The 600 Group PLC

Preliminary Results for the financial year ended 31 March 2012

The 600 Group PLC, the machine tools and laser marking company, today announces its preliminary results for the financial year ended 31 March 2012.

Key points:

- Continuing revenues increased by 8.1% to £39.39m (2011: £36.45m)
- Net loss from continuing operations* £0.29m (2011: profit of £1.11m)
- New Chief Executive appointed since year end
- Debt reduction plan announced and implementation underway
- Equity and bank financing round completed

Machine tools and precision engineered components

- Revenues increased by 11.9% to £32.94m (2011: £29.43m)
- Strong contribution from North America
- Polish subsidiary (FMT) recently closed following unsustainable losses
- Market leading brands continue to enjoy strong order book
- Niche components businesses show future growth potential

Laser marking

- Revenues reduced through working capital constraints
- Financial resource allocation increased since 31 March 2012
- Current financial year to date delivered increased performance

Discontinued activities and property disposals

- 600 SA Pty Ltd sold in July 2012
- Property sold at Shepshed with further disposals anticipated.

*Before taxation, discontinued activities and special items

Commenting today, Nigel Rogers, Chief Executive of The 600 Group PLC said:

"The progress made on divestments, the closure of FMT in August, and the recent refinancing, have resulted in a significant improvement in the availability and disposition of working capital in European operations. This will take time to impact fully on delivery lead times and customer service, but there are clear signs that significant improvements will be evident in the second half of the financial year.

Chairman Paul Dupee added:

"The board is now satisfied that the Group is set fair for a period of much greater stability, and has a robust platform from which to deliver future growth, and shareholder value.

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 financial year ended 31 March 2012

Overview and board composition

Since my appointment as Chairman in September 2011, and that of Neil Carrick as Group Finance Director shortly thereafter, it became increasingly apparent that the financial performance of the Group was unsatisfactory. Trading results for the financial year ended 31 March 2012 were seriously impaired by the performance of the machine tools business in Europe. In consequence, the Group was unable to capitalise on improving trading conditions in most major geographical and end user markets, instead suffering from the effects of operational difficulties and a shortage of working capital.

Since the beginning of the new financial year on 1 April 2012, the Group has made significant changes to address the issues outlined above and these so far have included the appointment of Nigel Rogers as Chief Executive, the divestment of non-core assets, the cessation of manufacturing operations in Poland, and the completion of equity and bank refinancing appropriate to the future strategic direction of the business. Opportunities have also been identified to further reduce the UK cost base over the coming months.

The board is now satisfied that the Group is set fair for a period of much greater stability, and has a robust platform from which to deliver future growth, and shareholder value.

Strategic review

In July 2012 we announced the divestment of 600 SA Pty Limited, the Group's wholly owned subsidiary in South Africa. This business sold mechanical and waste handling equipment into sub-Saharan Africa, and had minimal interaction with the other activities of the Group. This sale, together with a number of freehold property transactions in the UK, will serve to secure the release of valuable financial resources for the future development of core businesses.

These divestments form part of a broader strategic review of Group activities, in which the board has focused on developing the key market strengths of core activities in the design and distribution of machine tools, precision engineered components, and laser marking equipment. In each of these activities, Group businesses have strong brands, significant market share, diverse geographical spread, and reliable distribution partners in key markets.

This review also considered the approach to manufacturing and supply chain, and it was determined that Group companies have core manufacturing competences in CNC turning, precision engineered components and laser marking equipment. These activities offer significant added value capability, and the Group intends to continue to invest and develop these facilities.

In recent years, the manufacture of machine tools has increasingly been outsourced from the UK, initially to lower cost regions in Asia, supplemented more latterly by the acquisition of the Group subsidiary in Poland, Fabryka Maszyn Tarnow Sp z.o.o. ("FMT"). In August 2012, the Board considered that continued losses incurred by manufacturing at FMT were unsustainable, and this activity was discontinued. The Group has excellent links with valued supply chain partners in Asia, and will continue to outsource the manufacture of conventional and manual/CNC lathes to Group designs.

Results and dividend

Revenue from continuing operations grew by 8.1% to £39.39m (2011: £36.45m) and generated a net operating loss from continuing operations but before special items of £1.21m (2011: profit of £0.26m).

After taking account of interest, pensions, taxation, discontinued activities and special items, the Group loss for the financial year was £14.85m (2011: profit of £2.87m).

As any dividend payments continue to be dependent upon the Group's results, the Board does not recommend that any payment be made.

Financial resources

On 5 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 covering existing term loan and revolving credit facilities amounting to £3.64m and a new working capital facility of £0.30m.

Outlook

Group order books continue to show strength, and revenues in coming months will benefit from greater certainty within supply chains, and the availability of adequate working capital financing. There are no significant signals to indicate that the current heightened level of macroeconomic uncertainty will have any adverse effect on levels of underlying customer demand, but the Board remain cognisant of this potential risk.

A substantial proportion of Group business is derived in North America, where trading in the current financial year to date has continued to be ahead of our expectations. Prospects are also positive for precision engineered components and laser marking. Meanwhile, the implementation of the strategic review has lowered the risk profile of the Group's machine tools activities in Europe considerably, and provides a stable base from which to manage and grow the profitability and cash generation of this business in future.

