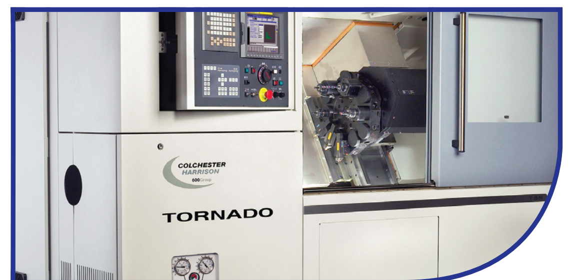
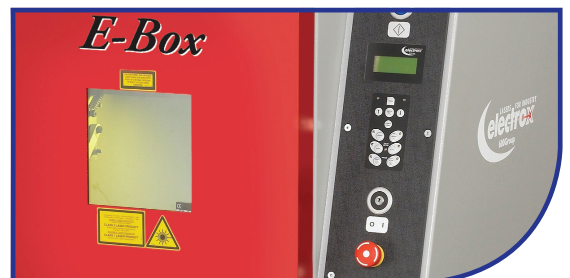
The 600 Group PLC annual report and accounts 2009





600Group

We are an international group manufacturing and marketing machine tools, machine tool accessories, lasers and other engineering products.

We are the UK's largest machine tool company, operating from a number of locations worldwide and selling products into more than 180 countries.

IFC Company profile
01 Highlights
02 Chairman's statement
05 Group chief executive's review of operations
09 Financial review
12 Directors and advisers
13 Report of the directors
15 Corporate governance
17 Remuneration report
21 Independent auditor's report
22 Consolidated income statement
23 Consolidated statement of recognised income and expense
24 Consolidated balance sheet
25 Consolidated cash flow statement
26 Group accounting policies
31 Notes relating to the consolidated financial statements
57 Five year record
58 Company balance sheet
59 Company accounting policies
60 Notes relating to the company financial statements

Highlights

Financials

- Revenue of £76.2m (2008: £77.4m)
- Loss from operations (before costs in relation to closed operations, restructuring and impairment of intangible assets) of £2.2m (2008: profit of £0.5m)
- Costs in relation to closed operations, restructuring and impairment of intangible assets of £6.1m (2008: £0.2m)
- Loss from continuing operations of £7.6m (2008: profit of £2.0m)
- Reported loss for the period of £8.9m (2008: profit of £0.2m)
- Reported basic loss per share for continuing operations of 13.3p (2008: earnings per share of 3.3p)

Operating

- Strategic review completed in January 2009; first phase of the turnaround strategy implemented ahead of schedule
- Closure of 12 sites and a reduction of 210 employees resulting in estimated cost savings of £10m on an annualised basis
- Second phase of the turnaround strategy has commenced with an estimated one-off cost of £2.5m and annualised savings of £5m
- Supply of certain product re-sourced to alternative suppliers to improve quality and reduce lead times

Chairman's statement

This has been a very challenging year for The 600 Group PLC. We have, however, met these challenges head on and made significant strides towards creating a platform from which to build a profitable future for the Group.

We entered the year facing a downturn in our main markets and, as serious problems with the Group's supply chain began to emerge, it became apparent that a radical overhaul of the business was required. David Norman accepted the role of Group Chief Executive in August 2008, undertaking responsibility to review all the Group's operations in order to deliver an achievable and rapid turnaround strategy.

The strategic review was completed in January 2009 and a full restructuring of the Group commenced. The first phase, the major cost reduction programme outlined in the Interim Management Statement dated 3 February 2009, was achieved ahead of schedule in May 2009. The Board expects that the second phase, commenced in June 2009, which consists of further cost reductions and the integration of business units and functions will be substantially complete by the end of September 2009.

Results

Overall, sales for the year reduced by 2% to £76.2m (2008: £77.4m) although underlying sales reduced by 7% after taking into account the effect of a one-off major aerospace contract undertaken in the first half of the year. Gross profit margins reduced to 27% (2008: 29%) as a result of the adverse impact of the aerospace contract and currency movements. Other operating income included the £0.3m benefit in respect of the sale and leaseback of our Colchester and Halifax properties. Other operating expenses were £29.9m (2008: £22.9m) including restructuring costs of £5.2m, costs in relation to closed operations of £0.5m and an impairment charge for intangible assets of £0.4m. The restructuring costs relate to the previously announced programme of redundancies, an extensive reorganisation of the Group's structure and impairment of inventory and receivables.

The Group's loss from operations before net financial income and tax was £8.3m (2008: operating profit of £0.3m). As anticipated, net financial income for the year reduced significantly to £0.3m (2008: £2.3m) due to the UK Pension Scheme moving to de-risk its assets.

Loss before tax was, therefore, £8.0m (2008: profit before tax of £2.5m). The discontinued costs of £1.3m (2008: £1.8m) relate to the closure of operations in Canada. The basic and diluted loss per share for continuing operations was 13.3p (2008: earnings per share of 3.3p and 3.2p respectively).

As anticipated, the net cash balance of £3.2m in 2008 reduced to net borrowings of £1.5m in 2009 due to costs incurred in restructuring.

In accordance with FRC guidelines, the Board has assessed the Group's funding and liquidity position and concluded that the going concern basis for the preparation of its accounts continues to be appropriate.

This has been a very challenging year for The 600 Group PLC. We have, however, met these challenges head on and made significant strides towards creating a platform from which to build a profitable future for the Group.

Dividend

We have previously stated that dividend payments will be directly related to our results. The Board does not consider it is appropriate to pay a dividend at the present time.

Progress

I believe we have made substantial progress in reshaping the Group and positioning it for the future. We needed to cut the Group's costs dramatically and deliver a sustainable improvement in the efficiency of our business, particularly in the use of cash. This meant that we had to change our Group structure and management, reduce the number of sites and overhaul the supply chain.

David Norman's first task was to review senior management. Numbers were inevitably reduced but, pleasingly, he managed to establish a new team with the experience and energy to take us forward predominantly from our existing staff. You will read in his Group Chief Executive's report that we aggressively addressed our cost base during the year under review and continue to do so. Our product strategies, which were having a major impact on our costs and our reputation as a leading machine tools producer, were also addressed. We made the decision to leave our chosen Chinese partner, The Dalian Machine Tool Group, and have sourced products and components elsewhere. This was a challenging but necessary action, which needed careful handling to avoid further costs and disruption to our supply lines. The number of sites operated by the Group were also reduced and the sales force is being shaped into a more focused and cost effective team.

Such fundamental reshaping of the business incurs costs. I am pleased to report that we have been able to fund this from within our existing overdraft facilities and through the release of cash which was locked inside the business. Our action has, however, significantly impacted the balance sheet (split in similar proportions between legacy costs, ceased operations and operational activity). This should not affect our ability to move forward in the short term and will result in a very different and more sustainable platform for the Group. Improvements to the balance sheet will, however, now be both a necessity and a priority as we move forward.

Separately we will continue to address the issue of the Pension Fund, which is significant in terms of size and impact, and we are working closely with the Trustee to further de-risk its asset holdings.

Strategy

The new business platform we have developed has provided us with an opportunity to review our overall business strategy. We continue to see machine tools and lathes products as our core business and the UK, Continental Europe and North America remain our key strategic markets. There are real opportunities to build on our strong brands in these product areas and exploit our engineering and manufacturing expertise to a much greater extent than achieved in recent years. We will concentrate on the Group's branded products, take much more control of our own manufacturing and shorten our supply lines. The challenging global economy has weakened many companies in our product or associated product areas and, we believe, this will present us with opportunities to expand the business over and above our own organic growth.

I believe we have made substantial progress in reshaping the Group and positioning it for the future. We needed to cut the Group's costs dramatically and deliver a sustainable improvement in the efficiency of our business, particularly in the use of cash.

People

The Board relishes these prospects but they will, of course, present us with new challenges. To assist the Group's progress there will be one further change to our Board. Jonathan Kitchen has informed me that he will retire at the Annual General Meeting on 25 September 2009. He has given outstanding service to the Group for a number of years and I, in particular, am grateful for his wise counsel over my relatively short period as Chairman.

I am pleased to announce that Chris Cundy, Commercial Director of VT Group, has agreed to join the Board with effect from 1 August 2009, as a non-executive Director. He has a wide experience as a finance director in a manufacturing and service environment. His breadth of knowledge and expertise will be valuable to the Group as we move forward over the coming years.

Outlook

The next few months will continue to present us with major challenges as our markets remain subdued. Whilst this will impact the level of sales revenue, further improvements that will deliver a more efficient and effective business are either in progress or planned. In addition, the Group's new product strategies, which will be implemented over the next twelve months, are being finalised.

Our priorities for the first half of the current year are to complete the improvements to our business, return the Group to sustainable profitability with a positive cash flow and begin the rebuilding of our balance sheet. When we have secured these objectives, we will be able to take a bolder approach to other market and corporate opportunities.

The Group has a strong business plan, experienced leadership and a much clearer sense of its strategic direction. In view of this, the Board believes that the Group is in a strong position to take advantage of any recovery in our markets and will soon be able to progress new and rewarding growth opportunities.

Martin Temple CBE
Chairman
23 June 2009

Our priorities for the first half of the current year are to complete the improvements to our business, return the Group to sustainable profitability with a positive cash flow and begin the rebuilding of our balance sheet.

Group chief executive's review of operations

This financial year has been a difficult period for the Group, which was affected by a number of operational issues, as well as a sudden and severe downturn in the world market for machine tools.

At the time of my appointment in August 2008, it was clear that both the cost infrastructure of the Group and the machine tools' supply chain were in need of urgent attention. Some cost reduction initiatives had started in the early part of the year. However, as I mentioned at the time of our Interim Management Statement in February 2009, considerable action has been taken and continues to be required to effect transformational change within the Group's operations, whilst concurrently taking additional defensive actions in light of depressed market conditions.

Sales revenue reduced by 2% in the year as a whole but showed a greater decline in the second half of the year with a particularly disappointing final quarter. The Group generated a loss from operations before restructuring costs, costs in relation to closed operations and impairment of intangible assets of £2.2m in the year, much of this in the second half. Exceptional costs and other non-cash costs relate to the cost of restructuring and discontinued products. Additionally, other charges have been made as a result of moving to a simpler business model and the need to account for costs associated with operating units, historically managed as independent entities.

The restructuring costs incurred in the year were internally financed from working capital improvements and the Group's global banking facilities.

My immediate priority is to deliver an effective turnaround of the Group's operations. This will fully occupy our management teams during the first half of the current financial year. We hope that economic conditions will improve to provide an environment in which we can drive the organic development of the business. In the absence of any encouraging indicators, however, we will consider acquiring other businesses, subject to the availability of finance, which could enhance earnings and sit comfortably within the framework we are creating.

Markets

Machine tools

The world market for machine tools experienced a sharp downturn during the second half of the year. The initial impact was in the area of CNC machines, where demand for higher specification products reduced sharply. Automotive manufacturing is a major driver in this area and has a strong influence on second tier component suppliers with whom we conduct much of our higher end CNC business. The demand for conventional, non-CNC machines, whilst reduced, has been less adversely affected and we continue to receive orders in most of our territories from distributors servicing the education sector in particular. The demand for high precision bearings held up during the year, although there is currently some evidence of customers rescheduling their future requirements. The market for workholding products was reasonable for much of the year but deteriorated during the final quarter.

As previously reported, the Group outsourced a large part of its production and supply from China, which was a significant feature of the original strategy for 2008. Regrettably, quality standards we had originally envisaged were not achieved, despite a major effort by our own engineering and quality teams to support this initiative. This resulted in machines being shipped to customers which, in many cases, led to an unacceptable level of warranty claims. These costs are fully accounted for in the year under review. Stocks of machines have been returned to the supplier in question and, under these circumstances, it was not possible to proceed with the previously announced joint venture agreement for Europe.

Supply has been switched to alternative sources which have, in the past, produced machines to a high standard for the Group. Whilst the manufacturing costs are somewhat greater, this is the optimum solution for the Group after the total cost of quality is taken into account. These changes to the supply chain began during the fourth quarter of the last financial year and the full effects will feed through during the second quarter of the current financial year.

Considerable action has been taken and continues to be required to effect transformational change within the Group's operations, whilst concurrently taking additional defensive actions in light of depressed market conditions.

Group chief executive's review of operations/continued

Markets continued

Machine tools continued

The product strategy of the Group is also being developed in line with the move to a simpler business model. Product sourcing is now under the control of a single product management team, working on behalf of the entire Group. Most of our sales and marketing effort will be directed towards our own brands, although we will continue to sell a limited number of other products where these are complementary to our core ranges.

Geographically, our target markets continue to be Europe and North America, supported by our activities in Australia, Africa, the Middle East and the Indian subcontinent.

Bearings and workholding continue to form a valuable part of our overall product offering and now sit within the Machine Tools Division, together with spares and service.

Laser marking

During the course of the year, the business did not experience the same level of downturn as that experienced by machine tools. The mix of customers is not dependent upon any one sector and ranges from general industrial through to pharmaceutical. Some notable projects were won in the year, both in the UK and the US. Germany is also becoming an increasingly important market.

The Raptor range, based on our in-house laser technology, has continued to make progress in sales volume terms. Since passing through the initial industrialisation phase, further value engineering has taken place to reduce the material cost and improve margins. Our objective for the laser marking business is to sell an increasing share of standard products whilst still retaining the capability to supply a range of other lasers for specialist applications. Following the success of the 10W Raptor, a 20W version is now under active development.

Review of operations

UK

Overheads were reduced in all the UK businesses during the second half of the year as it became clear that order intake was slowing. Following a period of strategic review, a new structure was designed for the UK machine tools businesses. From a market point of view, the sales and product management teams are now focused on areas of the business where we have the greatest likelihood of success in the short to medium term.

Operationally, we had too much space on three sites which was not being fully utilised. We therefore took the decision to close 600 Centre in Shepshed, Leicestershire, and transfer the showroom and back office functions to our principal site in Heckmondwike, West Yorkshire. The 600 Centre building is in a good location close to the M1 and will be sold or leased when market conditions permit.

The Dalian office in China, which was a cost centre of the UK machine tools business, was closed as the new supply chain arrangements were put in place.

The Pratt Burnerd factory in Halifax is twelve miles from the site in Heckmondwike. Operations from Halifax are in the process of being transferred to Heckmondwike. This will result in the elimination of establishment costs and, combined with the existing, but underutilised, machining facilities in Heckmondwike, will provide us with a first class machining facility where labour can be more effectively utilised in one large plant. Some additional investments are being made in order that previously outsourced product can in future be produced within the new unit.

Employee numbers were unfortunately reduced, partly as a result of these measures but also in response to deteriorating demand. Short time working and a reduction in the hourly rates of pay were also agreed with employee representatives, as short term measures, in order to reduce payroll costs during this downturn.

The product strategy of the Group is also being developed in line with the move to a simpler business model. Product sourcing is now under the control of a single product management team, working on behalf of the entire Group.

Investments are being made at Gamet to support the expansion of production in the Colchester plant for high precision bearings. This will enable the business to reduce lead times and compete more effectively in the future.

At Electrox, the small office in Singapore was closed. Whilst some overheads were reduced in the UK, most work has been put into maintaining sales volume and increasing margins by reducing material costs for standard products. The challenge for Electrox is to improve its time to market for current developments and there are a number of initiatives in the pipeline.

Germany

Germany was affected by quality issues on China-sourced machines which resulted in high warranty costs during the year. Further, in advance of the proposed joint venture agreement being formally signed with Dalian Machine Tool Group, an additional building with warehouse was leased in Ditzingen, near Stuttgart. As the joint venture could no longer proceed, the existing Parat operation was transferred into the new Ditzingen facility and staff recruited specifically to sell Dalian branded machines were made redundant.

Germany, as an economy, is heavily orientated to the automotive and engineering industries and is currently going through a very difficult period. Nevertheless, demand for the Parat tool holder product, along with Colchester Harrison machines and spares, performed for most of the year in line with expectations.

North America

In line with other world markets, the demand for CNC machines fell away sharply. The economic mood in the US is very subdued and this is not helped by the constant stream of bad news from the automotive sector which is still a major driver for our machine tools business. There was some optimism from within the oil production sector with an increase in demand for large swing lathes and large chucks. This side of the business is heavily dependent upon the price of oil remaining at a level to justify domestic production.

Sales of Clausing conventional products generally held up well during the year, although the business was affected by supply chain shortages. Warranty and other associated costs of quality had an adverse impact on operating profit and absorbed too much management time during the year.

Clausing has an extensive installed base of machines in the US which is serviced from our spares operation in Indiana. Work continued throughout the year on the development of a web-based ordering system and, subject to satisfactory experience in the US, our intention is to roll out this initiative elsewhere in the Group.

Pratt Burnerd America had an excellent start to the year, but was subsequently caught in the downturn within its traditional markets, in addition to oil price related project deferral with regard to larger chucks.

The operation that remained in Canada following the disposal of the core part of the Canadian operation in 2008 was focused on the marketing of high precision Japanese machines to component manufacturers servicing automotive and aerospace. This business could not generate enough revenue to cover its costs and was loss making for most of the year. A review of prospects for the next two years held out little hope of improvement. Rather than continue to carry the overhead, sales and working capital risk, the business was closed in February 2009. A sales operation, focused on Group products and managed from our Michigan operation, has now been established.

