	2014 £000
Increase in cash and cash equivalents	**(233)**	211
Decrease in debt and finance leases	**(5,200)**	14
Decrease in net debt from cash flows	**(5,433)**	225
Net debt at beginning of period	**(5,308)**	(5,407)
Shareholder loan deferred costs	**701**	(126)
Cash and debt through acquisitions	**(697)**	—
Exchange effects on net funds	**(61)**	—
Net debt at end of period	**(10,798)**	(5,308)

8. ANALYSIS OF NET DEBT

	At 30 March 2014 £000	Exchange movement £000	Other £000	Cash flows £000	At 28 March 2015 £000
Cash at bank and in hand	**1,049**	(14)	—	(233)	**802**
Term deposits (included within cash and cash equivalents on the balance sheet)	**100**	—	—	—	**100**
	1,149	(14)	—	(233)	**902**
Debt due within one year	**(3,881)**	(54)	(697)	1,426	**(3,206)**
Debt due after one year	**—**	—	—	(1,539)	**(1,539)**
Loan notes due after one year	—	—	912	(7,695)	**(6,783)**
Shareholder loan	**(2,289)**	—	(211)	2,500	**—**
Finance leases	**(287)**	7	—	108	**(172)**
Total	**(5,308)**	(61)	4	(5,433)	**(10,798)**

9. ACQUISITION

On 13 February 2015 the Group acquired 80%of the issued share capital of TYKMA Inc., a US laser marking company. The provisional net assets at the date of acquisition were as follows:

	£000
Fair value of assets and liabilities acquired:	
Intangible assets – Development costs	**114**
Plant and equipment	**514**
Inventories	**610**
Trade and other receivables	**364**
Cash and cash equivalents	**218**
Trade and other payables	**(534)**
Current tax liabilities	**(19)**
Deferred tax liabilities	**(140)**
Loans and other borrowings	**(660)**
Net Assets	**467**
Intangible assets identified	**207**
Fair value provisions identified	**(479)**
Goodwill	**7,144**
Total Consideration	**7,339**

10 STATUTORY ACCOUNTS

The Financial information set out in this preliminary announcement does not constitute the company's Consolidated Financial Statements for the financial years ended 28 March 2015 or 29 March 2014 but are derived from those Financial Statements. Statutory Financial Statements for 2014 have been delivered to the Registrar of Companies and those for 2015 will be delivered following the company's AGM. The Auditors KPMG LLP have reported on those financial statements. Their reports were unqualified, did not draw attention to any matters by way of emphasis without qualifying their report and did not contain statements under Section 498(2) or (3) of the Companies Act 2006 in respect of the Financial Statements for 2015 or 2014.

The Statutory accounts are available on the Company's web site and will be posted to shareholders who have requested a copy and thereafter by request to the company's registered office.