Paul Dupee
Chairman
5 September 2012

The 600 Group Plc

Chief Executive's review

Introduction

The 600 Group PLC ("the Group") is a diversified engineering group with a world class reputation in the design and distribution of machine tools, and the design, manufacture and distribution of precision engineered components and laser marking systems. The Group operates these businesses from locations in Europe, North America and Australia selling into more than 180 countries worldwide.

The improved market conditions of the previous financial year continued to prevail, with strong demand evident in all three principal locations, and especially in North America.

Machine tools and precision engineered components

Revenues increased by 11.9% to £32.94m (2011: £29.43m) with particularly strong revenue growth generated by our North American operations, from which some 50% of revenues are derived. UK and Europe contribute around 35%, with the remaining revenues derived from the Middle East, Africa and Asia Pacific (including Australia).

Only machine tools for the UK and Europe were sourced from FMT in Poland, and the output from FMT satisfied only about one quarter of total sales in this region. The large majority of machine tools and components for UK and Europe, and all sales outside this region, were manufactured in our UK facilities or sourced from our manufacturing partners in Asia.

Segmental operating profit, excluding losses incurred at FMT and special items, was £1.47m (4.7% of revenue) against £1.29m (4.5%) last year. FMT incurred an operating loss before special items of £1.43m (39% of local revenue), resulting in a segmental operating profit close to break even in the financial year.

The decision to close FMT in August 2012 has been well received by our customers and distributors across Europe, and we have made good progress in managing the transition of open orders on FMT into our existing supply chain. Our product range and market leading brands continue to attract high levels of customer demand, and the order book remains healthy. Our main task now is to sustain continuous improvements to customer service levels and build on the loyalty of our trading partners.

Revenues from precision engineered components have also shown growth, both for Pratt Burnerd workholding equipment and for Gamet bearings. These niche activities contribute almost 20% of segmental revenue at above average margins in recognition of their specialist product ranges. We see further growth opportunities in these product areas as a priority for the future.

We have now overcome some significant short term challenges, and have identified a clear path to achieving growth in revenues and improvements in costs and efficiencies. Our key focus is now to continue to deliver controlled growth in North America and Australia, whilst delivering improved operational performance in Europe to grow revenues, restore operating margins, and rebuild customer confidence.

Laser marking

Revenues for Electrox laser marking equipment fell by 8.2% to £6.45m (2011: £7.03m), although operating profits were virtually unchanged at £0.32m. This was attributable to reduced production output as a consequence of working capital constraints, especially in the final quarter of the year. These constraints were mitigated during most of the first quarter of the current financial year, and consequently progressive improvements in output have been achieved.

More than 85% of revenues are derived from outside the UK, with major markets in North America and Northern Europe contributing more than two thirds of sales. Delivery lead times are now returning to more normal levels, and this provides opportunities to reduce order backlog and generate increased revenues.

This business relies on technical excellence to provide innovative and pragmatic solutions to end-users across a wide range of industry sectors. New opportunities continue to emerge from the increasing need for component traceability in manufacturing processes, and the desire for durable surface marking on consumer and branded products. Electrox offers robust and reliable solutions, whilst also developing specialist applications knowledge to integrate marking equipment into continuous processes.

We are confident of strong future growth prospects for this business, and plan to continue to invest in people, process and products to achieve enhanced scale and profitability.

Discontinued activities

The Group's subsidiary in South Africa, 600 SA Pty Ltd ("600SA") generated an operating profit of £0.34m (2011: £0.91m) on revenues of £13.77m (2011: £14.11m) during the financial year. 600SA was involved in the manufacture and distribution of specialist equipment for handling waste and working at height for markets in South Africa and the surrounding region. These were determined to be non-core activities, especially in view of certain difficulties encountered in repatriating currency to the parent undertaking.

On 16 July 2012, the sale of 600SA was completed for net cash proceeds of approximately £1.81m. The net assets of the business at 31 March 2012 have been written down to a fair value of £1.81m and are disclosed in the Statement of Financial Position as assets and liabilities held for sale.

Freehold property divestments

On 3 July 2012 freehold property at Shepshed, Leicestershire, was sold to a privately owned company for net cash proceeds of £1.20m against a book value of £1.10m. At the time of sale the property was generating rental income of approximately £0.02m per annum. Further freehold property disposals are anticipated during the current financial year.

Corporate and Social Responsibility

Maintaining the highest ethical and professional standards and accepting social responsibility is fundamental to the way we operate throughout The 600 Group Plc. We run our businesses based on sustained growth and transparency at all levels.

The development of our people is a core value throughout the Group and we see it as our duty to be a responsible employer. We are committed to the creation of training opportunities to support our employees in reaching their full potential. The Group operates a global policy on equality and we are committed to providing a working environment with a culture of respect towards the diversity of our people. We are committed to offering equal opportunities to all people without discrimination as to race, sex, nationality, ethnic or national origin, language, age, marital status, sexual orientation, religion or disability.

A comprehensive health and safety policy is in place to ensure a safe working environment at all times. The health and safety policy also demonstrates our additional responsibility to customers, suppliers and contractors and we maintain communication of the policy at all levels throughout the Company. We encourage two-way and open lines of communication throughout the Group and are committed to ongoing dialogue with local and global stakeholders to create trust, opportunity and long term sustainable value.

People

In the relatively short time that I have worked with the Group, I have been impressed by the resilience of employees at all levels, and their determination to deal with some difficult issues with the overarching objective of improving the level of service to our customers.