The Electrox infrastructure in the US was excessive for a business of this size and this structure was reduced along with associated showrooms in a number of locations. Back office functions have been transferred to Michigan. Despite the very difficult market in the US and a lack of confidence in many areas, there continue to be some good sales prospects which we expect to convert during the first half of the current financial year.

Overheads were reduced in all the UK businesses during the second half of the year as it became clear that order intake was slowing.

Review of operations continued

Australia

Steps were taken in the early part of the year to reduce costs. The economy seems slightly less affected by the downturn than elsewhere in the world, although the local automotive industry is struggling. Opportunities continue to exist principally for conventional machines destined for the educational sector.

South Africa

The major part of our activity relates to mechanical handling and, in sales volume terms, the business performed in line with our expectations. There was a swing in the year from private construction work to requirements driven by the development of infrastructure. State utilities, such as ESCOM also continue to drive demand. As a distribution business with a workshop facility, the Company will be able to respond quite quickly to changes within individual market segments. Currency fluctuation against the Euro and Sterling continues to be a negative feature of trading in the region.

PLC costs

We have continued to make significant reductions in central costs during the year. The Leeds head office was vacated in October 2008 and is now up for sale or lease. All PLC activities are now managed from our site in Heckmondwike, which also enables the Executive team to be much closer to the operations.

Corporate social responsibility

The Group takes its responsibilities seriously towards all its stakeholders, including its employees, the community and the environment. This is more applicable than ever as we steer the Company through this economic downturn. Employees on a number of sites have worked hard during some difficult periods of consultation to ensure that ultimately we have a profitable and growing business. Many sacrifices have been made and, sadly, a number of employees have left the Group during the year.

Following the outcome of the risk survey, which was commissioned in the early part of the current financial year, a full time health and safety manager has been appointed and action plans are being developed for all sites within the Group.

Outlook

The machine tools market is large and diverse and we cannot hope to compete in every sector. We will therefore continue to play to our strengths, which remain in the mid priced CNC and conventional machine sectors, along with components and spares.

The laser marking business will improve its time to market and the business will be positioned to capitalise on opportunities as confidence starts to return.

The transformational work which we started in the second half of last year has continued into the current fiscal year. I envisage that a large proportion of the actions required under the current phase will be completed by the half year, although some subsequent business process integration issues may take a little longer to bed down. I am confident that the actions already implemented, along with the current phase, will allow the Group to trade profitably if current sales levels do not deteriorate further. This will provide a good platform for further development of the Group, exploiting its organic potential, together with any other opportunities which may arise in the future.

David Norman
Group Chief Executive
23 June 2009

We will therefore continue to play to our strengths, which remain in the mid priced CNC and conventional machine sectors, along with components and spares.

Financial review

Accounting policies

The Group's results for the period to 28 March 2009 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS) and the results for the Parent Company have been consistently prepared in accordance with United Kingdom Generally Accepted Accounting Policies (UK GAAP).

Results

Revenue from continuing operations reduced by £1.2m from £77.4m to £76.2m. Analysis of revenue by destination reflects an increased level of sales revenue in our European and South African operations, with our North American and UK operations being impacted by sharp downturns in the second half of the year.

The operating loss before tax and net finance income worsened, from a profit of £0.3m to a loss of £8.3m. Gross profit reduced from 29% in 2008 to 27% as a result of the adverse impact of a major aerospace contract and currency movements. Other operating income included a profit of £0.3m from the sale of our Colchester and Halifax properties. Other operating expenses included restructuring costs of £5.2m, costs in relation to closed operations of £0.5m and the impairment of intangible assets of £0.4m.

Net financial income reduced by £0.6m principally as a result of the reduced expected return on the Group's employee benefit schemes. Net financial expense increased by £1.4m due to an increase in the estimated interest on pension scheme obligations (Note 6).

The resulting loss before tax was £8.0m compared with a profit last year of £2.5m. Taxation of £0.4m was credited in the period (2008: charge of £0.5m) and this primarily related to deferred tax.

Net assets decreased by £8.3m (2008: decrease of £1.1m) to £30.0m (2008: £38.3m). Property, plant and equipment reduced by £1.8m (2008: reduction of £0.4m), intangible assets reduced by £0.1m (2008: increase of £0.6m) and inventory increased by £0.2m (2008: increase of £2.1m). Net deferred tax assets increased by £0.4m (2008: increase of £0.6m) principally as a result of the increase in tax losses. In addition, there was a net decrease in trade and other receivables/payables of £1.7m (2008: decrease of £2.8m).

Net funds decreased during the period by £4.6m (2008: decrease of £1.2m), resulting in net funds at the period end of £(1.5)m (2008: £3.2m). This decrease was primarily due to a cash outflow from operating activities of £5.3m (2008: £0.9m outflow).

Employee benefits

The Group accounts for its pension arrangements in accordance with IAS 19. This accounting is based on a series of actuarial assumptions.

The Group adopted the principles of IFRIC 14 in its financial statements last year. The impact of this is that the pension surplus of £3.1m at 28 March 2009 is not recognised as a plan asset because the Group does not have an unconditional right to the use of this surplus.

Employee benefits continued

Full details of the Group's employee benefit schemes are shown in Note 29 to the accounts but, in summary, the Group operates three defined benefit schemes which are based in the UK and US. The main UK fund, The 600 Group Pension Scheme, is significant in terms of its size and impact. The Group accounts for pensions in accordance with IAS 19 "Employee benefits," which requires the recognition of the pension scheme deficits or surpluses, subject to recoverability tests, on the balance sheet and recognition of service costs, interest cost and expected return on assets for the period as charges/credits to the income statement.

Treasury

The Group operates a centrally controlled treasury function for all UK foreign exchange dealings. Group guidelines do not permit speculative transactions in the normal course of business and exposure to movements in exchange rates on transactions is minimised, using forward foreign exchange contracts.

Arrangements for borrowing facilities are approved centrally and managed centrally for the UK operations and locally for the overseas operations.

Further exposure to transaction risks arising from foreign exchange fluctuations is minimised by matching foreign currency dealings as closely as possible throughout the Group. With the increasingly global nature of the machine tool industry, the Group now purchases and sells in a range of major foreign currencies.

Principal risks

Risk management is embedded in the Group's internal control processes throughout the year and also as part of the year end reporting procedure.

The major risk categories, together with examples, are considered to be:

- strategic, e.g. reputation, distribution network degradation, product obsolescence, agency agreements for factored products, exchange rate movements, low cost competition, short-term customer confidence levels;
- operational, e.g. inventory valuation – there is a risk that an element of the inventory of the Group is not realisable as the global machine tool market approaches maturity; development expenditure – there is a risk that the full carrying value of the intangible asset is not recoverable if a downturn in trading occurs. Other operational risks include supply chains, product failure, loss of key personnel;
- liquidity, e.g. the risk that the Group will encounter difficulty in meeting its obligations associated with financial liabilities, such as uncertainties around current financing arrangements (committed and uncommitted); potential changes in financing arrangements; and uncertainties posed by the potential impact of the economic outlook on the level of demand for the Group's products and business activities;

- financial, e.g. major contract management, inventory control, credit control, pension scheme funding;
- hazard/health and safety/product liability; and
- defined benefit pension schemes – the Group continues to be subject to various financial risks in relation to the pension schemes, e.g. the volatility of discount rates and of the valuation of pension scheme assets. See Note 29 for further information on this.

These risks are identified and managed through a regular dialogue and internal reporting procedures in place between the Group Chief Executive and each business unit Managing Director or General Manager. The risks are closely monitored and discussed with each business unit and appropriate safeguards are put in place where possible.

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; and
- operating profit percentage.

Martyn Wakeman
Group Finance Director
23 June 2009

review of the year

corporate governance

accounts

Directors and advisers

Martin John Temple* (59)
A non-executive Director since 1 April 2007 and Chairman since 1 August 2007. Chairman of the Engineering Employers' Federation (EEF), and Chair of the BSSP Transition Management Board, Department for Business, Enterprise and regulatory Reform. Formerly held senior management positions in British Steel.

Jonathan Aistrope Kitchen* (69)
A non-executive Director since 1 July 1998. Vice Chairman and Chairman of the Audit Committee with effect from 6 September 2000. Chairman of the Remuneration Committee since 26 September 2007 and senior independent Director with effect from 8 September 2004. Chairman of The 600 Group Pension Trustees Limited with effect from 20 July 2000. Formerly a Director of Lazard Brothers & Co., Limited with executive responsibilities within the corporate finance division.

David Norman (56)
Appointed to the Board as Group Chief Executive on 7 August 2008. Formerly a Divisional Managing Director of Saia-Burgess AG.

Martyn Gordon David Wakeman (53)
Group Finance Director since 21 December 2006. Appointed to the Board on 2 October 2006. Formerly UK Chief Financial Officer of ASSA ABLOY AB.

Stephen John Rutherford* (58)
A non-executive Director since 1 October 2007. A Director of QED Consulting Limited.

* Non-executive Director, member of the Audit Committee and member of the Remuneration Committee.

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Alan Roy Myers

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Auditor
KPMG Audit Plc

Bankers
HSBC Bank plc

Stockbrokers
Altium Capital Limited

Shareholder information

Financial calendar

Period ending 28 March 2009	
Annual General Meeting	To be held 25 September 2009
Period ending 27 March 2010	
Interim Report	To be issued mid-November 2009
Results for the year	To be announced June 2010
Annual Report and Accounts	To be issued July 2010

Report of the directors

The Directors present their report to the members, together with the audited financial statements for the period ended 28 March 2009, which should be read in conjunction with the Chairman's Statement on the affairs of the Group (page 2), the Group Chief Executive's Review of Operations (pages 5 to 8) and the Group Finance Director's Financial Review (pages 9 to 11). The Consolidated Financial Statements incorporate financial statements, prepared to the Saturday nearest to the Group's accounting reference date of 31 March, of the Company and all subsidiary undertakings (the Group). The results for 2009 are for the 52-week period ended 28 March 2009. The results for 2008 are for the 52-week period ended 29 March 2008.

Activities of the Group

The Group is principally engaged in the manufacture and distribution of machine tools, machine tool accessories, lasers and other engineering products.

Result

The result for the period is shown in the Consolidated Income Statement on page 22.

Business review

A balanced and comprehensive analysis of development and performance of the Group is contained in the Chairman's Statement, the Group Chief Executive's Review of Operations and Group Finance Director's Financial Review on pages 2 to 11. This analysis includes comments on the position of the Group at the end of the financial period, consideration of the principal risks and uncertainties facing the business and the key performance indicators which are monitored in relation to the achievement of the strategy of the business.

Employees

It is the Group's policy to employ and train disabled persons wherever their aptitudes and abilities allow and suitable vacancies are available. An employee becoming disabled would, where appropriate, be offered retraining. All employees are given equal opportunities to develop their experience and knowledge and to qualify for promotion in furtherance of their careers.

The Group is committed to keeping employees as fully informed as possible with regard to the Group's performance and prospects and to seeking their views, whenever practicable, on matters which particularly affect them as employees.

The Directors consider that employees at all levels should be encouraged to identify their interests with those of the Group's shareholders and that this objective can be furthered by providing means for employees to become shareholders themselves. A Sharesave scheme was introduced during 2000 and a grant of options under the scheme was made in December 2000, with further grants of options being made in December 2003 and 2006.

Research and development

Group policy is to design and develop products that will enable it to retain and improve its market position.

Charitable and political donations

The Group made no donations to charitable organisations in the period (2008: £5,000). The Group made no political donations in the UK in the period.

Interests in share capital

At 23 June 2009, the Directors had been informed of the following interests in shares of 3% or more of the issued ordinary share capital of the Company:

	Number	Percentage of issued ordinary share capital
P Gyllenhammar	11,700,000	22.70
Gartmore Investment Management	5,219,602	9.12
Legal & General Investment Management	4,040,455	7.06
Schroder Investment Management	3,671,320	6.41
Barclays Stockbrokers Limited	2,026,387	3.54
Maland Pension Fund Trustees	2,000,000	3.49

The Directors have not been notified that any other person had a declarable interest in the nominal value of the ordinary share capital amounting to 3% or more.

Purchase of own shares

Authority granting the Company the option to purchase 8,579,328 of its own ordinary shares in accordance with the Companies Act 1985 was given by shareholders at the Annual General Meeting of the Company on 24 October 2008. This authority remains valid until the conclusion of the next Annual General Meeting on 25 September 2009.

Report of the directors/continued

Directors

Details of the Directors of the Company at 28 March 2009 are shown on page 12. A J Dick resigned as a Director on 5 August 2008 and D H Norman was appointed on 7 August 2008.

The Directors retiring by rotation are D H Norman and S J Rutherford, who, being eligible, offer themselves for re-election. D H Norman has a rolling service contract of six months with the Company. S J Rutherford does not have a rolling service contract with the Company.

The beneficial interests of the Directors in the share capital of the Company at 28 March 2009 are shown in the Remuneration Report on pages 17 to 20.

No Director has a beneficial interest in the shares or debentures of any other Group undertaking.

Creditor payment policy

The Company does not follow a code or standard on payment practice. Payment terms are normally agreed with individual suppliers at the time of order placement and are honoured, provided that goods and services are supplied in accordance with the contractual conditions. The amount of trade creditors in the balance sheet as at the end of the financial period represents 54 days (2008: 45 days) of average purchases for the Company and 62 days (2008: 66 days) for the Group.

Post balance sheet events

On 22 May 2009 the decision was taken to close the PBI manufacturing facility and relocate production to the Heckmondwike site. Restructuring costs of approximately £1.2m are expected to be incurred in the year ending 27 March 2010 in relation to this.

Market value of land and buildings

During March 2006 all of the Group's properties were revalued by independent valuers and the Directors believe that these valuations are appropriate at 28 March 2009.

Financial instruments

An indication of the financial risk management objectives and policies and the exposure of the Group to price risk, credit risk, liquidity risk and cash flow risk is provided in Note 25 to the financial statements.

Corporate governance

The Board's statement on corporate governance is set out on pages 15 to 16.

Auditor

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditor of the Company is to be proposed at the forthcoming Annual General Meeting.

Disclosure of information to auditor

So far as each of the Directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the Company's auditor is unaware and each Director has taken all steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Qualifying third party indemnity

The Company has provided an indemnity for the benefit of its current Directors which is a qualifying third party indemnity provision for the purpose of the Companies Act 1985.

By order of the Board

Alan Myers
Secretary
23 June 2009

Corporate governance

Other than as indicated below, the Board considers that the Company has complied throughout the period with the revised Combined Code on Corporate Governance issued by the Financial Reporting Council, as revised in June 2006 (the Combined Code). Compliance with the provisions of the Combined Code relating to Directors' remuneration is covered by the Remuneration Report on pages 17 to 20.

During the year, the Board did not comply with the requirement to undertake an annual evaluation of its performance and that of its committees and individual Directors.

The following relates to the Company's application during the period to 28 March 2009 of the principles and detailed provisions of the Combined Code.

Board of Directors

During the year, the Board was broadly balanced with the non-executive Chairman supported by a non-executive Vice Chairman, one other non-executive Director and two Executive Directors. The Director recognised as the senior independent Director for the purposes of the Combined Code is J A Kitchen. A J Dick resigned as a Director on 5 August 2008. D H Norman was appointed on 7 August 2008.

The Board of Directors met ten times during the year. S J Rutherford and M G D Wakeman attended all meetings. M J Temple and J A Kitchen attended nine meetings, D H Norman attended six meetings and A J Dick attended four meetings. The Board retains full and effective control over the Group and is responsible for overall Group strategy and management, acquisition and divestment policies, internal control, control of major capital expenditure projects and significant financing matters. It also reviews annual budgets and the progress towards achievement of those budgets. A schedule of matters specifically reserved for the Board's decision has been agreed.

All Directors are subject to election by shareholders at the first opportunity after their appointment and to re-election at regular intervals and at least every three years.

All Directors have access to the advice and services of the Company Secretary.

Board committees

The Board has delegated specific responsibility to two committees, each with defined terms of reference. Minutes of their meetings are circulated to and reviewed by the Board.

The Audit Committee consists of all the non-executive Directors and is chaired by J A Kitchen (who the Board considers has recent and relevant financial experience). It met twice during the year, with the Group Chief Executive, Group Finance Director, and representatives of the external auditor in attendance. It reviewed the interim and final financial statements and considered the Annual Report and Accounts before submission to the Board for approval, the appointment of the external auditor, the scope of the audit and matters arising from the audit and internal control procedures. During the year J A Kitchen and S J Rutherford attended both meetings of the committee and M J Temple attended one meeting of the committee. There is provision for the committee to meet with the auditor without the attendance of the Executive Directors.

The Remuneration Committee consists of all the non-executive Directors and is chaired by J A Kitchen. It determines the terms and conditions of employment for Executive Directors and agrees the parameters of remuneration for the senior management. There were three meetings during the year attended by all members. The Remuneration Committee also functions as the Nomination Committee.

Owing to the size of the Board, it is not considered necessary for the Board to have a separate Nomination Committee.

Internal control

The Directors have overall responsibility for the Group's system of internal control and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable, but not absolute, assurance against material misstatement or loss.

The Board monitors the effectiveness of the systems of internal control principally through the regular review of financial information and the work of the Audit Committee.

Operational and compliance controls and risk management are part of the Group's basis of operation.

The Board has established key principles of Corporate Governance for the Group. These include:

- an ongoing process for identifying, evaluating and managing the significant risks faced by the Group. The process is reviewed regularly by the Board and accords with the requirements of the Combined Code; and
- a comprehensive financial reporting structure, including a detailed formal budgeting process for all Group businesses which culminates in an annual Group budget which is approved by the Board.

The Board has reviewed the effectiveness of the system of internal control. The major elements of the system and the process of review are as follows:

- an organisational structure with clearly defined lines of responsibility and delegation of authority to executive management;
- a comprehensive framework for planning, budgeting and reporting the performance of the Group's operating units. Monthly results are reported against budget and forecasts (which are regularly revised);
- defined policies and minimum financial controls and procedures at each operating unit;
- prescribed procedures for capital expenditure applications;
- confirmation by operating unit senior managers of compliance with the Group's procedures (regular internal control reviews are also carried out by Group finance staff); and
- the identification and appraisal of risks during the annual process of preparing business plans and detailed budgets and their regular review during the year.

Internal audit
Head office staff perform control review visits to locations on a cyclical basis. The results of these reviews are reported to the Audit Committee.

Relations with the auditor
During the year the auditor provided tax and other non-audit advice to the Company and its subsidiaries. The Board has considered the effect on the independence of the auditor and concluded that their provision of non-audit services was the most cost-effective way of obtaining appropriate advice without a serious risk of compromising the independence of the auditor. The Audit Committee monitors the scope of the auditor's work.

Relations with shareholders
The Company carries out a regular dialogue with its institutional shareholders while having regard to UK Listing Authority guidance on the release of price sensitive information. Full use is made of the Annual General Meeting and the Company's website to communicate with private investors. The results of proxy votes are declared at the Annual General Meeting after each resolution has been dealt with on a show of hands.

Statement of Directors' responsibilities in respect of the Annual Report and the financial statements
The Directors are responsible for preparing the Annual Report and the Group and Parent Company financial statements, in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Parent Company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with IFRS as adopted by the EU and applicable law and have elected to prepare the Parent Company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The Group financial statements are required by law and IFRS as adopted by the EU to present fairly the financial position and the performance of the Group; the Companies Act 1985 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

The Parent Company financial statements are required by law to give a true and fair view of the state of affairs of the Parent Company.

In preparing each of the Group and Parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with IFRS as adopted by the EU;
- for the Parent Company financial statements, state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Parent Company financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Parent Company will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Parent Company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that comply with that law and those regulations.

The Directors are responsible for the maintenance and integrity of corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Going concern
The Directors are confident, after making appropriate enquiries, that the Group has adequate resources to continue in operation for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the accounts. Further information on this matter is set out in the Basis of Preparation section of the Notes to the Consolidated Financial Statements.

By order of the Board

Alan Myers
Secretary
23 June 2009

Remuneration report

Introduction
This report has been prepared in accordance with Section 234B of the Companies Act 1985 as amended by the Directors' Remuneration Report Regulations 2002. The report is divided into two sections, unaudited and audited information, in accordance with Schedule 7A of the Companies Act 1985. The audited information starts on page 19.

The Remuneration Committee
The Remuneration Committee (the Committee) is responsible for determining the salary and benefits of Executive Directors. It currently consists of three non-executive Directors. The members of the Committee during the year have been:

J A Kitchen (Committee Chairman)

S J Rutherford

M J Temple

The Committee held three meetings during the year. The most significant matters discussed by the Committee at its formal meetings this year were:

(a) the operation of the bonus scheme in the current economic climate;

(b) the formal grant of awards under the new performance share plan; and

(c) a review of Executive Directors' salaries.

Committee's advisers
During the year, PricewaterhouseCoopers LLP acted as independent advisors to the Committee and provided services relating to the benchmarking of Executive Directors' pay. PricewaterhouseCoopers LLP has provided other consultancy services to the Company.

In addition to PricewaterhouseCoopers LLP, the following people provided material advice or services to the Committee during the year:

D H Norman Group Chief Executive

M G D Wakeman Group Finance Director

No Executive was present when his own remuneration arrangements were being discussed.

Executive Directors' remuneration
Policy
The Company aims to attract, motivate and retain the most able Executives in the industry by ensuring that the Executive Directors are fairly rewarded for their individual contributions to the Group's overall performance, to the interests of the shareholders and to the ongoing financial and commercial health of the Group. The Committee feels that including equity incentives in the total remuneration package encourages alignment of the interests of the Executive Directors and senior management with those of the shareholders. The Company's strategy is to reward Executive Directors and key senior employees on both a long-term and short-term basis.

Salaries
Salaries are established on the basis of market comparisons with positions of similar responsibility and scope in companies of a similar size in comparable industries. The Committee uses annual surveys conducted by external remuneration consultants as its source of market information. Individual salaries of Directors are reviewed annually by the Committee and adjusted by reference to individual performance and market factors. With the approval of the Chairman, Executive Directors may take up appointments as non-executive Directors and retain payments from sources outside the Group, provided that there is no conflict of interest with their duties and responsibilities with the Group.

Bonus scheme
Executive Directors participate in a discretionary bonus scheme that is linked to the achievement of annual financial and personal performance targets. The accounts disclose bonuses in respect of the period to 28 March 2009.

The Committee has sought to give participants in the discretionary bonus scheme more clarity on how the scheme works by setting out clear objectives for future years.

The maximum annual cash bonus opportunity for the Executive Directors for the period from 1 December 2008 to 28 March 2009 was 40% of basic annual salary with a maximum potential bonus of 13⅓% of basic annual salary of the four month period. The maximum 40% entitlement was divided into two parts which are each subject to different performance targets:

(i) overall Group performance based on sales, operating profit and cash flow for the four-month period (maximum 25%); and

(ii) discretionary (maximum 15%).

Executive Directors' remuneration continued

Long-term incentive plans

The 600 Group PLC 2008 Performance Share Plan (the PSP)

The PSP provides significant rewards for the achievement of stretching performance targets thus achieving a clear and demonstrable link between executive performance and executive reward.

The PSP provides for the award of both "nil cost" (or nominal cost) share options and contingent share awards (together referred to as awards) to Executive Directors and other senior employees who are selected to participate. The first awards under the PSP were made on 31 March 2008. Initial awards of 150% of salary were made to A J Dick and M G D Wakeman and awards of 75% of salary to senior employees selected to participate.

At the time of making an award the Committee will set performance targets which must be satisfied before the award can vest. Such targets will normally be measured over a three-year period. The targets for the first awards made on 31 March 2008 were set after consideration at that time of the current economic circumstances of the Company and expectations of the future. The performance conditions and vesting schedule attaching to the PSP awards made on 31 March 2008 are set out in the table below.

TSR (40% of full award)		EPS (60% of full award)		
TSR target	Total award vesting	EPS target	Total award vesting	Total vesting
<Median	0%	<3p	0%	0%
Median	10%	3p	15%	25%
Top quartile	40%	4.5p	60%	100%

Total Shareholder Return (TSR) targets were set based on the performance of the Group relative to a comparator group of Companies.

The TSR comparator group is the constituent companies of the FTSE Small Cap Index (excluding investment companies).

The EPS target is measured excluding net pension finance charges and credits. Notwithstanding that the EPS targets may have been satisfied (in whole or in part), the Committee retains the discretion in respect of the first awards under the PSP to resolve that no part (or a reduced part) of the EPS element of the award will vest unless the Company's share price has, in the absolute discretion of the Committee, reached an acceptable level for an acceptable period of time during the performance period. The level of target has been set and communicated to participants but will not be divulged until the end of the performance period. No re-testing of the performance targets will occur. These initial awards are not expected to vest.

The Committee may set different targets for future awards, having regard to the prevailing business and economic conditions at the time. This is to ensure that performance targets continue to be demanding and stretching.

The Committee expects future award levels for Executive Directors to be 75% of salary save where it deems there to be circumstances which justify a larger award of up to 150% of salary, e.g. upon recruitment.

The next awards under the PSP will be made in or around July 2009. D H Norman and M G D Wakeman will each receive an award of 75% of basic annual salary.

Group Sharesave

Executive Directors are entitled to participate in the Group's Sharesave scheme.

Benefits in kind

Executive Directors have the following benefits in kind:

- fully expensed motor car;
- medical insurance for self and family;
- permanent health insurance; and
- personal accident insurance.

Pensions

The Company operates a defined benefit pension scheme in which UK-based Executive Directors may participate. This has an accrual rate of 1/80th for each completed year of employment, providing a maximum benefit upon retirement of two-thirds final salary. The contribution rate for individuals is 9%. Only base salaries are pensionable. The contribution rate for the Company is 9%.

Service contracts

Each Executive Director has a service contract with a notice period of six months. In the event of there being a change of control of the Company within the meaning of Section 840 of the Income and Corporation Taxes Act 1988, both notice periods are increased to twelve months. Neither contract has a specific termination provision. D H Norman's service contract is dated 3 February 2009 and M G D Wakeman's service contract is dated 2 October 2006. In the case of early termination, the Company would negotiate compensation on an individual basis taking into account salary and other benefits as set out in the audited part of this report and the six month notice period.

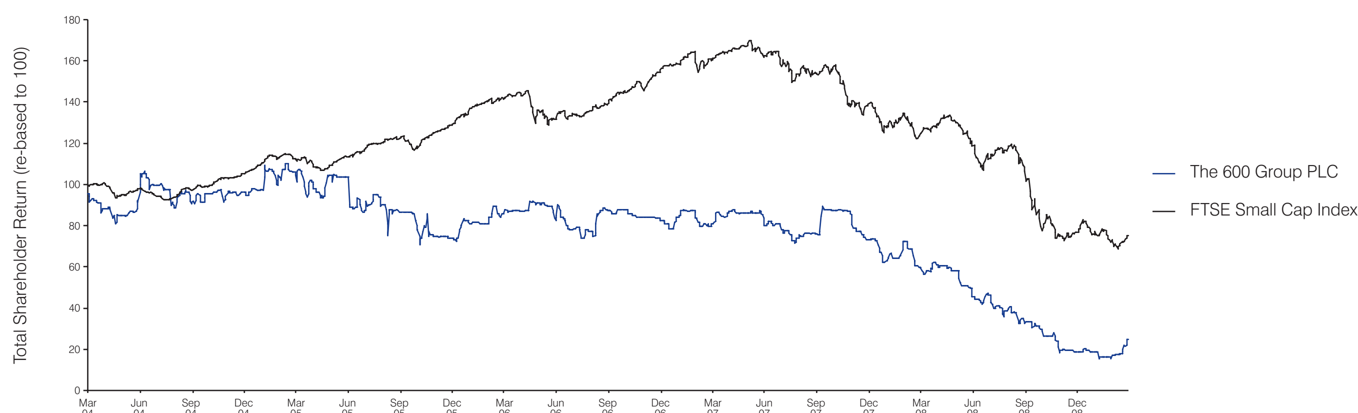
Non-executive Directors' remuneration

Fees for non-executive Directors are determined by the Board on the basis of market comparisons with positions of similar responsibilities and scope in companies of a similar size in comparable industries.

Non-executive Directors do not have contracts of service, are not eligible for pension scheme contributory membership and do not participate in any of the Group's bonus, share option or incentive schemes.

Five year total shareholder return

This graph shows the TSR of the Company from 1 April 2004 to 28 March 2009 compared with the FTSE Small Cap Index, rebased to 100. The TSR is defined as share price growth plus dividends reinvested. As the Company is a constituent of this Index, the Board considers that this is the most appropriate index against which the TSR of the Company should be measured.



Directors' interests in shares

The interests of Directors holding office at 28 March 2009 were as follows:

	At 28 March 2009	At 29 March 2008
M J Temple	**20,000**	20,000
J A Kitchen	**17,000**	17,000
S J Rutherford	**20,000**	20,000
D H Norman	**—**	—
M G D Wakeman	**—**	—

There were no changes in the beneficial interests of the Directors between 28 March 2009 and 23 June 2009. There were no non-beneficial interests.

Audited information

Directors' emoluments

	Salary £	Fees £	Compensation for loss of office £	Discretionary bonus £	All benefits in kind £	**Total 2009 £**	Total 2008 £
Chairman							
M J Temple	—	60,000	—	—	—	**60,000**	51,667
M T Wright	—	—	—	—	—	**—**	44,143
Executive Directors							
A J Dick[1]	68,939	—	143,422	—	17,391	**229,752**	228,727
M G D Wakeman	141,667	—	—	17,400	15,974	**175,041**	156,305
D H Norman[2]	206,933	—	—	27,600	—	**234,533**	—
Non-executive Directors							
A R Sweeten	—	—	—	—	—	**—**	10,000
J A Kitchen	—	39,996	—	—	—	**39,996**	39,167
S J Rutherford	—	33,000	—	—	—	**33,000**	16,500
Total	417,539	132,996	143,422	45,000	33,365	**772,322**	546,509

[1] Until resignation date of 5 August 2008.

[2] From date of appointment as a Director on 7 August 2008. Included in the above table is £166,600 paid to Executives Online on behalf of D H Norman, being remuneration from his date of appointment as a Director on 7 August 2008, to his employment start date on 1 February 2009.

Remuneration report/continued

Audited information continued

Directors' pension entitlements

	Accrued pension as at 29 March 2008[1] £	Increase in accrued pension entitlement[2] £	Accrued pension as at 28 March 2009[1] £	Transfer value of increase in accrued pension[3] £
A J Dick	5,885	2,446	8,331	9,485

[1] The pension entitlement shown is that which would be paid annually on retirement, based on service to the end of the year.

[2] The increase in accrued pension during the year excludes any increase for inflation.

[3] The transfer value has been calculated on the basis of actuarial advice, in accordance with Actuarial Guidance Note GN11, less Directors' contributions.

Details of accrued pensions valued on a transfer basis as required under the 2002 Regulations are as follows:

	Transfer value of accrued rights at 29 March 2008 £	Transfer value of accrued rights at 28 March 2009 £	Increase in transfer value net of members' contributions during the period £
A J Dick	64,884	97,654	17,032

The transfer values of the accrued entitlement represent the value of assets that the pension scheme would need to transfer to another pension provider on transferring the Scheme's liability in respect of the Directors' pension benefits. They do not represent sums payable to individual Directors and, therefore, cannot be added meaningfully to annual remuneration.

Pension contributions of £3,450 (2008: £nil) were made by the Group in respect of D H Norman into his personal pension scheme.

Pension contributions of £12,825 (2008: £11,192) were made by the Group in respect of M G D Wakeman into his personal pension scheme.

Directors' share options

Details of share options at 28 March 2009 and 29 March 2008, including Sharesave scheme options, for each Director who held office during the year are as follows:

	Number of options at 29 March 2008	Granted	Exercised	Lapsed/ forfeited	Granted	Number of options at 28 March 2009
A J Dick[1]	17,500[2]	789,474[3]	—	806,974	—	—
M G D Wakeman	21,875[2]	532,895[3]	—	—	—	554,770
D H Norman[4]	—	—	—	—	—	—

[1] A J Dick resigned as a Director of the Company on 5 August 2008 and left the employment of the Company on 5 November 2008.

[2] Held under The 600 Group PLC 2000 Sharesave scheme.

[3] Awarded under The 600 Group PLC 2008 Performance Share Plan.

[4] D H Norman was appointed a Director of the Company on 7 August 2008 and became an employee of the Company on 1 February 2009. From 7 August 2008 to 31 January 2009 the Company received Mr Norman's services as a subcontractor by virtue of an agreement with Executives Online Limited.

There are no performance criteria for The 600 Group PLC 2000 Sharesave scheme.

The share price at 28 March 2009 was 15.5p and the highest and lowest prices during the period were 40p and 10p, respectively.

By order of the Board

Alan Myers
Secretary
23 June 2009

Independent auditor's report
to the members of The 600 Group PLC

We have audited the Group and Parent Company financial statements (the financial statements) of The 600 Group PLC for the period ended 28 March 2009 which comprise the Consolidated Income Statement, the Consolidated Statement of Recognised Income and Expense, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement, and the related Notes. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditor

The Directors' responsibilities for preparing the Annual Report and the Group financial statements in accordance with applicable law and International Financial Reporting Standards (IFRS) as adopted by the EU, and for preparing the Parent Company financial statements and the Directors' Remuneration Report in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 16.

Our responsibility is to audit the financial statements and the part of the Directors' Remuneration Report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985 and, as regards the Group financial statements, Article 4 of the IAS Regulation. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. The information given in the Directors' Report includes that specific information presented in the Chairman's Statement, the Group Chief Executive's Review of Operations and the Group Finance Director's Financial Review that is cross referenced from the Business Review section of the Directors' Report.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and other transactions is not disclosed.

We review whether the Corporate Governance Statement reflects the Company's compliance with the nine provisions of the 2006 Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Annual Report and Accounts and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the Directors' Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the Directors' Remuneration Report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Directors' Remuneration Report to be audited.