On behalf of the board and shareholders, I would like to place on record our recognition of their professionalism, integrity and hard work.

Current trading and prospects

Trading results in operations outside Europe have continued to show good progress in the current financial year to date. The issues affecting the European results for the year ended 31 March 2012 have prevailed through the first half of the current financial year.

The progress made on divestments, the closure of FMT in August, and the recent refinancing, have resulted in a significant improvement in the availability and disposition of working capital in European operations. This will take time to impact fully on delivery lead times and customer service, but there are clear signs that significant improvements will be evident in the second half of the financial year.

Nigel Rogers
Group Chief Executive
5 September 2012

The 600 Group Plc

Financial Review

Results

Revenue from continuing operations increased by 8.1% to £39.39m (2011: £36.45m). Gross margin from continuing operations before special items was 30.7% (2011: 35.5%) and the loss from operations was £1.21m (2011: profit of £0.26m).

After taking account of financial income and expenses including a net credit in respect of pensions of £1.57m (2011 : £1.39m), the net loss from continuing operations, before taxation, discontinued activities and Special Items, was £0.29m (2011: profit of £1.12m including a net credit special item in respect of pensions of £2.57m).

Group operations in South Africa were identified as discontinued during the financial year, and sold in July 2012. Group results reflect the net profit after taxation of £0.49m and the net loss on sale of this operation of £1.26m in discontinued activities.

Restructuring costs and other costs which in the judgement of management are non-recurring in nature amounting to £12.88m have been disclosed as Special Items, together with a charge relating to share-based payments of £90,000 (2011 special items credit of £1.35m including a pension credit of £2.57m and a charge for share based payments of £ 127,000). The cash effect of these Special Items in the 2012 year has been £2.2m with an additional cash impact of £0.6m expected over future periods.

The net loss for the period was £14.85m (2011: net profit of £2.87m).

Basic earnings per share from continuing operations before Special Items was a loss of 1.87p (2011: profit of 1.16p) and total basic earnings per share, after allowing for special items and discontinued activities, was a loss of 23.30p (2011: profit of 5.01p).

Statement of Financial Position and cash flow

Net cash outflow from operating activities was £3.87m (2011: net inflow of £1.18m) and a further outflow of £1.06m (2011: £1.79m) was incurred on investment activities. The net outflow was financed by proceeds from the issue of ordinary shares of £1.81m and net proceeds from external borrowing of £4.99m.

Net indebtedness at 31 March 2012 stood at £7.99m (2011: £4.80m) and there was headroom on bank facilities of approximately £1.30m at the year end.

Since the beginning of the new financial year net indebtedness has reduced significantly, mainly as a consequence of the divestment of 600 SA Pty Limited and freehold property at Shepshed announced in July 2012.

On 5 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 covering existing term loan and revolving credit facilities amounting to £3.64m and a new working capital facility of £0.30m. The net proceeds from these transactions will be used to reduce net indebtedness and fund the ongoing working capital requirements of the Group.

Taxation

The company has incurred significant trading losses in current and prior years and accordingly has no significant liability for taxation. Movements in deferred taxation in respect off prior periods recognition of losses and the current deferred taxation movements on employee benefits account for the majority of the charge shown in the Consolidated income statement.

Treasury and risk management

Financial risks

The main financial risks faced by the Group are credit risk, foreign currency risk, interest rate risk and liquidity risk. The directors regularly review and agree policies for managing these risks.

Credit risk is managed by monitoring limits and payment performance of counterparties. The directors consider the level of general credit risk in current market conditions to be higher than normal. Where a customer is deemed to represent an unacceptable level of credit risk, terms of trade are modified to limit the Group's exposure.

Foreign currency risk is managed by matching payments and receipts in foreign currency to minimise exposure. Foreign currency is bought to match liabilities as they fall due where currency receipts are insufficient to match the liability. The results of 600 Inc and 600 Australia Pty Limited are reported in United States dollars and Australian dollars respectively, and as a result of this the Group's Statement of Financial Position and trading results can be affected by movements in these currencies. Part of this exposure is hedged by entering into working capital facilities denominated in US dollars.

Liquidity risk is managed by the Group maintaining undrawn revolving credit and overdraft facilities in order to provide short term flexibility.

Interest rate risk is managed by holding a mixture of cash and borrowings in Sterling, US dollars and Australian dollars at floating rates of interest.

Market risks

The Group's main exposure to market risk arises from increases in input costs in so far as it is unable to pass them onto customers through price increases. The Group does not undertake any hedging activity in this area and all materials and utilities are purchased in spot markets. The Group seeks to mitigate increases in input costs through a combination of continuous improvement activities to minimise increases in input costs and passing cost increases on to customers, where this is commercially viable.

The Group is also aware of market risk in relation to the dependence upon a relatively small number of key vendors in its supply chain. This risk could be manifest in the event of a commercial or natural event leading to reduced or curtailed supply. The Group seeks to mitigate these risks by maintaining transparent and constructive relationships with key vendors, sharing long term plans and forecasts, and encouraging effective disaster recovery planning.

The Group is also exposed to the risk of a downturn in its customers' end markets leading to reduced levels of activity for the Group. The directors seek to ensure that the Group's activities are not significantly concentrated in sales to either one individual customer or into a single market sector in order to mitigate the exposure to a downturn in activity levels. The directors consider that the current level of market risk is normal.

Other principal risks and uncertainties

The remaining main risks faced by the Group are its exposure to pension funding and the risk to its reputation of a significant failure to comply with accepted standards of ethical and environmental behaviour.

Pension funding risk arises from the Group's operation of a defined benefit pension scheme which gives rise to fluctuations between the value of its projected liabilities and the value of the assets the scheme holds in order to discharge those liabilities. The amount of any surplus or deficit may be adversely affected by such factors as lower than expected investment returns, changes in long term interest rates and inflation expectations and increases in the forecast longevity of members. The directors regularly review the performance of the pension scheme and any recovery plan. Proactive steps are taken to identify and implement cost effective activities to mitigate the pension scheme deficit.

On 10 August 2012 the Group withdrew financial support for its Polish subsidiary, Fabryka Maszyn Tarnow Sp z o.o. ("FMT"). The board of FMT are preparing a petition for bankrupt liquidation under local law. The Group directors consider that any risk of material liabilities of FMT becoming attributable to the parent company is remote.

The directors have taken steps to ensure that all of the Group's global operations are conducted to the highest ethical and environmental standards. Regulatory requirements are kept under review, and key suppliers are vetted in order to minimise the risk of the Group being associated with a company that commits a significant breach of applicable regulations.

Key performance indicators

The Group's key financial objectives that the Directors judge to be effective in measuring the delivery of their strategies and managing the business concentrate at the Group level on profit, together with its associated earnings per share, forward order book and net cash. At the business unit level, they include return on net assets and customer related performance measures.

These key performance indicators are measured and reviewed on a regular basis and enable the business to set and communicate its performance targets and monitor its performance against these targets.

Key financial performance indicators constantly under review include:

- revenue growth;
- return on sales;
- cash generation;
- gross profit percentage;
- operating profit percentage; and
- working capital levels.

Going concern

In accordance with FRC guidelines, the Board has assessed the Group's funding and liquidity position and further details can be found in the basis of preparation accounting policy note. The Directors confirm that, after having made appropriate enquiries, and after taking into consideration the placing of shares and revisions to banking facilities concluded on 5 September 2012, 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.

Neil Carrick FCA

Group Finance Director

5 September 2012

Consolidated Income Statement

For the 52 –week period ended 31 March 2012

	Note	Before special items 52 weeks ended 31 March 2012 £'000	Special items 52 weeks ended 31 March 2012 £'000	After special items 52 weeks ended 31 March 2012 £'000	As restated * Before special items 52 weeks ended 2 April 2011 £'000	As restated * special items 52 weeks ended 2 April 2011 £'000	As restated * After special items 52 weeks ended 2 April 2011 £'000
Continuing							
Revenue	**1**	**39,393**	**-**	**39,393**	36,451	-	36,451
Cost of sales		**(27,316)**	**(7,512)**	**(34,828)**	(23,507)	-	(23,507)
Gross profit		**12,077**	**(7,512)**	**4,565**	12,944	-	12,944
Other operating income		**126**	**-**	**126**	332	-	332
Net operating expenses		**(13,410)**	**(5,367)**	**(18,777)**	(13,020)	1,345	(11,675)
(Loss)/profit from operations	**1**	**(1,207)**	**(12,879)**	**(14,086)**	256	1,345	1,601
Bank and other interest		**24**		**24**	34		34
Expected return on pension assets		**10,834**		**10,834**	10,876		10,876
Financial income	**4**	**10,858**	-	**10,858**	10,910	-	10,910
Bank and other interest		**(669)**		**(669)**	(566)		(566)
Interest on pension obligations		**(9,268)**		**(9,268)**	(9,484)		(9,484)
Financial expense	**4**	**(9,937)**	-	**(9,937)**	(10,050)	-	(10,050)
(Loss)/profit before tax		**(286)**	**(12,879)**	**(13,165)**	1,116	1,345	2,461
Income tax charge	**5**	**(907)**	-	**(907)**	(448)	-	(448)
(Loss)/profit for the period from continuing operations		**(1,193)**	**(12,879)**	**(14,072)**	668	1,345	2,013
Post tax (loss)/profit of discontinued operations	**2**	**(777)**	**-**	**(777)**	858	-	858
Total (loss)/profit for the financial year attributable to Equity holders of the parent		**(1,970)**	**(12,879)**	**(14,849)**	1,526	1,345	2,871

Special items comprise exceptional costs relating to reorganisation, redundancy, inventory and intangibles impairments, and share based payments (see note 3)
* Comparative figures have been restated as a result of the South African business being treated as discontinued

		Note						
Basic (loss)/earnings per share per share - continuing		**6**	**(1.87)p**	**(20.21)p**	**(22.08)p**	1.16p	2.35p	3.51p
	- discontinued		**(1.22)p**		**(1.22)p**	1.50p		1.50p
	- Total		**(3.09)p**	**(20.21)p**	**(23.30)p**	2.66p	2.35p	5.01p
Diluted (loss)/earnings per share - continuing		**6**	**(1.87)p**	**(20.21)p**	**(22.08)p**	0.11p	0.24p	0.35p
	- discontinued		**(1.22)p**		**(1.22)p**	1.28p		1.28p
	- Total		**(3.09)p**	**(20.21)p**	**(23.30)p**	1.39p	0.24p	1.63p