Opinion

In our opinion:

- the Group financial statements give a true and fair view, in accordance with IFRS as adopted by the EU, of the state of the Group's affairs as at 28 March 2009 and of its loss for the period then ended;
- the Group financial statements have been properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation;
- the Parent Company financial statements give a true and fair view, in accordance with UK GAAP, of the state of the Parent Company's affairs as at 28 March 2009;
- the Parent Company financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

KPMG Audit Plc
1 The Embankment, Neville Street, Leeds
Chartered Accountants
Registered auditor
23 June 2009

Consolidated income statement

for the 52-week period ended 28 March 2009

	Notes	**52-week period ended 28 March 2009 £000**	52-week period ended 29 March 2008 £000
Revenue	1	**76,211**	77,433
Cost of sales		**(55,301)**	(54,874)
Gross profit		**20,910**	22,559
Other operating income	2	**727**	544
Other operating expenses	2	**(29,920)**	(22,851)
(Loss)/profit from operations before restructuring costs, costs in relation to closed operations and impairment of intangible assets		**(2,230)**	476
Restructuring costs	3	**(5,184)**	—
Costs in relation to closed operations		**(475)**	(224)
Impairment of intangible assets		**(394)**	—
(Loss)/profit from operations	4	**(8,283)**	252
Financial income	6	**10,723**	11,306
Financial expense	6	**(10,429)**	(9,042)
(Loss)/profit before tax		**(7,989)**	2,516
Income tax credit/(charge)	7	**419**	(518)
(Loss)/profit for the period from continuing operations		**(7,570)**	1,998
Post tax loss of discontinued operations	1	**(1,288)**	(1,752)
Total (loss)/profit for the period		**(8,858)**	246
Attributable to:			
Equity holders of the Parent Company		**(8,888)**	129
Minority interest	22	**30**	117
(Loss)/profit for the period		**(8,858)**	246
Basic earnings per share	9		
– continuing operations		**(13.3)p**	3.3p
– total		**(15.5)p**	0.2p
Diluted earnings per share	9		
– continuing operations		**(13.3)p**	3.2p
– total		**(15.5)p**	0.2p

Consolidated statement of recognised income and expense
for the 52-week period ended 28 March 2009

	Notes	**52-week period ended 28 March 2009 £000**	52-week period ended 29 March 2008 £000
Foreign exchange translation differences		**1,163**	307
Net actuarial (losses)/gains on employee benefit schemes	29	**(24,430)**	8,841
Impact of changes to defined benefit asset limit	29	**23,930**	(11,430)
Deferred taxation on above items	13	**—**	780
Net income/(expense) recognised directly in equity		**663**	(1,502)
(Loss)/profit for the period		**(8,858)**	246
Total recognised income and expense for the period	22	**(8,195)**	(1,256)
Attributable to:			
Equity holders of the Parent Company	22	**(8,301)**	(1,330)
Minority interest	22	**106**	74
Total recognised income and expense for the period		**(8,195)**	(1,256)

Consolidated balance sheet

as at 28 March 2009

	Notes	**As at 28 March 2009 £000**	As at 29 March 2008 £000
Non-current assets			
Property, plant and equipment	11	**10,832**	12,603
Intangible assets	12	**2,868**	3,018
Deferred tax assets	13	**1,268**	1,605
		14,968	17,226
Current assets			
Inventories	14	**24,644**	24,421
Trade and other receivables	15	**11,512**	19,015
Cash and cash equivalents	16	**552**	3,297
		36,708	46,733
Total assets		**51,676**	63,959
Non-current liabilities			
Employee benefits	29	**(3,829)**	(2,965)
Deferred tax liabilities	13	**(709)**	(1,479)
		(4,538)	(4,444)
Current liabilities			
Trade and other payables	18	**(14,716)**	(20,561)
Income tax payable		**(77)**	(100)
Provisions	19	**(294)**	(370)
Loans and other borrowings	17	**(2,019)**	(131)
		(17,106)	(21,162)
Total liabilities		**(21,644)**	(25,606)
Net assets		**30,032**	38,353
Shareholders' equity			
Called-up share capital	22	**14,308**	14,308
Share premium account	22	**13,766**	13,766
Revaluation reserve	22	**1,969**	2,765
Capital redemption reserve	22	**2,500**	2,500
Translation reserve	22	**1,117**	113
Retained earnings	22	**(4,155)**	4,480
Total equity attributable to equity holders of the Parent Company		**29,505**	37,932
Minority interest	22	**527**	421
Total equity	22	**30,032**	38,353

The financial statements on pages 22 to 56 were approved by the Board of Directors on 23 June 2009 and were signed on its behalf by David Norman, Group Chief Executive.

Consolidated cash flow statement

for the 52-week period ended 28 March 2009

	Notes	**52-week period ended 28 March 2009 £000**	52-week period ended 29 March 2008 £000
Cash flows from operating activities			
(Loss)/profit for the period		**(8,858)**	246
Adjustments for:			
Amortisation of development expenditure		**549**	286
Depreciation		**1,267**	1,033
Impairment of goodwill		**394**	—
Net financial income		**(294)**	(2,264)
Profit on disposal of plant and equipment		**(226)**	(173)
Equity share option expense		**24**	70
Income tax (income)/expense		**(419)**	81
Operating cash flow before changes in working capital and provisions		**(7,563)**	(721)
Decrease in trade and other receivables		**9,278**	699
Decrease/(increase) in inventories		**2,436**	(2,506)
(Decrease)/increase in trade and other payables		**(8,919)**	1,885
(Decrease)/increase in employee benefits		**(188)**	151
Cash generated from operations		**(4,956)**	(492)
Interest paid		**(306)**	(491)
Income tax (paid)/received		**(24)**	92
Net cash flows from operating activities		**(5,286)**	(891)
Cash flows from investing activities			
Interest received		**82**	106
Proceeds from sale of property, plant and equipment		**2,106**	810
Purchase of property, plant and equipment		**(1,131)**	(1,715)
Development expenditure capitalised		**(724)**	(876)
Disposal of discontinued operation		**—**	1,175
Net cash flows from investing activities		**333**	(500)
Cash flows from financing activities			
Proceeds from the issue of ordinary shares		**—**	40
Proceeds/(repayment) from external borrowing		**254**	(833)
Net cash flows from financing activities		**254**	(793)
Net decrease in cash and cash equivalents	23	**(4,699)**	(2,184)
Cash and cash equivalents at the beginning of the period		**3,297**	5,331
Effect of exchange rate fluctuations on cash held		**327**	150
Cash and cash equivalents at the end of the period	16	**(1,075)**	3,297

Group accounting policies

Basis of preparation

The 600 Group PLC is a public limited company incorporated and domiciled in England and Wales. The Company's ordinary shares are traded on the London Stock Exchange.

The Group Consolidated Financial Statements incorporate accounts, prepared to the Saturday nearest to the Group's accounting reference date of 31 March, of the Company and its subsidiary undertakings (together referred to as the Group). The results for 2009 are for the 52-week period ended 28 March 2009. The results for 2008 are for the 52-week period ended 29 March 2008. The Parent Company financial statements present information about the Company as a separate entity and not about its Group.

The Group financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards as adopted by the EU (adopted IFRS) and International Financial Reporting Interpretation Committee interpretations (IFRIC) as adopted by the European Union and with those part of the Companies Act 1985 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. Shown below are recent standards and interpretations that have been issued by the IASB, indicating their status of endorsement.

In the prior year, the Group adopted the principles of IFRIC 14/IAS19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.

The endorsement of IFRIC 14 during the current year has had no material impact on the Group's financial statements and has had no effect on the basic or diluted EPS. The accounting policy for Pensions and post-retirement health benefits has been updated to cover the recognition of an asset or additional liability.

There have been no further alterations made to the accounting policies as a result of considering all amendments to IFRS and IFRIC interpretations that became effective during the accounting period as these were considered to be immaterial to the Group's operations or were not relevant.

There are a number of standards and interpretations issued by the IASB that are effective for financial statements after this reporting period. The following have not been adopted by the Group:

	Effective for accounting periods starting on or after:
International Financial Reporting Standards:	
IAS 1* Presentation of financial statement: A revised presentation	1 January 2009
IFRS 2* Share-based payment: Vesting conditions and cancellations	1 January 2009
IFRS 8* Operating segments	1 January 2009
IAS 23* Borrowing costs	1 January 2009
IFRS* Annual improvements to IFRS	1 January 2009
IAS 27 Consolidated and separate financial statements	1 July 2009
IFRS 3 Business combinations	1 July 2009

* These standards and interpretations have been endorsed by the European Union.

The application of these standards and interpretations are not anticipated to have a material effect on the Group's financial statements except for additional disclosure.

The Company has elected to prepare its Parent Company financial statements in accordance with UK GAAP; these are presented on pages 58 to 64.

These results represent the fourth annual financial statements the Group has prepared in accordance with its accounting policies under adopted IFRS.

The preparation of financial statements in conformity with adopted IFRS require management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS that have a significant effect on the Group financial statements and estimates with a significant risk of material adjustment in the next year are discussed in Note 30.

The following principal accounting policies have been applied consistently to all periods presented in these Group financial statements.

Basis of accounting

The financial statements are prepared under the historical cost convention except that properties and derivatives are stated at their fair value.

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chairman's Statement and the Group Chief Executive's Review of Operations on pages 2 to 8. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Group Finance Director's Financial Review on pages 9 to 11 and Note 24 to the financial statements. In addition Note 25 to the financial statements includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

The Group meets its day to day working capital requirements through overdraft facilities which are due for renewal on various dates. The facilities in place are as follows and are subject to normal covenant arrangements:

UK – £2.5 million facility, signed on 22 October 2008 and due for renewal on 10 October 2009.

US – $1.5 million facility, signed on 6 October 2008 and due for renewal on 30 September 2009.

South Africa – R20 million facility available from 9 February 2009 to 8 February 2010, reducing to R4.3 million from 9 February 2010 to 9 August 2010.

The Group has met the relevant performance covenants during the year with the exception of the following:

- the tangible net worth covenant on the UK facility – breached due to the level of exceptional costs incurred in the period as set out in Note 3. The Group is currently in discussions with the bank around the ongoing level of the covenants and on 15 June 2009, following Pension Trustee approval, the Group signed a Debenture which extended a floating charge to the bank over the Group's assets (principally inventories and trade receivables); and
- the tangible net worth covenant on the US facility was technically breached at 31 March 2009 due to US pension accounting requirements. A formal consent and waiver of the covenant breach is expected to be received from the bank in June 2009.

The current economic conditions create uncertainty, particularly over the level of demand for the Group's products and the availability of bank finance for the foreseeable future.

The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current facilities. This includes consideration of the unwinding of working capital balances, particularly inventory and the impact of funding the significant reorganisation costs which have been incurred in 2008 and 2009. In addition, the Group has sought to build further headroom into the forecasts and projections by taking additional remedial action in April 2009 with the announcement of the closure of the PBI site in Halifax and the integration of its operations into the Heckmondwike site. Further cost saving and result enhancing actions are currently under review by the Board.

The Group will open facility renewal negotiations with the banks in due course and has, at this stage, not sought any written commitment that the facilities will be renewed. However, the Group has held discussions with its bankers about its future borrowing needs and no matters have been drawn to its attention to suggest that renewals may not be forthcoming on acceptable terms.

The Group is currently at an advanced stage of negotiations with its UK bank to secure potential additional facilities. This would give the Group further headroom in the short term as it incurs the cash cost of the additional remedial actions discussed above.

After making enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Accounts.

Basis of consolidation

The Group's financial statements consolidate the financial statements of the Company and its subsidiary undertakings. Subsidiary undertakings are those entities that are controlled by the Group. The results of any subsidiaries sold or acquired are included in the Group's income statement up to, or from, the date control passes. All intra-Group balances and transactions, including unrealised profits arising from intra-Group transactions, are eliminated fully on consolidation.

Foreign currency translation

Transactions denominated in foreign currencies are translated into Sterling at the rates of exchange ruling on the date of the transaction. Monetary assets and liabilities are translated into Sterling at the rate of exchange ruling at the balance sheet dates. Earnings of foreign operations are translated at the average exchange rate for the period as an approximation to actual transaction date rates. Exchange rates used to express the assets and liabilities of overseas companies in Sterling are the rates ruling at the balance sheet dates. Exchange differences arising from the re-translation of the investments in overseas subsidiaries are recorded as a movement on reserves. All other exchange differences are dealt with through the income statement.

On transition to adopted IFRS, the Group took the exemption under IFRS 1 to start the translation reserve at £nil. The balance on this reserve only relates to post transition.

Revenue

Revenue represents commission on agency sales and the total of the amounts invoiced to customers outside the Group for goods supplied and services rendered, excluding VAT, and after deducting discounts allowed and credit notes issued. Revenue is recognised at the point at which goods are supplied to customers. Revenue from services rendered is recognised in the income statement in proportion to the stage of completion of the transaction at the balance sheet date. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated completion costs, the possible return of goods or continuing management involvement with the goods.

Segment reporting

A segment is a distinguishable component of the Group that is engaged in providing products or services within a particular geographical segment. The Group operates in one main business segment being machine tools and equipment.

Group accounting policies/continued

Pensions and post-retirement health benefits

The Group operates both defined benefit and defined contribution pension schemes and a retirement healthcare benefit scheme for certain of its employees in the US. The Group's net obligation in respect of the defined benefit schemes and the retirement healthcare benefit scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value and the fair value of any scheme assets is deducted. The discount rate for the UK schemes is based on the annualised yield on the iBoxx over 15 year AA credit rated corporate bonds. The discount rate for the retirement healthcare benefit scheme is based on a similar measure which is appropriate for the US market. The calculations are performed by a qualified Actuary using the projected unit method. Actuarial gains and losses are recognised immediately through the statement of recognised income and expense. The extent to which the Schemes' assets exceed the liabilities is shown as a surplus in the balance sheet to the extent that the surplus is recoverable by the Group through reductions in future contributions to the scheme. Further provision is made to the extent that the Group has any additional obligation under a minimum funding requirement.

Items recognised in the income statement and statement of recognised income and expense are as follows:

1. Within operating profit
   - current service cost – representing the increase in the present value of the defined benefit obligation resulting from employee service in the current period;
   - past service cost – representing the increase in the present value of the defined benefit obligation resulting from employee service in prior periods, which arises from changes made to the benefits under the scheme in the current period. To the extent that the changes to benefits vest immediately, past service costs are recognised immediately, otherwise they are recognised on a straight-line basis over the vesting period; and
   - gains and losses arising on settlements and curtailments – where the item that gave rise to the settlement or curtailment is recognised within operating profit.
2. Below operating profit
   - interest cost on the liabilities of the scheme – calculated by reference to the scheme liabilities and discount rate at the beginning of the period and allowing for changes in liabilities during the period; and
   - expected return on the assets of the scheme – calculated by reference to the scheme assets and long-term expected rate of return at the beginning of the period and allowing for changes during the period.
3. Within the statement of recognised income and expense
   - actuarial gains and losses arising on the assets and liabilities of the scheme;
   - any change in the unrecognised asset of the scheme due to the asset limit test; and
   - obligations for contributions to defined contribution pension schemes are recognised as an expense in the income statement as incurred.

Goodwill

Goodwill arising on acquisition of subsidiaries and businesses is capitalised as an asset and represents the excess of the fair value of the consideration given over the fair value of the net identifiable assets, liabilities and contingent liabilities acquired.

In accordance with IFRS 3 "Business combinations", goodwill has been frozen at its net book value as at the date of transition and will not be amortised. Instead it will be subject to an annual impairment review with any impairment losses being recognised immediately in the income statement.

Goodwill written off in prior years under previous UK GAAP will not be reinstated.

Research and development

Research expenditure undertaken with the prospect of gaining new scientific or technical knowledge and understanding is recognised in the income statement as an expense as incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources to complete development. The expenditure capitalised includes direct labour and an appropriate proportion of overheads. Amortisation is charged to the income statement on a straight-line basis over the useful economic life of the activity. Currently the annual rates used are between two and five years.

Property, plant and equipment

Property, plant and equipment are held at cost, subject to property revaluations every three to five years, or indications of changes in fair value of properties.

Depreciation is calculated to write off the cost (or amount of the valuation) of property, plant and equipment less the estimated residual value on a straight-line basis over the expected useful economic life of the assets concerned. The annual rates used are generally:

- freehold buildings – 2 to 4%
- leasehold buildings – over residual terms of the leases
- plant and machinery – 10 to 20%
- fixtures, fittings, tools and equipment – 10 to 33.3%

Inventories
Inventories are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow moving items.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- raw materials – purchase cost on a first in, first out basis
- finished goods and work in progress – cost of direct materials on a first in, first out basis and labour and a proportion of manufacturing overheads based on normal operating capacity

Net realisable value is the estimated selling price in the ordinary course of business, less estimated cost of completion and the estimated costs necessary to make the sale.

Trade and other receivables
Trade receivables are initially measured on the basis of their fair value and are reduced by appropriate provisions for estimated unrecoverable amounts. Trade receivables are subsequently measured at amortised cost. Bad debts are written off when identified.

Cash and cash equivalents
Cash and cash equivalents in the balance sheet comprise cash at bank and in hand.

For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents as described above, net of outstanding bank overdrafts which are repayable on demand and form an integral part of cash management.

Share-based payments
The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (vesting date). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the number of awards that, in the opinion of the Directors of the Group and based on the best available estimates at that date, will ultimately vest. The charge is trued-up only for service and non-market conditions. The income statement charge or credit for a period represents the movement in cumulative expenses recognised as at the beginning and end of that period.

Charges for employee services received in exchange for share-based payment have been made for all options granted after 7 November 2002 in accordance with IFRS 2 "Share-based payment". The fair value of such options has been calculated using a binomial or Monte Carlo option-pricing model, based upon publicly available market data at the point of grant.

Taxation
Income tax on the profit or loss for the period comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Income tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which an asset can be utilised.

Leases
Assets financed by leasing arrangements, which give rights approximating to ownership, are treated as if they had been purchased outright and are capitalised and depreciated over the shorter of the estimated useful life of the assets and the period of the leases. The capital element of future rentals is treated as a liability and the interest element is charged against profits in proportion to the balances outstanding. The rental costs of all other leased assets are charged against profits on a straight-line basis.