Consolidated Statement of Comprehensive Income

for the 52 – week period ended 31 March 2012

	52-week period ended 31 March 2012 £000	52-week period ended 2 April 2011 £000
(Loss)/profit for the period	**(14,849)**	2,871
Other comprehensive (expense)/income		
Foreign exchange translation differences	**(95)**	—
Net actuarial gains on employee benefit schemes	**7,025**	2,235
Impact of changes to defined benefit asset limit	**(8,810)**	(4,130)
Impact of transfer to assets held for sale	**349**	—
Deferred taxation	**386**	(1)
Other comprehensive expense for the period, net of income tax	**(1,145)**	(1,958)
Total comprehensive (expense)/income for the period	**(15,994)**	975
Attributable to:		
Equity holders of the Parent Company	**(15,994)**	913
Total recognised (expense)/income	**(15,994)**	913

Consolidated Statement of Financial Position

As at 31 March 2012

	Notes	As at 31 March 2012 £000	As at 2 April 2011 £000
Non-current assets			
Property, plant and equipment		**5,085**	10,661
Intangible assets		**852**	1,350
Deferred tax assets		**1,473**	2,704
		7,410	14,715
Current assets			
Inventories		**10,811**	18,742
Trade and other receivables		**6,528**	8,922
Assets held for sale	7	**9,093**	—
Cash and cash equivalents		**409**	1,052
		26,841	28,716
Total assets		**34,251**	43,431
Non-current liabilities			
Employee benefits		**(2,012)**	(1,849)
Loans and other borrowings	10	**(5,824)**	(2,218)
Deferred tax liabilities		**(1,365)**	(1,817)
		(9,201)	(5,884)
Current liabilities			
Trade and other payables		**(9,556)**	(11,900)
Income tax payable		**(199)**	(83)
Provisions		**(1,241)**	(252)
Loans and other borrowings	10	**(2,579)**	(3,629)
Liabilities held for sale		**(4,488)**	–
		(18,063)	(15,864)
Total liabilities		**(27,264)**	(21,748)
Net assets		**6,987**	21,683
Shareholders' equity			
Called-up share capital		**14,375**	14,315
Share premium account		**15,645**	13,899
Revaluation reserve		**1,080**	1,475
Capital redemption reserve		**2,500**	2,500
Equity reserve		**167**	160
Translation reserve		**1,487**	1,697
Retained earnings		**(28,267)**	(12,363)
Total equity		**6,987**	21,683

Consolidated Statement of Changes in equity

As at 31 March 2012

	Ordinary share capital £000	Share premium account £000	Revaluation reserve £000	Capital redemption reserve[1] £000	Translation reserve £000	Equity reserve £000	Retained Earnings £000	Total £000	Minority interest[2] £000	Total equity £000
At 3 April 2010	**14,308**	**13,766**	**1,433**	**2,500**	**1,570**	**—**	**(13,550)**	**20,027**	**634**	**20,661**
At 4 April 2010	14,308	13,766	1,433	2,500	1,570	—	(13,550)	20,027	634	20,661
Profit for the period	—	—	—	—	—	—	2,871	2,871	—	2,871
Other comprehensive income:										
Foreign currency translation	—	—	42	—	(38)	—	—	4	—	4
Net actuarial losses on employee benefit schemes	—	—	—	—	—	—	2,235	2,235	—	2,235
Impact of changes to defined benefit asset limit	—	—	—	—	—	—	(4,130)	(4,130)	—	(4,130)
Deferred tax	—	—	(66)	—	—	—	(1)	(67)	—	(67)
Total comprehensive income	—	—	(24)	—	(38)	—	975	913	—	913
Transactions with owners:										
Share capital subscribed for	7	133	—	—	—	—	—	140	—	140
Shareholder loan issue with convertible warrants	—	—	—	—	—	160	—	160	—	160
Non-controlling interest reversal	—	—	66	—	165	—	85	316	(634)	(318)
Credit for share-based payments	—	—	—	—	—	—	127	127	—	127
Total transactions with owners	7	133	66	—	165	160	212	743	(634)	109
At 2 April 2011	**14,315**	**13,899**	**1,475**	**2,500**	**1,697**	**160**	**(12,363)**	**21,683**	**—**	**21,683**
At 3 April 2011	14,315	13,899	1,475	2,500	1,697	160	(12,363)	21,683	—	21,683
Loss for the period	—	—	—	—	—	—	(14,849)	(14,849)	—	(14,849)
Other comprehensive income:										
Foreign currency translation	—	—	(46)	—	(210)	—	(95)	(351)	—	(351)
Net actuarial losses on employee benefit schemes	—	—	—	—	—	—	7,025	7,025	—	7,025
Impact of write down of assets held for sale	—	—	(349)	—	—	—	349	—	—	—
Impact of changes to defined benefit asset limit	—	—	—	—	—	—	(8,810)	(8,810)	—	(8,810)
Deferred tax	—	—	—	—	—	—	386	386	—	386
Total comprehensive income	—	—	(395)	—	(210)	—	(15,994)	(16,599)	—	(16,599)
Transactions with owners:										
Share capital subscribed for	60	1,746	—	—	—	—	—	1,806	—	1,806
Shareholder loan issue with convertible warrants	—	—	—	—	—	7	—	7	—	7
Credit for share-based payments	—	—	—	—	—	—	90	90	—	90
Total transactions with owners	60	1,746	—	—	—	7	90	1,903	—	1,903
At 31 March 2012	**14,375**	**15,645**	**1,080**	**2,500**	**1,487**	**167**	**(28,267)**	**6,987**	**—**	**6,987**

Consolidated Cashflow Statement

For the 52 week period ended 31 March 2012

	52-week period ended 31 March 2012 £000	52-week period ended 2 April 2011 £000
Cash flows from operating activities		
(Loss)/profit for the period	**(14,849)**	2,871
Adjustments for:		
Amortisation of development expenditure	**116**	513
Depreciation	**1,033**	994
Impairment of goodwill	**931**	—
Impairment of tangible fixed assets	**1,158**	—
Net financial income	**(921)**	(756)
Net pension credit	**(1,224)**	(2,570)
Loss on disposal of plant and equipment	—	16
Equity share option expense	**90**	127
Income tax expense/(income)	**907**	(307)
Operating cash flow before changes in working capital and provisions	**(12,759)**	888
(Increase)/decrease in trade and other receivables	**(1,240)**	549
Decrease in inventories	**5,896**	578
Increase in trade and other payables	**3,358**	652
Decrease in employee benefits	**1,767**	(788)
Cash (used in) / generated from operations	**(2,978)**	1,879
Interest paid	**(757)**	(645)
Income tax (paid)	**(132)**	(53)
Net cash flows from operating activities	**(3,867)**	1,181
Cash flows from investing activities		
Interest received	**68**	7
Proceeds from sale of property, plant and equipment	**380**	245
Acquisition of Polish manufacturing company	**—**	(632)
Purchase of property, plant and equipment	**(963)**	(1,002)
Development expenditure capitalised	**(549)**	(406)
Net cash flows from investing activities	**(1,064)**	(1,788)
Cash flows from financing activities		
Proceeds from issue of ordinary shares	**1,806**	**140**
Proceeds from issue of shareholder loan net of costs	**—**	2,104
Net proceeds from external borrowing	**4,986**	(171)
Net cash flows from financing activities	**6,792**	2,073
Net increase in cash and cash equivalents	**1,861**	1,466
Cash and cash equivalents at the beginning of the period	**(1,905)**	(3,371)
Effect of exchange rate fluctuations on cash held	**(73)**	—
Cash and cash equivalents at the end of the period	**(117)**	(1,905)

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.

Following the restructuring undertaken the two business streams of Machine Tools and Precision Engineered Equipment have been aggregated as they are operationally managed and reported internally to the Executive Directors as a single Division. The South African business consisted of the Mechanical Handling and Waste activity and has been classified as a discontinued activity in these accounts. 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.

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

52-weeks ended 31 March 2012	Continuing						Discontinued	
	USA, UK Australia £000	Poland £000	Machine Tools & Precision Engineered Components £000	Laser Marking £000	Head Office & unallocated £000	**Total continuing £000**	Mechanical Handling & Waste £000	**Total £000**
Segmental analysis of revenue								
Revenue from external customers	31,114	1,828	32,942	6,451	—	**39,393**	13,772	**53,165**
Inter-segment revenue	—	1,903	1,903	200	—	**2,103**	—	**2,103**
Total segment revenue	31,114	3,731	34,845	6,651	—	**41,496**	13,772	**55,268**
Less: inter-segment revenue	—	(1,903)	(1,903)	(200)	—	**(2,103)**	—	**(2,103)**
Total revenue per statutory accounts	31,114	1,828	32,942	6,451	—	**39,393**	13,772	**53,165**
Segmental analysis of operating profit/(loss) before special Items	1,468	(1,432)	36	316	(1,559)	**(1,207)**	335	**(872)**
Special Items	(6,435)	(3,048)	(9,483)	(1,372)	(2,024)	**(12,879)**	—	**(12,879)**
Group (loss) from operations	(4,967)	(4,480)	(9,447)	(1,056)	(3,583)	**(14,086)**		
Financial income	50	—	50	—	10,808	**10,858**	—	**10,858**
Financial expense	(216)	—	(216)	(2)	(9,719)	**(9,937)**	—	**(9,937)**
Loss from write down of 600SA	—	—	—	—	—	**—**	(1,263)	**(1,263)**
Profit before tax	(5,133)	(4,480)	(9,613)	(1,058)	(2,494)	**(13,165)**	(928)	**(14,093)**
Other segmental information:								
Reportable segment assets	21,034	1,479	22,513	4,056	1,385	**27,951**	6,300	**34,251**
Reportable segment liabilities	(15,441)	(1,479)	(16,920)	(3,977)	(1,903)	**(22,800)**	(4,488)	**(27,226)**
Non-current assets	3,063	—	3,063	2,310	2,037	**7,410**	—	**7,410**
Fixed asset additions	229	410	639	151	1	**791**	172	**963**
Depreciation and amortisation	613	197	810	225	28	**1,063**	86	**1,149**
Impairment of fixed assets	—	1,158	1,158	—	—	**1,158**	—	**1,158**
Impairment of development costs	—	—	—	931	—	**931**	—	**931**