Derivative financial instruments
The Group does not hedge account but uses derivative financial instruments to hedge its commercial exposure to foreign exchange and interest rate risks arising from operational, financing and investment activities. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes. Derivative financial instruments are accounted for as trading instruments and are recognised initially at cost. Subsequent to initial recognition, derivative financial instruments are stated at fair value. The gain or loss on remeasurement to fair value is recognised immediately in the income statement.

The fair value of forward exchange contracts is their quoted market price at the balance sheet date, which is based on the quoted forward price.

Group accounting policies/continued

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation, although there remains uncertainty over timing or the amount of the obligation, and a reliable estimate can be made of the amount of the obligation.

Impairment

The carrying amount of the Group's assets, other than inventories and deferred tax assets (see accounting policies above), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

For goodwill, the recoverable amount is estimated at each balance sheet date.

An impairment loss is recognised whenever the carrying amount of an asset or cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the Consolidated Income Statement. Those relating to revalued property are treated in accordance with IAS 16.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units (group of units) and then, to reduce the carrying amount of the other assets of the unit (group of units) on a pro rata basis.

Dividends

Dividends are recorded in the Group's financial statements in the period in which they are declared.

Notes relating to the consolidated financial statements

for the 52-week period ended 28 March 2009

1. Segment analysis

Geographical segments

	2009 £000	2008 £000
Revenue		
UK	**40,215**	46,490
Other European countries	**10,955**	8,521
North America	**15,972**	20,073
Africa	**13,032**	10,741
Australasia	**3,179**	3,255
Inter-segment revenue	**(6,698)**	(7,231)
Revenue generated in period	**76,655**	81,849

	2009 £000	2008 £000
Loss from operations		
UK	**(7,424)**	447
Other European countries	**(279)**	(830)
North America	**(1,702)**	(1,447)
Africa	**199**	533
Australasia and the Far East	**(365)**	(203)
Operating loss in period	**(9,571)**	(1,500)

	2009 £000	2008 £000
Results of the discontinued operations		
Revenue	**444**	4,416
Expenses	**(1,732)**	(6,339)
Loss before tax	**(1,288)**	(1,923)
Tax on loss	**—**	348
Loss recognised on disposal of assets	**—**	(266)
Tax on loss	**—**	89
	(1,288)	(1,752)

The discontinued operations relate to the closure of operations in Canada. The discontinued operations in 2008 also include final closure costs in relation to the French operation.

	2009		2008	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Balance sheet				
UK	**31,992**	**(11,990)**	41,122	(15,557)
Other European countries	**3,016**	**(1,730)**	3,869	(2,488)
North America	**9,600**	**(5,426)**	12,232	(5,213)
Africa	**4,558**	**(2,092)**	3,912	(1,881)
Australasia	**2,510**	**(406)**	2,824	(467)
	51,676	**(21,644)**	63,959	(25,606)

Notes relating to the consolidated financial statements/continued
for the 52-week period ended 28 March 2009

1. Segment analysis continued
Geographical segments continued

	2009			2008		
	Capital additions £000	Depreciation £000	Impairment losses £000	Capital additions £000	Depreciation £000	Impairment losses £000
Other information						
UK	1,521	1,368	—	2,176	1,101	—
Other European countries	—	13	—	28	26	—
North America	194	343	—	247	108	—
Africa	65	48	—	48	42	—
Australasia	75	44	—	92	42	—
	1,855	1,816	—	2,591	1,319	—

Segment information is presented in respect of the Group's geographical segments, based on the Group's management and internal reporting structure.

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.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical origin of revenue. Segment assets are based on the geographical location of the assets.

Segment revenue based on the geographical destination of revenue is as follows:

	2009 £000	2008 £000
UK	18,866	21,375
Other European countries	18,871	18,457
North America	19,716	23,898
Africa	13,346	11,399
Australasia	3,184	3,491
Central America	262	281
Middle East	1,112	370
Far East	1,298	2,578
	76,655	81,849

Business segments

The Group comprises one main business segment being machine tools and equipment.

2. Other operating income/operating expenses

	2009 £000	2008 £000
Other operating income	727	544
Operating expenses:		
– administration expenses	22,283	16,045
– distribution costs	7,637	6,806
Total operating expenses	29,920	22,851

Included within Other operating income is £254,000 of profit on disposal on properties (2008: £391,000 profit on disposal of surplus land).

Administration expenses in 2008 included one-off charges of £300,000 associated with the EMO exhibition in Germany, £200,000 relating to bid defence costs and £100,000 relating to the introduction of a new management incentive scheme.

3. Restructuring costs, costs in relation to closed operations and impairment of intangible assets

Restructuring costs and costs in relation to closed operations are items of expenditure that, in the judgement of management, should be disclosed separately on the basis that they are material, either by their nature or their size, to an understanding of the financial performance and significantly distort the comparability of financial performance between accounting periods.

Items of expense that are considered by management for designation as restructuring costs include such items as redundancy costs, plant, property and equipment impairments, inventory impairments, receivable impairments and onerous lease costs.

	2009 £000	2008 £000
Cost of sales:		
Inventory impairments[(i)]	**1,808**	—
Asset impairments[(ii)]	**138**	—
Operating costs:		
Other restructuring costs[(iii)]	**3,238**	—
Restructuring costs	**5,184**	—

(i) At 28 March 2009, the Group conducted a review of the net realisable value of its inventory carrying values following review of the Group strategy and operations. This has resulted in a charge of £1.8m.

(ii) At 28 March 2009, a review of the carrying value of property, plant and equipment was undertaken following the decision to exit certain production facilities. This has resulted in a charge of £0.1m.

(iii) At 28 March 2009, the Group had incurred £3.2m in relation to reorganising and restructuring the business. These costs comprise staff redundancy and contract severance costs, costs relating to exiting leased premises and impairment of trade receivables.

The cash cost of the restructuring in 2009 was £3.0m. There were no restructuring costs incurred in 2008.

As part of this Group-wide strategic review, the decision was taken to close overseas sales offices in the Far East and the Czech Republic. Total operating expenses of £0.5m were incurred in these operations (2008: £0.2m). These closed operations did not record any revenue in the current or prior period.

Also, at 28 March 2009, a review of the carrying value of intangible assets was conducted and the goodwill relating to the Metal Muncher operation in the US was found to be impaired. A charge of £0.4m was recognised in relation to this. See Note 12.

4. Operating profit before financing income and expense

	2009 £000	2008 £000
Operating profit before financing income and expense is stated		
after charging:		
– depreciation of owned property, plant and equipment	**1,240**	1,007
– depreciation of assets held under finance leases	**27**	26
– impairment loss on goodwill	**394**	—
– amortisation of development expenditure	**549**	286
– research and development expensed as incurred	**535**	456
– hire of plant	**117**	108
– other operating lease rentals	**145**	180
– loss on sale of property, plant and equipment	**40**	281
and after crediting:		
– rents receivable	**86**	157
– profit on sale of property, plant and equipment	**253**	454
Auditor's remuneration:		
– audit of these financial statements	**110**	116
– amounts receivable by auditor and their associates in respect of:		
– audit of financial statements of subsidiaries pursuant to such legislation	**30**	45
– other services relating to taxation	**18**	20
– other services pursuant to such legislation	**18**	21

Amounts paid to the Company's auditor in respect of services to the Company, other than the audit of the Company's financial statements have not been disclosed as the information is required instead to be disclosed on a consolidated basis.

5. Personnel expenses

	2009 £000	2008 £000
Staff costs:		
– wages and salaries	**16,055**	16,685
– social security costs	**2,178**	2,219
– pension charges relating to defined contribution schemes	**341**	258
– pension charges relating to defined benefit schemes	**398**	608
– equity share options expense	**24**	70
	18,996	19,840

The average number of employees of the Group (including Executive Directors) during the period was as follows:

	2009	2008
Machine tools and equipment	**547**	669

Details of Directors' emoluments, share option schemes and pension entitlements are given in the Directors' Remuneration Report on pages 17 to 20.

6. Financial income and expense

	2009 £000	2008 £000
Interest income	**91**	71
Expected return on defined benefit pension scheme assets	**10,632**	11,235
Financial income	**10,723**	11,306
Interest expense	**(346)**	(289)
Interest on defined benefit pension scheme obligations	**(10,083)**	(8,753)
Financial expense	**(10,429)**	(9,042)

7. Taxation

	2009 £000	2008 £000
Current tax:		
Corporation tax at 28% (2008: 30%):		
– current period relating to prior period	**—**	50
Overseas taxation:		
– current period	**(14)**	—
Total current tax credit/(charge)	**(14)**	50
Deferred taxation:		
– current period	**433**	(726)
– relating to prior periods	**—**	158
Total deferred taxation charge (Note 13)	**433**	(568)
Taxation credited/(charged) to the income statement	**419**	(518)

7. Taxation continued

Tax reconciliation

The tax charge assessed for the period is lower than the standard rate of corporation tax in the UK of 28% (2008: 30%). The differences are explained below:

	2009 £000	2008 £000
(Loss)/profit before tax	**(7,989)**	2,516
(Loss)/profit before tax multiplied by the standard rate of corporation tax in the UK of 28% (2008: 30%)	**(2,237)**	754
Effects of:		
– expenses not deductible	**539**	79
– non-taxable income	**106**	(28)
– overseas tax rates	**14**	—
– deferred tax prior period adjustment	**—**	(158)
– current tax prior period adjustment	**—**	(50)
– tax not recognised on losses/unrecognised losses utilised	**1,159**	(139)
– impact of rate change	**—**	60
Taxation (credited)/charged to the income statement	**(419)**	518

	2009 £000	2008 £000
Deferred tax recognised directly in equity		
Relating to employee benefit schemes	**—**	780

The tax expense in relation to the discontinued operations is shown in Note 1.

8. Dividends

No dividend was paid in period (2008: no dividend paid).

9. Earnings per share

The calculation of the basic earnings per share of (15.5)p (2008: 0.2p) is based on the earnings for the financial period attributable to the Parent Company's shareholders of £(8,888,000) (2008: £129,000) and on the weighted average number of shares in issue during the period of 57,233,679 (2008: 57,207,168). At 28 March 2009, there were 1,746,700 potentially dilutive shares on option and the diluted earnings per share was (15.5)p. In 2008, to determine the diluted earnings per share of 0.2p, the earnings for the financial period attributable to shareholders was divided by the weighted average number of shares in the period plus 834,483 potentially dilutive shares on option. The basic earnings per share for continuing operations is (13.3)p (2008: 3.3p) and the basic earnings per share for discontinued operations is (2.2)p (2008: (3.1)p). The diluted earnings per share for continuing operations is (13.3)p (2008: 3.2p) and the diluted earnings per share for discontinued operations is (2.2)p (2008: (3.0)p).

The comparative figures have been restated to take account of the discontinued businesses in the current period.

	2009	2008
Weighted average number of shares		
Issued shares at start of period	**57,207,168**	56,889,845
Effect of shares issued in the year	**26,511**	317,323
Weighted average number of shares at end of period	**57,233,679**	57,207,168

10. Employee share option schemes

The Group has granted share options to employees under The 600 Group PLC 2000 Sharesave Scheme. The vesting date of the first granted shares was 1 February 2007. Additional share options were granted in December 2003 with a vesting date of 1 February 2007 and in December 2006 with a vesting date of 1 February 2010. Vesting is not conditional upon any performance criteria although there is a service condition that must be met. These options are settled in the form of equity.

On 31 March 2008, awards were made to certain senior employees under a new Performance Share Plan (the PSP). The scheme awarded options to Executive Directors and other senior employees of the Group which are exercisable at the end of a three year performance period. The exercise of options under the scheme is subject to performance criteria relating to TSR and EPS targets as set out in the Remuneration Report. The scheme is equity-settled.

Share-based expense

The Group recognised total expenses of £23,676 (2008: £70,161) in relation to equity-settled share-based payment transactions.

	PSP	Sharesave scheme
The number and weighted average exercise prices of share options		
Number of options outstanding at beginning of period	—	834,483
Number of options granted in period	2,458,508	—
Number of options forfeited/lapsed in period	1,106,166	440,125
Number of options exercised in period	—	—
Number of options outstanding at end of period	1,352,342	394,358
Number of options exercisable at end of period	—	394,358

No Sharesave options were exercised in the period.

For Sharesave options outstanding at the end of the period, the exercisable price is 43.2p and the weighted average contractual life is one year and three months.

During the current and prior period, the Group has not granted equity as consideration for goods or services received.

Fair value assumptions of share-based payments

The 600 Group PLC 2000 Sharesave Scheme

The fair value of awards granted under The 600 Group PLC 2000 Sharesave Scheme is determined using the binomial valuation model. The fair value of share options and assumptions are shown in the table below:

	2009 £000	2008 £000
Fair value	**£0.26**	£0.26
Share price at grant	**£0.55**	£0.55
Exercise price	**£0.43**	£0.43
Dividend yield	**0%**	0%
Expected volatility	**50%**	50%
Expected life	**3.1 years**	3.1 years
Risk-free interest rate	**5%**	5%
Number of shares under option	**394,358**	834,483

The 600 Group PLC 2008 Performance Share Plan

The fair value of awards granted under The 600 Group PLC 2008 Performance Share Plan is determined using the Monte Carlo valuation model. The fair value of share options and assumptions are shown in the table below:

	2009 £000	2008 £000
Fair value	**£0.38**	—
Share price at grant	**£0.38**	—
Exercise price	**£nil**	—
Dividend yield	**0%**	—
Expected volatility	**50%**	—
Expected life	**3.0 years**	—
Risk-free interest rate	**5%**	—
Number of shares under option	**1,352,342**	—

11. Property, plant and equipment

	Land and buildings			Fixtures, fittings, tools and	
	Freehold £000	Leasehold £000	Plant and machinery £000	equipment £000	Total £000
Cost or valuation					
At 29 March 2008	7,278	2,597	21,484	2,383	33,742
Exchange differences	308	14	235	300	857
Additions during period	—	102	744	285	1,131
Disposals during period	(1,662)	(27)	(1,561)	(123)	(3,373)
At 28 March 2009	**5,924**	**2,686**	**20,902**	**2,845**	**32,357**
At professional valuation	5,696	2,371	—	—	8,067
At cost	228	315	20,902	2,845	24,290
	5,924	2,686	20,902	2,845	32,357
Depreciation					
At 29 March 2008	312	231	18,578	2,018	21,139
Exchange differences	45	9	176	243	473
Charge for period	271	146	739	111	1,267
Impairment charge	138	—	—	—	138
Disposals during period	(83)	(12)	(1,286)	(111)	(1,492)
At 28 March 2009	**683**	**374**	**18,207**	**2,261**	**21,525**
Net book value					
At 28 March 2009	**5,241**	**2,312**	**2,695**	**584**	**10,832**
At 29 March 2008	6,966	2,366	2,906	365	12,603

The net book value of property, plant and equipment includes £109,000 (2008: £78,000) of assets held under finance leases. The depreciation charged in the period against assets held under finance leases was £27,000 (2008: £26,000).

During March 2006 the Group's properties were revalued. The valuations were performed by independent valuers and the valuations were determined by market rate for sale with vacant possession. The carrying amount of the revalued properties had they have been carried under the cost model was £6,328,000 (2008: £6,328,000).

Various UK properties with a net book value of £6,158,000 (2008: £7,846,000) are charged as security for borrowing facilities.

11. Property, plant and equipment continued

	Land and buildings				
	Freehold £000	Leasehold £000	Plant and machinery £000	Fixtures, fittings, tools and equipment £000	Total £000
Cost or valuation					
At 31 March 2007	7,902	2,825	22,297	2,231	35,255
Exchange differences	97	(3)	(15)	19	98
Additions during period	98	—	1,335	282	1,715
Disposals during period	(819)	(225)	(2,133)	(149)	(3,326)
At 29 March 2008	7,278	2,597	21,484	2,383	33,742
At professional valuation	7,050	2,398	—	—	9,448
At cost	228	199	21,484	2,383	24,294
	7,278	2,597	21,484	2,383	33,742
Depreciation					
At 31 March 2007	159	187	19,877	1,998	22,221
Exchange differences	—	(3)	(29)	15	(17)
Charge for period	162	52	696	123	1,033
Disposals during period	(9)	(5)	(1,966)	(118)	(2,098)
At 29 March 2008	312	231	18,578	2,018	21,139
Net book value					
At 29 March 2008	6,966	2,366	2,906	365	12,603
At 31 March 2007	7,743	2,638	2,420	233	13,034

12. Intangible assets

	Goodwill £000	Development expenditure £000	Total £000
Cost			
At 29 March 2008	1,927	2,044	3,971
Additions	—	724	724
Impairment	(516)	(88)	(604)
Exchange differences	103	—	103
At 28 March 2009	**1,514**	**2,680**	**4,194**
Amortisation and impairment			
At 29 March 2008	480	473	953
Exchange differences	34	—	34
Amortisation	—	549	549
Impairment	(122)	(88)	(210)
At 28 March 2009	**392**	**934**	**1,326**
Net book value			
At 28 March 2009	**1,122**	**1,746**	**2,868**
At 29 March 2008	1,447	1,571	3,018

12. Intangible assets continued

	Goodwill £000	Development expenditure £000	Total £000
Cost			
At 31 March 2007	1,933	1,168	3,101
Additions	—	876	876
Exchange differences	(6)	—	(6)
At 29 March 2008	1,927	2,044	3,971
Amortisation and impairment			
At 31 March 2007	481	187	668
Exchange differences	(1)	—	(1)
Amortisation	—	286	286
At 29 March 2008	480	473	953
Net book value			
At 29 March 2008	1,447	1,571	3,018
At 31 March 2007	1,452	981	2,433

Amortisation and impairment charges are recorded in the following line items in the income statement:

	2009 £000	2008 £000
Operating expenses	**394**	286

Impairment of goodwill

Goodwill brought forward of £1.5m arose on acquisitions before the date of transition to adopted IFRS and is retained at the previous UK GAAP amounts, subject to it being tested for impairment at that date. The goodwill acquired is allocated to the cash-generating units and £1.0m related to the PARAT operation in Germany, £0.1m related to the Gamet operation in the UK and £0.4m related to the Metal Muncher operation in the US.