SEGMENT INFORMATION CONTINUED

52-weeks ended 2 April 2011	Continuing						Discontinued	
	USA, UK Australia £000	Poland £000	Machine Tools & Precision Engineered Components £000	Laser Marking £000	Head Office & unallocated £000	**Total continuing £000**	Mechanical Handling & Waste £000	**Total £000**
Segmental analysis of revenue								
Revenue from external customers	29,040	386	29,426	7,025	—	**36,451**	14,113	**50,564**
Inter-segment revenue		480	480	332	—	**812**	—	**812**
Total segment revenue	29,040	866	29,906	7,357	—	**37,263**	14,113	**51,376**
Less: inter-segment revenue		(480)	(480)	(332)	—	**(812)**	—	**(812)**
Total revenue per statutory accounts	29,040	386	29,426	7,025	—	**36,451**	14,113	**50,564**
Segmental analysis of operating profit/(loss) before special Items	1,293	226	1,519	325	(1,588)	**256**	911	**1,167**
Special Items	(847)	—	(847)	—	2,192	**1,345**	—	**1,345**
Group profit from operations	446	226	672	325	604	**1,601**	911	**2,512**
Other segmental information:								
Reportable segment assets	28,123	2,151	30,274	4,960	1,365	**36,599**	6,832	**43,431**
Reportable segment liabilities	(13,848)	(1,016)	(14,864)	(2,016)	(1,976)	**(1,976)**	(2,892)	**(21,748)**
Fixed asset additions	345	936	1,281	410	-	**1,691**	154	**1,845**
Depreciation and amortisation	873	38	911	510	30	**1,451**	56	**1,507**

Segmental analysis by origin	2012		2011	
	£000	**%**	£000	%
Gross sales revenue:				
UK	**16,414**	**41.0**	21,111	41.8
Other European	**1,828**	**4.6**	865	1.7
North America	**17,167**	**43.0**	15,216	30.1
Australasia	**3,984**	**10.0**	3,234	6.4
Less: Inter-company	–	–	(3,975)	(7.9)
Continuing Revenue	**39,393**	**98.6**	36,451	72.1
Discontinued - Africa	**558**	**1.4**	14,113	27.9
Total Revenue	**39,951**	**100.0**	50,564	100.0

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

Segmental analysis by origin	2012		2011	
	£000	**%**	£000	%
Gross sales revenue:				
UK	**16,414**	**41.0**	21,111	41.8
Other European	**1,828**	**4.6**	865	1.7
North America	**17,167**	**43.0**	15,216	30.1
Australasia	**3,984**	**10.0**	3,234	6.4
Less: Inter-company	**-**	**-**	(3,975)	(7.9)
Continuing Revenue	**39,393**	**98.6**	36,451	72.1
Discontinued -Africa	**558**	**1.4**	14,113	27.9
Total Revenue	**39,951**	**100.0**	50,564	100.0

2 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 and the results for 52-week period ended 31 March 2012 are included in the post tax loss on discontinued activities in the Group's consolidated income statement. The figures for 2011 also include the discontinued operations in Germany. The results of these discontinued operations are as follows:

	2012 £000			2011 £000
	South Africa	**South Africa**	**Germany**	**Total**
Results of the discontinued operations				
Revenue	**13,772**	14,113	303	14,416
Expenses	**(13,437)**	(13,306)	(1,007)	(14,313)
Profit /(loss) before tax from discontinued operations	**335**	807	(704)	103
Taxation	**151**	755	–	755
Profit/Loss from operating activities after tax	**486**	1,562	(704)	858
Loss from sale of discontinued activities	**(1,263)**	–	–	–
Loss for the period	**(777)**	1,562	(704)	858

	£000			£000
	South Africa	**South Africa**	**Germany**	**Total**
Cash flows from discontinued operations				
Net cash flow from operating activities	**(511)**	–	(704)	(704)
Cash flow from investing activities	**460**	–	–	–
Net cash used /generated from discontinued activities	**(51)**	–	(704)	(704)

3.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-Colchester closure, exceptional costs relating to reorganisation, redundancy and restructuring ,legal disputes and inventory and intangibles impairments.

	2012 £000	2011 £000
Cost of sales		
Inventory impairments	**5,171**	201
Plant and equipment impairments	**1,158**	—
Development expenditure impairments	**931**	—
Redundancies	**252**	—
Operating costs		
Redundancies	**1,159**	242
Refinancing	**451**	—

Reorganisation and restructuring costs	**3,667**	655
Share-based payments	**90**	127
Pension credit	—	(2,570)
Restructuring costs	**12,879**	(1,345)

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.

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.

4.FINANCIAL INCOME AND EXPENSE

	2012 £000	2011 £000
Interest income	**24**	34
Expected return on defined benefit pension scheme assets	**10,834**	10,876
Financial income	**10,858**	10,910
Bank overdraft and loan interest	**(385)**	(311)
Shareholder loan interest	**(200)**	(118)
Other loan interest	**(23)**	(55)
Other finance charges	**—**	(31)
Finance charges on finance leases	**(61)**	(51)
Interest on defined benefit pension scheme obligations	**(9,268)**	(9,484)
Financial expense	**(9,937)**	(10,050)

5. TAXATION

	2012 £000	2011 £000
Current tax:		
Corporation tax at 26% (2011: 28%):		
– current period relating to prior period	**—**	—
Overseas taxation:		
– current period	**(74)**	(60)
Total current tax charge	**(74)**	(60)
Deferred taxation:		
– current period	**(50)**	(213)
– prior period	**(783)**	(175)
Total deferred taxation charge	**(833)**	(388)
Taxation charged to the income statement	**(907)**	(448)

TAX RECONCILIATION
The tax charge assessed for the period is lower than the standard rate of corporation tax in the UK of 26% (2011: 28%). The differences are explained below:

	2012		2011	
	£000	**%**	£000	%
(Loss)/profit before tax	**(13,165)**		2,461	
(Loss)/profit before tax multiplied by the standard rate of corporation tax				
in the UK of 26% (2011 28%)	**(3,423)**	**(26.0)**	689	28.0
Effects of:				
– expenses not deductible	**120**	**0.9**	475	19.3
– non-taxable income	—	—	(72)	(2.9)
– overseas tax rates	**104**	**0.8**	44	1.8
– deferred tax prior period adjustment	**783**	**5.9**	(580)	(23.6)
– unrecognised losses utilised/tax not recognised on losses	**3,345**	**25.4**	(219)	(8.9)
– impact of rate change	**(22)**	**(0.2)**	111	4.5
Taxation charged/(credited) to the income statement	**907**	**6.9**	448	18.2

Following the enactment of legislation in the UK to reduce the corporation tax rate from 26% to 24% from 1 April 2012, the effective tax rate this year includes the impact on the income statement of calculating the UK deferred tax balances at the lower UK corporation tax rate. The impact of this rate change is a £22,000 decrease in the tax charge in the income statement. A further reduction in the UK tax rate to 23% has been enacted on 3 July 2012.

6.EARNINGS PER SHARE
The calculation of the basic loss per share of 23.30p (2011: profit of 5.01p) is based on the earnings for the financial period attributable to the Parent Company's shareholders of a loss of £14,849,000 (2011: profit of £2,871,000) and on the weighted average number of shares in issue during the period of 63,717,224 (2011: 57,347,141). At 31 March 2012, there were 2,272,102 (2011: 16,511,898) potentially dilutive shares on option with a weighted average effect of 2,272,102 (2011: 9,863,832) shares. As a loss cannot be diluted the figures for 2012 will remain the same as the basic loss per share for continuing operations is 22.08p (2011: profit of 3.51p) and the basic loss per share for discontinued operations is (1.22)p (2011: profit of 1.50p).

	2012	**2011**
Weighted average number of shares		
Issued shares at start of period	**57,933,679**	57,233,679
Effect of shares issued in the year	**5,783,545**	113,462
Weighted average number of shares at end of period	**63,717,224**	57,347,141

7. ASSETS HELD FOR SALE

	2012 £000	2011 £000
Properties held for sale	**2,793**	-
600SA assets held for sale (including property, plant and equipment)	**6,300**	-
Total assets held for sale	**9,093**	-

The assets of 600SA, the Group's South African business, are shown as assets held for sale as the business was being actively marketed at the period-end and has subsequently been sold to Eqstra Holdings Limited on 16 July 2012. The liabilities of this business are also disclosed separately in the Consolidated statement of financial position .

The properties held for sale relate to UK land and buildings which were being actively marketed at the period-end.

8.CASH AND CASH EQUIVALENTS

	2012 £000	2011 £000
Cash at bank	**309**	952
Short-term deposits	**100**	100
Cash and cash equivalents per statement of financial position	**409**	1,052
Bank overdrafts	**(526)**	(2,957)
Cash and cash equivalents per cash flow statement	**(117)**	(1,905)

9.RECONCILIATION OF NET CASH FLOW TO NET DEBT

	2012 £000	2011 £000
Increase in cash and cash equivalents	**1,861**	1,466
Increase in debt and finance leases	**(4,988)**	(1,933)
Increase in net debt from cash flows	**(3,127)**	(467)
Net debt at beginning of period	**(4,795)**	(4,328)
Exchange effects on net funds	**(72)**	—
Net debt at end of period	**(7,994)**	(4,795)

10.ANALYSIS OF NET DEBT

	At **2 April** 2011 £000	Exchange movement £000	Cash flows £000	**At 31 March 2012 £000**
Cash at bank and in hand	952	(73)	(570)	**309**
Term deposits (included within cash and cash equivalents on the balance sheet)	100	—	—	**100**
Overdrafts	(2,957)	—	2,431	**(526)**
	(1,905)	(73)	1,861	**(117)**
Debt due within one year	(374)	1	(1,388)	**(1,761)**
Debt due after one year	—	—	(3,638)	**(3,638)**
Shareholder loan	(1,957)	—	(95)	**(2,052)**
Finance leases	(559)	—	133	**(426)**
Total	(4,795)	(72)	(3,127)	**(7,994)**

11. POST BALANCE SHEET EVENTS

The company raised £1.47m through an institutional placing of new ordinary shares of 1p each at a price of 7.5p per share on 5 September 2012.

On 3 July 2012 the Group announced that it had sold its surplus freehold property at Shepshed for £1.2m. This property has been treated as an asset held for sale in the Group Accounts at 31 March 2012. On the same day the Group announced the sale of its South African operation for a net cash consideration of £1.86m. This activity has been treated as discontinued in the financial statements and its assets and liabilities were included within assets and liabilities held for sale in the Group Accounts at 31 March 2012at fair value less costs to sell.

On 10 August 2012 the Group announced that it was closing its manufacturing subsidiary FMT in Poland. This activity has been included in continuing activities at 31 March 2012 but is expected to be treated as a discontinued activity in the year to March 2013. No material claims against the group are foreseen as a result of this closure.

12.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 31 March 2012 or 2011, but is derived from those Financial Statements. Statutory Financial Statements for 2011 have been delivered to the Registrar of Companies and those for 2012 will be delivered following the Company's Annual General Meeting. The auditors, KPMG Audit Plc, 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 2012 or 2011.