The development expenditure is stated at cost less accumulated amortisation and impairment losses and is written down on a straight-line basis over a period of two to five years.

The recoverable amounts of the goodwill is determined from value in use calculations. The key assumptions for value in use calculations are those regarding discount rates and growth rates. Growth rates incorporate volume, selling price and direct cost changes.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by management and extrapolated for four years to form the basis of the Group's five year plan. The growth rates in relation to the impairment review of goodwill vary between -20% and 5%. Management used a pre-tax discount rate of 9.3% over the forecast period.

At the beginning of the financial year the fair value of the goodwill was in excess of its book value. Due to a change in the strategic direction of the Group, the value of the Metal Muncher goodwill was below its book value, resulting in an impairment of £0.4m.

13. Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2009 £000	2008 £000	**2009 £000**	2008 £000	**2009 £000**	2008 £000
Accelerated capital allowances	**—**	—	**(49)**	(186)	**(49)**	(186)
Other temporary differences	**44**	118	**—**	—	**44**	118
Tax losses	**1,502**	967	**—**	—	**1,502**	967
Overseas tax losses	**1,268**	1,605	**—**	—	**1,268**	1,605
Revaluations and rolled over gains	**—**	—	**(1,725)**	(1,964)	**(1,725)**	(1,964)
Research and development	**—**	—	**(481)**	(414)	**(481)**	(414)
Tax assets/(liabilities)	**2,814**	2,690	**(2,255)**	(2,564)	**559**	126
Net of tax (assets)/liabilities	**(1,546)**	(1,085)	**1,546**	1,085	**—**	—
Net tax assets/(liabilities)	**1,268**	1,605	**(709)**	(1,479)	**559**	126

Movement in deferred tax during the period

	As at 29 March 2008 £000	Income statement £000	Statement of recognised income and expense £000	Exchange fluctuations £000	**As at 28 March 2009 £000**
Accelerated capital allowances	(186)	137	—	—	**(49)**
Short-term timing differences	118	(74)	—	—	**44**
Tax losses	967	535	—	—	**1,502**
Overseas tax losses	1,605	(337)	—	—	**1,268**
Revaluations and rolled over gains	(1,964)	239	—	—	**(1,725)**
Research and development	(414)	(67)	—	—	**(481)**
	126	433	—	—	**559**

Movement in deferred tax during the prior period

	As at 31 March 2007 Restated £000	Income statement £000	Statement of recognised income and expense £000	Exchange fluctuations £000	As at 29 March 2008 £000
Accelerated capital allowances	(652)	466	—	—	(186)
Short-term timing differences	288	(170)	—	—	118
Employee benefits	—	(780)	780	—	—
Tax losses	863	104	—	—	967
Overseas tax losses	1,190	415	—	—	1,605
Revaluations and rolled over gains	(1,964)	—	—	—	(1,964)
Research and development	(237)	(177)	—	—	(414)
	(512)	(142)	780	—	126

No provision is made for taxation that would arise if reserves in overseas companies were to be distributed.

13. Deferred tax assets and liabilities continued

Movement in deferred tax during the prior period continued

The following deferred tax assets have not been recognised on the basis that their future economic benefit is uncertain:

	2009 £000	2008 £000
Advance Corporation Tax recoverable	**1,670**	1,670
Tax losses	**3,465**	1,584

There is no expiry date for the Advance Corporation Tax recoverable or the tax losses.

14. Inventories

	2009 £000	2008 £000
Raw materials and consumables	**7,083**	8,343
Work in progress	**1,566**	2,078
Finished goods and goods for resale	**15,995**	14,000
	24,644	24,421

The Directors consider all inventories to be essentially current in nature although the Group's operational cycle is such that a proportion of inventories will not be realised within twelve months. It is not possible to determine with accuracy when specific inventory will be realised as this is subject to a number of issues, including customer demand.

During 2009 the Group conducted a review of the net realisable value of its inventories in light of the deterioration in the global economic environment. When the estimated net realisable value was less than its carrying value within the balance sheet, the Group has impaired the inventory values. Following the impairment of £1,372,000 (2008: £nil), inventories are valued at fair value less costs to sell rather than at historical cost.

The value of inventories expensed in 2009 and included in cost of sales was £45,408,000 (2008: £45,952,000).

15. Trade and other receivables

	2009 £000	2008 £000
Trade receivables	**9,655**	16,140
Other debtors	**653**	1,587
Other prepayments and accrued income	**1,204**	1,288
	11,512	19,015

The above includes the following balances due in more than one year:

	2009 £000	2008 £000
Other debtors	**321**	321
Other prepayments and accrued income	**—**	96
	321	417

The movements on the Group's provisions against trade receivables are as follows:

	2009 £000	2008 £000
At start of year	**467**	629
Utilised in the period	**(68)**	(120)
Charged in the period	**603**	—
Receivables written off during the year as uncollectable	**(8)**	(42)
At end of year	**994**	467

Notes relating to the consolidated financial statements/continued

for the 52-week period ended 28 March 2009

15. Trade and other receivables continued

The ageing analysis of trade receivables is as follows:

	2009 £000	2008 £000
Current (not overdue and no provision held)	**4,977**	11,133
Overdue but no provision held:		
– 0–3 months overdue	**3,663**	3,372
– 3–6 months overdue	**879**	1,025
– 6–12 months overdue	**646**	782
– more than 12 months overdue	**484**	295
Total gross trade receivables before provision	**10,649**	16,607

As at 23 June 2009, trade receivables that were neither past due nor impaired related to a number of independent customers for whom there is no recent history of default.

The other classes of debtors do not contain impaired assets.

16. Cash and cash equivalents

	2009 £000	2008 £000
Cash at bank	**380**	3,111
Short-term deposits	**172**	186
Cash and cash equivalents per balance sheet	**552**	3,297
Bank overdrafts	**(1,627)**	—
Cash and cash equivalents per cash flow statement	**(1,075)**	3,297

17. Loans and other borrowings

	2009 £000	2008 £000
Bank overdrafts	**1,627**	—
Bank loans	**279**	—
Obligations under finance leases	**113**	131
	2,019	131

The above includes the following balances due in more than one year:

	2009 £000	2008 £000
Obligations under finance leases	**93**	85

The repayment terms of borrowings are as follows:

	Currency	Nominal interest rate	Year of maturity	2009 £000	2008 £000
Bank overdrafts	GBP	Base +3%	2009	**1,150**	—
Bank overdrafts	ZAR	12.5%	2010	**477**	—
Bank loan	USD	8.25%	2009	**279**	—
Finance lease obligations	AUD	9.59%	2012	**113**	131
				2,019	131

Given the nature of the Group's financial assets and liabilities, it is the Directors' opinion that there is no material difference between their reported book values and estimated fair values.

18. Trade and other payables

	2009 £000	2008 £000
Payments received on account	**676**	2,010
Trade payables	**9,468**	14,168
Social security and other taxes	**903**	805
Other creditors	**1,678**	1,349
Fair value derivatives (Note 25)	**235**	421
Accruals and deferred income	**1,756**	1,808
	14,716	20,561

The above includes the following balances due in more than one year:

	2009 £000	2008 £000
Other creditors	**28**	82

19. Provisions

	Onerous lease provisions £000	Warranties £000	Total £000
Provision brought forward at 29 March 2008	30	340	370
Charged to income statement	—	22	22
Utilised in the period	(15)	(83)	(98)
Provision carried forward at 28 March 2009	**15**	**279**	**294**

The timing of warranty payments are uncertain in nature. The warranty provisions are calculated based on historical experience of claims received, taking into account recent sales of items which are covered by warranty. The provision relates mainly to products sold in the last twelve months. The typical warranty period is now twelve months.

The onerous lease provision relates to the excess of lease rental costs over sub-let lease rental income for an onerous lease contract expiring in 2010.

20. Obligations under finance leases

The maturity of obligations under finance leases is as follows:

	2009 £000	2008 £000
Falling due:		
– within one year	**20**	46
– within two to five years	**133**	97
– less future finance charges	**(40)**	(12)
	113	131
Amounts falling due within one year	**20**	46
Amounts falling due after one year	**93**	85
	113	131

21. Share capital

	2009 £000	2008 £000
Authorised		
80,000,000 ordinary shares of 25p each	**20,000**	20,000
Allotted, called-up and fully paid		
57,233,679 (2008: 57,233,679) ordinary shares of 25p each:		
On issue at start of period	**14,308**	14,287
Issued under employee share schemes	**—**	21
On issue at end of period	**14,308**	14,308

The Company has one class of ordinary shares which carry no rights to fixed income. The ordinary shareholders are entitled to receive dividends as declared and are entitled to vote at meetings of the Company.

22. Capital and reserves

Reconciliation of movement in capital and reserves

	Attributable to equity holders of parent								
	Share capital £000	Share premium account £000	Revaluation reserve £000	Capital redemption reserve £000	Translation reserve £000	Retained earnings £000	Total £000	Minority interest £000	Total equity £000
Balance at 1 April 2007	14,287	13,747	3,148	2,500	(172)	5,642	39,152	347	39,499
Exchange difference on translating foreign operations	—	—	65	—	285	—	350	(43)	307
Reserve transfer on disposal of property	—	—	(448)	—	—	448	—	—	—
Actuarial gains on employee benefits	—	—	—	—	—	8,841	8,841	—	8,841
Impact of changes to defined benefit asset limit	—	—	—	—	—	(11,430)	(11,430)	—	(11,430)
Deferred tax on the above	—	—	—	—	—	780	780	—	780
Profit for the period	—	—	—	—	—	129	129	117	246
Total recognised income and expense for the period	—	—	(383)	—	285	(1,232)	(1,330)	74	(1,256)
Share capital subscribed for	21	19	—	—	—	—	40	—	40
Equity share options expense	—	—	—	—	—	70	70	—	70
Balance at 29 March 2008	14,308	13,766	2,765	2,500	113	4,480	37,932	421	38,353
Exchange difference on translating foreign operations	—	—	84	—	1,004	—	1,088	76	1,164
Reserve transfer on disposal of property	—	—	(729)	—	—	729	—	—	—
Impairment of property through revaluation reserve	—	—	(151)	—	—	—	(151)	—	(151)
Net actuarial losses on employee benefit schemes	—	—	—	—	—	(24,430)	(24,430)	—	(24,430)
Impact of changes to defined benefit asset limit	—	—	—	—	—	23,930	23,930	—	23,930
Profit for the period	—	—	—	—	—	(8,888)	(8,888)	30	(8,858)
Total recognised income and expense for the period	—	—	(796)	—	1,004	(8,659)	(8,451)	106	(8,345)
Equity share options expense	—	—	—	—	—	24	24	—	24
Balance at 28 March 2009	**14,308**	**13,766**	**1,969**	**2,500**	**1,117**	**(4,155)**	**29,505**	**527**	**30,032**

22. Capital and reserves continued

Reconciliation of movement in capital and reserves continued

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

The minority interest relates to the 25.1% in 600SA Holdings (Pty) Limited acquired by a South African individual on 3 April 2005 as explained in our Annual Report and Accounts for 2005.

23. Reconciliation of net cash flow to net funds

	2009 £000	2008 £000
Decrease in cash and cash equivalents	**(4,699)**	(2,184)
(Increase)/decrease in debt and finance leases	**(254)**	833
Decrease in net funds from cash flows	**(4,953)**	(1,351)
Net funds at beginning of period	**3,166**	4,397
Exchange effects on net funds	**320**	120
Net funds at end of period	**(1,467)**	3,166

24. Analysis of net funds

	At 29 March 2008 £000	Exchange movement £000	Cash flows £000	**At 28 March 2009 £000**
Cash at bank and in hand	3,111	327	(3,058)	**380**
Overdrafts	—	—	(1,627)	**(1,627)**
	3,111	327	(4,685)	**(1,247)**
Debt due within one year	—	—	(279)	**(279)**
Finance leases	(131)	(7)	25	**(113)**
Term deposits (included within cash and cash equivalents on the balance sheet)	186	—	(14)	**172**
Total	3,166	320	(4,953)	**(1,467)**

25. Financial instruments

Overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk.

This Note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing exposure to these.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board is responsible for developing and monitoring the Group's risk management policies.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group actively manages and monitors capital across the different businesses within the Group. Targets in relation to return on capital are considered as part of the annual budgeting process. There have been no changes to the objectives, policies or processes with regards to capital management during the current or prior period.

The Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted in its oversight role by head office staff undertaking both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Notes relating to the consolidated financial statements/continued

for the 52-week period ended 28 March 2009

25. Financial instruments continued

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, has less of an influence on credit risk. Geographically, there is no significant concentration of credit risk.

The Board has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, where available, and in some cases bank references. Purchase limits are established for each customer, which represents the maximum open amount without requiring approval from the Board; these limits are reviewed quarterly. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

Goods are sold subject to retention of title clauses, so that in the event of non-payment the Group may have a secured claim. The Group does not require collateral in respect of trade and other receivables.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

The carrying value of financial assets represents the maximum credit exposure. The maximum exposure at the reporting date was:

	2009 £000	2008 £000
Trade receivables	**9,655**	16,140
Cash and cash equivalents	**552**	3,297
	10,207	19,437

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

	2009 £000	2008 £000
UK	**5,088**	9,551
Other European Countries	**1,462**	1,853
North America	**1,670**	3,329
Africa	**1,191**	1,048
Australasia	**244**	359
	9,655	16,140

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Typically the Group ensures that it has sufficient cash or overdraft facilities on demand to at least meet any unexpected operational expenses; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The following are the contractual maturities of financial liabilities, including interest payments:

	2009 carrying amount £000	Contractual cash flows £000	Less than 1 year £000	1–2 years £000	2–5 years £000
Bank overdrafts	**1,627**	1,627	1,627	—	—
Bank loan	**279**	279	279	—	—
Finance lease obligations	**113**	153	25	128	—
Interest bearing financial liabilities	**2,019**	2,059	1,931	128	—
Trade and other payables	**9,468**	9,476	9,448	28	—
Fair value derivative	**235**	1,500	1,500	—	—
Financial liabilities	**11,722**	13,035	12,879	156	—

25. Financial instruments continued

Liquidity risk continued

	2008 carrying amount £000	Contractual cash flows £000	Less than 1 year £000	1–2 years £000	2–5 years £000
Bank overdrafts	—	—	—	—	—
Bank loan	—	—	—	—	—
Finance lease obligations	131	143	50	41	52
Interest bearing financial liabilities	131	143	50	41	52
Trade and other payables	14,168	13,885	13,803	82	—
Fair value derivative	421	3,000	1,500	1,500	—
Financial liabilities	14,720	17,028	15,353	1,623	52

	2009			
	less than 1 year £000	**1–2 years £000**	**2–3 years £000**	**3–4 years £000**
Forward contracts				
Outflow	**1,500**	**—**	**—**	**—**
Inflow	**—**	**—**	**—**	**—**

	2008			
	less than 1 year £000	1–2 years £000	2–3 years £000	3–4 years £000
Forward contracts				
Outflow	1,500	1,500	—	—
Inflow	—	—	—	—

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective currencies of Group entities, primarily the Euro (€), US Dollars ($) and Yen (¥).

The Group has no other significant currency exposures.

The Group's exposure to foreign currency risk may be summarised as follows:

	2009			2008		
	US Dollars $000	**Euro €000**	**Yen ¥000**	US Dollars $000	Euro €000	Yen ¥000
Trade receivables	**700**	**370**	**—**	995	328	—
Trade payables	**(1,117)**	**(1,056)**	**(81,387)**	(984)	(2,522)	(80,321)
Balance sheet exposure	**(417)**	**(686)**	**(81,387)**	11	(2,194)	(80,321)

The following exchange rates applied during the year:

	2009		2008	
	Average rate	**Year end spot rate**	Average rate	Year end spot rate
US Dollar	**1.729**	**1.432**	2.008	1.989
Euro	**1.206**	**1.077**	1.416	1.262
Yen	**175.1**	**140.4**	228.7	198.4

25. Financial instruments continued

Currency risk continued

	Net assets in foreign currency	Change if appreciated/ depreciated by 25% against local currency
US Dollar	3,697	924
Euro	514	129
Yen	—	—

Interest rate risk

The Group holds a mixture of both fixed and floating interest borrowings to control its exposure to interest rate risk although it has no formal target for a ratio of fixed to floating funding. The level of debt is continually reviewed by the Board. The sensitivity analysis is set out below:

	Net cash/ in foreign borrowings in foreign currency	Change if interest rates in foreign currency change by 1%
US Dollar	(325)	(3)
Euro	88	1
Yen	—	—

Hedging of fluctuations in foreign currency

The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than Sterling.

The Group uses forward exchange contracts to hedge its commercial foreign currency risk. The Group does not apply a policy of hedge accounting. Most of the forward exchange contracts have maturities of less than one year after the balance sheet date. Where necessary, the forward exchange contracts are rolled over at maturity.

In respect of other monetary assets and liabilities held in currencies other than Sterling, the Group ensures that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

Sensitivity analysis

In managing interest rate and currency risks, the Group aims to reduce the impact of short-term fluctuations on the Group's earnings. Over the longer term, however, permanent changes in foreign exchange and interest rates would have an impact on consolidated earnings.

Financial instruments

The Group's financial instruments include bank loans, overdrafts and cash. These financial instruments are used for the purpose of funding the Group's operations.

In addition, the Group has entered into forward currency derivative transactions which have been used in the management of risks associated with currency exposure.

Assets and liabilities

The Group does not hedge account but uses derivative financial instruments to hedge its commercial exposure to foreign exchange. These instruments are recognised at fair value. Any gain or loss is immediately recognised in the income statement.

The fair value of forward exchange contracts used at 28 March 2009 was a liability of £235,000 (Note 18) (2008: liability £421,000) and the movement has been recognised within cost of sales.

25. Financial instruments continued

Financial assets

The Group's financial assets comprise cash, trade receivables and derivative contract assets. The profile of the financial assets at 28 March 2009 and 29 March 2008 was:

	2009				2008			
Currency	Floating rate financial assets £000	Fixed rate financial assets £000	Financial assets on which no interest is earned £000	Total £000	Floating rate financial assets £000	Fixed rate financial assets £000	Financial assets on which no interest is earned £000	Total £000
Sterling	—	172	6,375	6,547	1,342	186	11,356	12,884
US Dollars	30	—	1,888	1,918	391	—	2,521	2,912
Australian Dollars	211	—	277	488	473	—	374	847
Euros	83	—	1,615	1,698	324	—	2,274	2,598
Canadian Dollars	52	—	126	178	212	—	1,393	1,605
South African Rand	4	—	1,231	1,235	345	—	1,096	1,441
Other	—	—	—	—	24	—	1	25
	380	172	11,512	12,064	3,111	186	19,015	22,312

The weighted average interest rate on floating rate financial assets is:

Currency	%
Sterling	—
US Dollars	8.25%
Australian Dollars	9.51%
Euros	Base +4%
Canadian Dollars	—
South African Rand	12.5%

Sterling fixed-rate financial assets are centrally controlled. At 28 March 2009 the weighted average interest rate on these deposits was 4.43% (2008: 5.48%).

The floating rate financial assets comprise other deposits that earn interest based on short-term deposit rates.

Financial liabilities

Financial liabilities comprise short-term loans, overdrafts, trade payables, obligations under finance leases, other creditors more than one year, forward exchange contract liabilities and other provisions for liabilities and charges (excluding accrued post-retirement health care accrual and deferred tax provision). The profile of the Group's financial liabilities at 28 March 2009 and 29 March 2008 was:

	2009				2008			
Currency	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Financial liabilities on which no interest is paid £000	Total £000	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Financial liabilities on which no interest is earned £000	Total £000
Sterling	1,150	—	10,008	11,158	—	—	13,953	13,953
US Dollars	279	—	1,102	1,381	—	—	1,850	1,850
Euros	—	—	1,730	1,730	—	—	2,488	2,488
South African Rand	477	—	1,615	2,092	—	—	1,881	1,881
Australian Dollars	—	113	294	407	—	131	330	461
Canadian Dollars	—	—	261	261	—	—	423	423
Other	—	—	—	—	—	—	6	6
	1,906	113	15,010	17,029	—	131	20,931	21,062

Notes relating to the consolidated financial statements/continued
for the 52-week period ended 28 March 2009

25. Financial instruments continued
Financial liabilities continued
The weighted average interest rate on floating rate financial liabilities is:

Currency	%
Sterling	Base +3%
US Dollars	8.25%
Australian Dollars	—
Euros	—
Canadian Dollars	—
South African Rand	12.5%

	Fixed rate financial liabilities			
	2009		2008	
Currency	**Weighted average interest rate %**	**Weighted average period for which rate is fixed Years**	Weighted average interest rate %	Weighted average period for which rate is fixed Years
Australian Dollars	**9.51**	**1**	9.59	1

The floating rate financial liabilities comprise bank borrowings and overdrafts that bear interest rates based on:

- National City Corporation Bank base lending rates; and
- local currency base interest rates.

Borrowing facilities
At 28 March 2009 and 29 March 2008 the Group had undrawn committed borrowing facilities as follows:

	2009 '000	2008 '000
UK	**£1,350**	£2,500
US	**$1,100**	$1,500
South Africa	**R13,500**	R15,400

Fair values of financial assets and financial liabilities

	2009 £000	2008 £000
Trade receivables	**9,655**	16,140
Cash and cash equivalents	**552**	3,297
Bank overdrafts	**(1,627)**	—
Bank loan	**(279)**	—
Finance lease obligations	**(113)**	(131)
Trade payables	**(9,468)**	(14,168)
Fair value of derivative contracts	**(235)**	(421)
	(1,515)	4,717

Given the nature of the Group's financial assets and liabilities, it is the Directors' opinion that there is no material difference between their reported book values and estimated fair values.

26. Contingent liabilities

	2009 £000	2008 £000
Performance guarantees and indemnities	—	853
Letters of credit and documentary credits	—	70
Third-party guarantees	40	118
	40	1,041

These guarantees and letters of credit are entered into in the normal course of business. A liability would only arise in the event of the Group failing to fulfil its contractual obligations.

27. Capital commitments

	2009 £000	2008 £000
Capital expenditure contracted for but not provided in the accounts	—	112

28. Operating lease commitments

The Group has outstanding commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2009 £000	2008 £000
Land and buildings		
Within one year	281	213
More than one year and less than five years	259	178
Over five years	49	49
	589	440
Other		
Within one year	122	161
More than one year and less than five years	85	279
	207	440

29. Employee benefits

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

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

UK

In relation to the fund in the UK, the Group's funding policy is to ensure that assets are sufficient to cover accrued service liabilities allowing for projected pay increases. The most recent triennial full valuation was carried out as at 31 March 2007.

US

In relation to the fund in the US, the funding policy is to ensure that assets are sufficient to cover accrued service liabilities allowing for projected pay increases.

In addition, the Group operates a retirement healthcare benefit scheme for certain of its retired employees in the US, which is also treated as a defined benefit scheme. The scheme has 45 members who are retired employees.

The most recent annual valuation was carried out as at 29 March 2008. The disclosures for the US schemes that follow refer to the US defined benefit scheme and the retirement healthcare benefit scheme.

Notes relating to the consolidated financial statements/continued
for the 52-week period ended 28 March 2009

29. Employee benefits continued

Mortality rates

The mortality assumptions for the UK scheme are based on standard mortality tables which allow for future mortality improvements. The assumptions are that a member who retires in 2009 at age 65 will live on average for a further 20.4 years (2008: 20.2 years) after retirement if male and for a further 22.8 years (2008: 22.7 years) after retirement if female.

For a member who is currently aged 45 retiring in 2029 at age 65, the assumptions are that they will live on average for a further 22.2 years (2008: 22.2 years) after retirement if they are male and for a further 24.6 years (2008: 24.5 years) after retirement if they are female.

The mortality rates for the US scheme are based on the 1983 Group Annuity Mortality (GAM) tables for males and females.

IAS 19

Disclosures in accordance with IAS 19 are set out below.

The principal assumptions used for the purpose of the IAS 19 valuation were as follows:

	2009 UK scheme % p.a.	2008 UK scheme % p.a.
Inflation	**3.6**	3.7
Rate of general long-term increase in salaries	**5.1**	5.2
Rate of increase for CARE benefit while an active member	**3.6**	3.6
Rate of increase to pensions in payment – LPI 5%	**3.4**	3.6
Rate of increase to pensions in payment – LPI 2.5%	**2.2**	2.4
Discount rate for scheme liabilities	**6.5**	6.9

The principal assumptions for the US schemes relate to the discount rate for scheme liabilities.

The discount rate used for the US defined benefit scheme was 4.72% (2008: 5.92%) and for the US medical scheme was 4.72% (2008: 5.92%).

	Expected return on assets UK scheme					
	Long-term rate of return expected at 28 March 2009 % p.a.	**Value at 28 March 2009 £m**	Long-term rate of return expected at 29 March 2008 % p.a.	Value at 29 March 2008 £m	Long-term rate of return expected at 31 March 2007 % p.a.	Value at 31 March 2007 £m
Equities	**8.00**	**45.90**	8.40	60.23	7.75	87.46
Property	**6.00**	**10.74**	6.60	15.65	6.75	19.90
LDI funds	**4.50**	**73.49**	5.00	62.03	4.75	34.15
Government bonds	**4.00**	**26.86**	4.60	34.87	4.75	30.99
Other	**4.50**	**0.60**	6.00	2.93	5.55	5.94
Combined	**5.54***	**157.59**	6.25*	175.71	6.47*	178.44

* The overall expected rate of return on scheme assets is a weighted average of the individual expected rates of return on each asset class.

The Group employs a building block approach in determining the long-term rate of return on pension plan assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles. The assumed long-term rate of return on each asset class is set out within this Note. The overall expected rate of return on assets is then derived by aggregating the expected return for each asset class over the actual asset allocation for the scheme at 28 March 2009.

Assumed healthcare cost trend rates have a significant effect on the amounts recognised in the income statement. A one percentage point change in assumed healthcare cost trend rates would have the following effect:

	2009 One percentage point increase £000	**2009 One percentage point decrease £000**	2008 One percentage point increase £000	2008 One percentage point decrease £000
(Increase)/decrease in the aggregate cost of the service and interest cost	**(32)**	**26**	(34)	24
(Increase)/decrease in defined benefit obligation	**(438)**	**385**	(327)	288

29. Employee benefits continued

IAS 19 continued

The assets and liabilities of the schemes at 28 March 2009 and 29 March 2008 were:

	2009			2008		
	US schemes £000	**UK scheme £000**	**Total £000**	US schemes £000	UK scheme £000	Total £000
Assets	**978**	**157,590**	**158,568**	742	175,710	176,452
Liabilities	**(4,807)**	**(154,520)**	**(159,327)**	(3,707)	(148,710)	(152,417)
Surplus/(deficit)	**(3,829)**	**3,070**	**(759)**	(2,965)	27,000	24,035
Unrecognised asset due to limit in paragraph 58 (b) of IAS 19	**—**	**3,070**	**3,070**	—	27,000	27,000

Amounts recognised in the income statement in respect of the defined benefit schemes before taxation are as follows:

	2009			2008		
	US schemes £000	**UK scheme £000**	**Total £000**	US schemes £000	UK scheme £000	Total £000
Included within operating profit:						
– current service cost	**57**	**380**	**437**	56	630	686
Included within financial income:						
– expected return on scheme assets	**(42)**	**(10,590)**	**(10,632)**	(35)	(11,200)	(11,235)
– curtailment cost	**—**	**70**	**70**	—	—	—
Included within financial expense:						
– interest cost on scheme liabilities	**193**	**9,890**	**10,083**	202	8,540	8,742

Amounts recognised in the statement of recognised income and expense before taxation are as follows:

	2009			2008		
	US schemes £000	**UK scheme £000**	**Total £000**	US schemes £000	UK scheme £000	Total £000
Actual return on scheme assets	**(27)**	**(8,160)**	**(8,187)**	41	5,004	5,045
Expected return on scheme assets	**(42)**	**(10,590)**	**(10,632)**	(35)	(11,200)	(11,235)
	(69)	**(18,750)**	**(18,819)**	6	(6,196)	(6,190)
Change in irrecoverable surplus – limit on paragraph 58 (b) of IAS 19	**—**	**23,930**	**23,930**	—	(11,430)	(11,430)
Experience gain/(loss) on liabilities	**358**	**(5,970)**	**(5,612)**	6	15,020	15,026
Net gain/(loss) before exchange	**289**	**(790)**	**(501)**	12	(2,606)	(2,594)
Exchange differences	**1**	**—**	**1**	5	—	5
Amounts recognised during the period	**290**	**(790)**	**(500)**	17	(2,606)	(2,589)
Balance brought forward	**(326)**	**4,324**	**3,998**	(343)	6,930	6,587
Balance carried forward	**(36)**	**3,534**	**3,498**	(326)	4,324	3,998

29. Employee benefits continued

IAS 19 continued

Changes in the present value of the defined benefit obligations before taxation are as follows:

	2009			2008		
	US schemes £000	UK scheme £000	Total £000	US schemes £000	UK scheme £000	Total £000
Opening defined benefit obligation	3,707	148,710	152,417	3,658	162,870	166,528
Exchange differences	735	—	735	(50)	—	(50)
Current service cost	57	380	437	56	630	686
Curtailments	—	70	70	—	—	—
Interest cost	193	9,890	10,083	202	8,540	8,742
Defined benefit actual benefit payments	(174)	(11,040)	(11,214)	(153)	(8,880)	(9,033)
Actuarial (gains)/losses	289	5,970	6,259	(6)	(15,020)	(15,026)
Contributions by scheme participants	—	540	540	—	570	570
Closing defined benefit obligations	4,807	154,520	159,327	3,707	148,710	152,417

Changes in the fair value of the schemes' assets before taxation are as follows:

	2009			2008		
	US schemes £000	UK scheme £000	Total £000	US schemes £000	UK scheme £000	Total £000
Opening fair value of scheme assets	742	175,710	176,452	743	178,440	179,183
Exchange differences	(80)	—	(80)	(10)	—	(10)
Expected return	42	10,590	10,632	35	11,200	11,235
Actuarial (losses)/gains	289	(18,750)	(18,461)	6	(6,196)	(6,190)
Contribution by scheme participants	—	540	540	—	570	570
Contributions by employer	35	540	575	16	570	586
Benefits paid	(50)	(11,040)	(11,090)	(48)	(8,874)	(8,922)
Closing fair value of schemes' assets	978	157,590	158,568	742	175,710	176,452
Unrecognised asset due to limit in paragraph 58(b) of IAS 19	—	(3,070)	(3,070)	—	(27,000)	(27,000)
	978	154,520	155,498	742	148,710	149,452

The history of the schemes for the current and prior period before taxation is as follows:

	2009			2008		
	US schemes £000	UK scheme £000	Total £000	US schemes £000	UK scheme £000	Total £000
Present value of defined benefit obligation	4,807	154,520	159,327	3,707	148,710	152,417
Fair value of scheme assets	978	157,590	158,568	742	175,710	176,452
(Deficit)/surplus in the scheme	(3,829)	3,070	(759)	(2,965)	27,000	24,035
Experience adjustments on the scheme liabilities	358	(5,970)	(5,612)	6	15,020	15,026
Experience adjustments on scheme assets	(69)	(18,750)	(18,819)	6	(6,196)	(6,190)
Exchange differences	1	—	1	5	—	5

Total contributions to the defined benefit schemes for 2010 are expected to be £300,000.

29. Employee benefits continued

IAS 19 continued

History of asset values, defined benefit obligation and surplus/deficit in schemes:

	28 March 2009 £000	29 March 2008 £000	31 March 2007 £000	1 April 2006 £000	2 April 2005 £000
Fair value of scheme assets	**158,568**	176,452	179,183	177,731	152,000
Defined benefit obligation	**(159,327)**	(152,417)	(166,528)	(172,612)	(163,000)
(Deficit)/surplus in schemes	**(759)**	24,035	12,655	5,119	(11,000)
Unrecognised asset due to limit in paragraph 58(b) of IAS 19	**(3,070)**	(27,000)	(15,570)	(7,400)	—
Deficit in schemes	**(3,829)**	(2,965)	(2,915)	(2,281)	(11,000)

	2009 £000	2008 £000	2007 £000	2006 £000	2005 £000
History of experience gains and losses					
Experience (losses)/gains on scheme assets	**(18,819)**	(6,190)	(755)	22,171	6,200
Experience (losses)/gains on scheme liabilities*	**(5,612)**	(9,798)	(1,097)	180	(800)

* This item consists of gains/(losses) in respect of liability experience only, and excludes any change in liabilities in respect of changes to the actuarial assumptions used.

30. Accounting estimates and judgements

Management discussed with the Audit Committee the development, selection and disclosures of the Group's accounting policies and estimates and the application of these policies and estimates. The accounting policies are set out above on pages 26 to 30.

Management consider there are no critical accounting judgements made in the preparation of the financial statements. The key sources of estimation and uncertainty are:

Goodwill

The impairment testing of the goodwill is substantially dependent upon the trading strategy of the Group. The assumptions used on which the estimate is based may be undermined by adverse economic conditions.

Impairments tests have been undertaken using commercial judgements and a number of assumptions and estimates have been made to support their carrying amounts, assessed against discounted cash flows. Further detail is provided in Note 12.

Financial instruments

Note 25 contains information about the assumptions and estimates and the risk factors relating to interest rate and foreign currency exposures.

Pensions

The Directors have employed the services of a qualified, independent actuary in assessing pension assets and liabilities. However they note that final liabilities and asset returns may differ from actuarial estimates and therefore the pension liability may differ from that included in the financial statements. Note 29 contains information about the principal actuarial assumptions used in the determination of the net assets for defined benefit obligations.

Deferred taxation

Note 13 contains details of the Group's deferred taxation. Liabilities recognised are determined by the likelihood of settlement and the likelihood that assets are received are based on assumptions of future actions. The recognition of deferred taxation assets is particularly subjective and may be undermined by adverse economic decisions.

Inventory valuation

The Directors have reviewed the carrying value of inventory and believe this is appropriate in the context of current trading levels and strategic direction of the Group.

Development expenditure

The level of development expenditure capitalised is at risk if technological advancements make new developments obsolete. However management constantly review the appropriateness of the product portfolio and have reviewed the carrying value of capitalised development expenditure and believe it to be appropriate given expected future trading levels and strategic direction of the Group.

Discontinued operations

The decision to treat closed operations as discontinued is highly subjective. The Directors have carefully considered the presentation of the financial statements to ensure that the users of the financial statements can gain an understanding of the financial performance of the Group and of the comparability of results between accounting periods.

31. Related party transactions

Detailed disclosure of the individual remuneration of Board Members is included in the Remuneration Report. There is no difference between transactions with Key Management Personnel of the Company and the Group.

There have been no other transactions between Key Management Personnel and the Company.

The Company has entered into transactions with its subsidiary undertakings in respect of the following:

- internal funding loans; and
- provision of Group services (including Senior Management, IT, accounting, marketing and purchase services).

Recharges are made to subsidiary undertakings for Group loans based on funding provided at an interest rate linked to the prevailing base rate. No recharges are made in respect of balances due to or from otherwise dormant subsidiaries.

Recharges are made for Group services based on utilisation of those services.

Recharges are made to subsidiary undertakings based upon capital employed by each Group company on a quarterly basis throughout the year.

In addition to these services the Parent Company acts as a buying agent for certain Group purchases, such as insurance.

These are recharged based on utilisation by the subsidiary undertaking.

32. Post balance sheet events

On 22 May 2009 the decision was taken to close the PBI manufacturing facility and relocate production to the Heckmondwike site. Restructuring costs of approximately £1.2m are expected to be incurred in the year ending 27 March 2010 in relation to this.

Five year record

	2009 £000	2008 £000	2007 £000	2006 £000	2005 £000
Revenue	**76,211**	77,433	75,649	70,334	67,210
Operating (loss)/profit before restructuring costs and profit on disposal of surplus assets	**(3,099)**	252	1,119	(1,367)	(1,204)
Restructuring costs	**(5,184)**	—	—	(1,876)	—
Profit on disposal of surplus assets	**—**	—	—	—	392
Operating (loss)/profit before financing income and expense	**(8,283)**	252	1,119	(3,243)	(812)
Net financing income	**294**	2,264	1,812	1,567	873
(Loss)/profit before tax	**(7,989)**	2,516	2,931	(1,676)	61
Income tax credit/(charge)	**419**	(518)	(696)	(429)	(107)
(Loss)/profit for the period from continuing operations	**(7,570)**	1,998	2,235	(2,105)	(46)
Post tax loss of discontinued business	**—**	(1,752)	(794)	(43)	—
Total (loss)/profit for the financial period	**(8,858)**	246	1,441	(2,148)	(46)
Earnings per share – basic and diluted	**(15.5)p**	0.2p	2.4p	(3.9)p	(0.1)p
Balance sheet extracts					
Shareholders' funds (including non-equity interests)	**30,032**	38,353	39,499	41,178	39,913
Net funds	**(1,467)**	3,166	4,397	5,848	6,617
Net asset value per equity share	**52p**	67p	69p	72p	70p
Net asset value per equity share (excluding intangible fixed assets)	**47p**	62p	65p	69p	65p

The results for 2009 relate to the 52-week period to 28 March 2009, for 2008 relate to the 52-week period to 29 March 2008, for 2007 relate to the 52-week period to 31 March 2007, for 2006 relate to the 52-week period to 1 April 2006 and for 2005 relate to the 52-week period ended 2 April 2005.

The disclosures for 2009, 2008, 2007, 2006 and 2005 are based on adopted IFRS. The disclosures for 2004 are based on UK GAAP. The main differences relate to IAS 10 "Events after the balance sheet date" (accounting period in which dividends are declared), IAS 19 "Employee benefits" (calculation of defined benefit obligation under IAS 19 compared to FRS 17), IFRIC 14/IAS 19 – "The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction" and IFRS 3 "Business combinations" (amortisation of goodwill).

Company balance sheet
as at 28 March 2009

	Notes	**As at 28 March 2009 £000**	As at 29 March 2008 £000
Fixed assets			
Tangible assets	4	**1,235**	1,269
Investments	5	**23,338**	23,338
		24,573	24,607
Current assets			
Debtors	6	**89,188**	89,496
Cash at bank and in hand		**833**	757
		90,021	90,253
Current liabilities			
Creditors: amounts falling due within one year	7	**(86,425)**	(85,846)
Net current assets		**3,596**	4,407
Total assets less current liabilities		**28,169**	29,014
Provisions for liabilities	8	**(15)**	(30)
Net assets		**28,154**	28,984
Capital and reserves			
Called-up share capital	9	**14,308**	14,308
Share premium account	10	**13,766**	13,766
Revaluation reserve	10	**213**	213
Capital redemption reserve	10	**2,500**	2,500
Translation reserve	10	**—**	(40)
Profit and loss account	10	**(2,633)**	(1,763)
Equity shareholders' funds		**28,154**	28,984

The financial statements on pages 58 to 64 were approved by the Board of Directors on 23 June 2009 and were signed on its behalf by:

Martyn Wakeman
Group Finance Director

Company accounting policies

Basis of preparation

As used in the financial statements and related Notes, the term "Company" refers to The 600 Group PLC. The separate financial statements of the Company are presented as required by the Companies Act 1985. As permitted by the Act, the separate financial statements have been prepared in accordance with UK Generally Accepted Accounting Principles (UK GAAP).

Basis of accounting

The following principal accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements, except as detailed below.

These accounts have been prepared under the historical cost convention, modified to include the revaluation of certain properties, and in accordance with applicable accounting standards. The accounts are prepared to the Saturday nearest to the Company's accounting reference date of 31 March. The results for 2009 are for the 52-week period ended 28 March 2009. The results for 2008 are for the 52-week period ended 29 March 2008.

A separate profit and loss account dealing with the results of the Company only has not been presented, as permitted by Section 230 (4) of the Companies Act 1985.

As these financial statements are presented together with the Consolidated Financial Statements, the Company has taken advantage of the exception in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the Group.

Notes on interpretation of accounting standards

FRS 20 Share based payments

The Company has adopted FRS 20 and the accounting policies followed are in all material regards the same as the Group's policy under IFRS 2. This policy is shown in The Group accounting policies on pages 26 to 30.

Revaluation of fixed assets

Property, plant and equipment are held at cost, subject to triennial property revaluations.

In 2006 the Company adopted a policy of revaluation for properties. As a result all properties were independently revalued during March 2006.

Depreciation

Depreciation is calculated to write off the cost (or amount of the valuation) of fixed assets less the estimated residual value on a straight-line basis over the expected useful economic life of the assets concerned. The annual rates used are generally:

- freehold buildings – 2 to 4%
- leasehold buildings – over residual terms of the leases
- plant and machinery – 10 to 20%
- fixtures, fittings, tools and equipment – 10 to 33.3%

Leases

Assets financed by leasing arrangements, which give rights approximating to ownership, are treated as if they had been purchased outright and are capitalised and depreciated over the shorter of the estimated useful life of the assets and the period of the leases. The capital element of future rentals is treated as a liability and the interest element is charged against profits in proportion to the balances outstanding. The rental costs of all other leased assets are charged against profits on a straight-line basis.

Taxation

The charge for taxation is based on the profit or loss for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19 "Deferred tax".

Currency translation

Transactions denominated in foreign currencies are translated into Sterling at the rates of exchange ruling on the date of the transaction. Monetary assets and liabilities are translated into Sterling at the year-end rates.

Pensions and post-retirement health benefits

The Company participates in UK pension scheme providing benefits based on career average related earnings. The assets of the scheme are held separately from those of the Company. The Company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 "Retirement benefits", accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Investments

Investments in respect of subsidiaries are stated at cost less any impairment in value.

Financial instruments: measurement

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its Group, the Company considered these to be insurance arrangements and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

Dividends

Dividends are recorded in the Company's financial statements in the period in which they are declared or paid.

Notes relating to the company financial statements
for the 52-week period ended 28 March 2009

1. Personnel expenses

	2009 £000	2008 £000
Staff costs:		
– wages and salaries	**832**	1,050
– social security costs	**79**	130
– pension charges	**36**	61
	947	1,241

The average number of employees of the Company (including Executive Directors) during the period was as follows:

	2009	2008
Machine tools and equipment	**13**	14

These staff costs related entirely to the Directors and head office staff.

Details of Directors' emoluments, share option schemes and pension entitlements are given in the Directors' Remuneration Report on pages 17 to 20.

2. Employee share option schemes

The Group has granted share options to employees under The 600 Group PLC 2000 Sharesave Scheme. The vesting date of the first granted shares was 1 February 2007. Additional share options were granted in December 2003 with a vesting date of 1 February 2007 and in December 2006 with a vesting date of 1 February 2010. Vesting is not conditional upon any performance criteria although there is a service condition that must be met. These options are settled in the form of equity.

On 31 March 2008, awards were made to certain senior employees under a new Performance Share Plan (the PSP). The scheme awarded options to Executive Directors and other senior employees of the Group which are exercisable at the end of a three year performance period. The exercise of options under the scheme is subject to performance criteria relating to TSR and EPS targets as set out in the Remuneration Report. The scheme is equity-settled.

Share-based expense

The Group recognised total expenses of £23,676 (2008: £70,161) in relation to equity-settled share-based payment transactions.

	PSP	Sharesave scheme
The number and weighted average exercise prices of share options		
Number of options outstanding at beginning of period	—	834,483
Number of options granted in period	2,458,508	—
Number of options forfeited/lapsed in period	1,106,166	440,125
Number of options exercised in period	—	—
Number of options outstanding at end of period	1,352,342	394,358
Number of options exercisable at end of period	—	394,358

No Sharesave options were exercised in the period.

For Sharesave options outstanding at the end of the period, the exercisable price is 43.2p and the weighted average contractual life is one year and three months.

During the current and prior period, the Group has not granted equity as consideration for goods or services received.

2. Employee share option schemes continued

Fair value assumptions of share-based payments

The 600 Group PLC 2000 Sharesave Scheme

The fair value of awards granted under The 600 Group PLC 2000 Sharesave Scheme is determined using the binomial valuation model. The fair value of share options and assumptions are shown in the table below:

	2009	2008
Fair value	**£0.26**	£0.26
Share price at grant	**£0.55**	£0.55
Exercise price	**£0.43**	£0.43
Dividend yield	**0%**	0%
Expected volatility	**50%**	50%
Expected life	**3.1 years**	3.1 years
Risk-free interest rate	**5%**	5%
Number of shares under option	**394,358**	834,483

The 600 Group PLC 2008 Performance Share Plan

The fair value of awards granted under The 600 Group PLC 2008 Performance Share Plan is determined using the Monte Carlo valuation model. The fair value of share options and assumptions are shown in the table below:

	2009	2008
Fair value	**£0.38**	—
Share price at grant	**£0.38**	—
Exercise price	**£nil**	—
Dividend yield	**0%**	—
Expected volatility	**50%**	—
Expected life	**3.0 years**	—
Risk-free interest rate	**5%**	—
Number of shares under option	**1,352,342**	—

3. Dividends

No dividend was paid in period (2008: no dividend paid).

Notes relating to the company financial statements/continued

for the 52-week period ended 28 March 2009

4. Tangible fixed assets

	Land and buildings			Fixtures, fittings, tools and equipment	
	Long lease £000	Short lease £000	Plant and machinery £000	£000	Total £000
Cost or valuation					
At 29 March 2008	1,299	92	19	85	1,495
Additions during period	—	—	—	8	8
Disposals during period	—	—	(19)	—	(19)
At 28 March 2009	**1,299**	**92**	**—**	**93**	**1,484**
At professional valuation	1,299	92	—	—	1,391
At cost	—	—	—	93	93
	1,299	**92**	**—**	**93**	**1,484**
Depreciation					
At 29 March 2008	54	92	6	74	226
Charge for period	25	—	—	4	29
Disposals during period	—	—	(6)	—	(6)
At 28 March 2009	**79**	**92**	**—**	**78**	**249**
Net book value					
At 28 March 2009	**1,220**	**—**	**—**	**15**	**1,235**
At 29 March 2008	1,245	—	13	11	1,269

Historic cost disclosures are not made as, in the opinion of the Directors, unreasonable expense and delay would be incurred in obtaining the original costs.

During March 2006 the Group's properties were revalued. The valuations were performed by independent valuers and the valuations were determined by market rate for sale with vacant possession.

Various UK properties are charged as security for borrowing facilities.

5. Investments

	Shares in Group undertakings £000
Cost	
At 28 March 2009 and at 29 March 2008	39,553
Provisions	
At 28 March 2009 and at 29 March 2008	16,215
Net book values	
At 28 March 2009 and at 29 March 2008	23,338

The principal subsidiary undertakings of The 600 Group PLC and their countries of incorporation are:

England
600 UK Limited*
The 600 Group (Overseas) Limited*

Continental Europe
Parat Werkzeugmaschinen GmbH (Germany)

US
600 Group Inc.
Clausing Industrial, Inc.

Rest of the World
600 Group Equipment Limited (Canada)
600 Machine Tools Pty Limited (Australia)
600SA Holdings (Pty) Limited (South Africa)

All undertakings marked * are 100% owned directly by the Parent Company. The others are 100% owned through intermediate holding companies except for 600 SA Holdings (Pty) Limited (South Africa), where 74.9% is held.

6. Debtors

	2009 £000	2008 £000
Trade debtors	**128**	257
Amounts owed by subsidiary undertakings*	**88,974**	89,185
Other debtors	**4**	—
Other prepayments and accrued income	**82**	54
	89,188	89,496

7. Creditors: amounts falling due within one year

	2009 £000	2008 £000
Trade creditors	**601**	1,237
Amounts owed to subsidiary undertakings*	**85,304**	84,270
Corporation tax	**25**	25
Social security and other taxes	**88**	34
Sundry creditors	**116**	60
Accruals and deferred income	**291**	220
Other creditors	**86,425**	85,846

* All inter-company loans are repayable on demand and as such are recorded at their face value.

The 600 Group PLC has undertaken to discharge the liability for corporation tax of all UK Group undertakings.

8. Provisions for liabilities

	Onerous lease provision £000
At 29 March 2008	30
Utilised during the period	(15)
At 28 March 2009	**15**

The provision relates to the excess of lease rental costs over sub-let lease rental income for an onerous lease contract expiring in 2010.

9. Share capital

	2009 £000	2008 £000
Authorised		
80,000,000 ordinary shares of 25p each	**20,000**	20,000
Allotted, called-up and fully paid		
57,233,679 (2008: 57,233,679) ordinary shares of 25p each		
On issue at start of period	**14,308**	14,287
Issued under employee share schemes	**—**	21
On issue at end of period	**14,308**	14,308

Notes relating to the company financial statements/continued

for the 52-week period ended 28 March 2009

10. Reserves

	Share premium account £000	Revaluation reserve £000	Capital redemption reserve £000	Translation reserve £000	Profit and loss account £000
At 29 March 2008	13,766	213	2,500	(40)	(1,763)
Loss for the period	—	—	—	—	(894)
Exchange difference	—	—	—	40	—
Charge in relation to share-based payments	—	—	—	—	24
At 28 March 2009	**13,766**	**213**	**2,500**	**—**	**(2,633)**

In accordance with the exemption allowed under Section 230 of the Companies Act 1985, the Company has not presented its own profit and loss account but has incurred a loss in the period of £894,000 (2008: £423,000). Amounts paid to the Company's auditor in respect of services to the Company, other than the audit of the Company's financial statements have not been disclosed as the information is required instead is disclosed in Note 3 to the Group accounts.

11. Contingent liabilities

	2009 £000	2008 £000
Bank guarantees in respect of Group undertakings	**464**	792

12. Operating lease commitments

Minimum payments due next year under operating leases to which the Company is committed (analysed between those years in which the commitment expires) are as follows:

	2009 £000	2008 £000
Motor vehicle operating leases expiring		
Within one year	**10**	6
In the second to fifth years inclusive	**—**	22
	10	28

13. Pension

The Company operates a multi-employer defined benefit scheme for its employees. The date of the most recent full actuarial valuation for the scheme was 31 March 2005. The Company is unable to identify its share of the underlying assets and liabilities of the fund. The surplus on the fund amounted to £3,070,000 at 28 March 2009. Under IFRS however the surplus has been derecognised following the adoption of IFRIC 14 in the period (Note 29 of the Group financial statements). Under FRS 17, the Company treats its contributions into these schemes as though they were defined contribution schemes and has consequently not recognised any of the surplus relating to the scheme. The pension contribution charge for the Company amounted to £36,000 (2008: £61,000).

14. Reconciliation of movement in shareholders' funds

	2009 £000	2008 £000
Retained loss	**(894)**	(423)
Credit in relation to share-based payments	**24**	70
New share capital subscribed	**—**	40
Other recognised gains and losses relating to the period	**40**	(40)
Net reduction in shareholders' funds	**(830)**	(353)
Opening shareholders' funds	**28,984**	29,337
Closing shareholders' funds	**28,154**	28,984

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