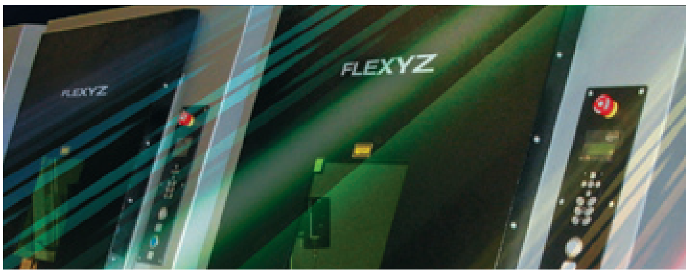


The 600 Group PLC
annual report and accounts 2012

Contents

Chairman's Statement

Overview and board composition

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

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

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

Strategic review

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

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

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

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

Results and dividend

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

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

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

Financial resources

On 5 September 2012 the company entered into an agreement for the placing of an aggregate of 19.66m ordinary shares of 1p each at a placing price of 7.5 pence per share, raising an aggregate of £1.47m.

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

Chairman's Statement

Outlook

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

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

Paul Dupee
Chairman
5 September 2012

Group Chief Executive's Review of Operations

Introduction

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

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

Machine tools and precision engineered components

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

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

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

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

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

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

Laser marking

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

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

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

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

Group Chief Executive's Review of Operations

Discontinued activities

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

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

Freehold property divestments

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

Corporate and Social Responsibility

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

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

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

People

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

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

Current trading and prospects

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

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

Nigel Rogers
Group Chief Executive
5 September 2012

Financial review

Results

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

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

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

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

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

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

Statement of Financial Position and cash flow

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

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

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

On 5 September 2012 the company entered into an agreement for the placing of an aggregate of 19.66m ordinary shares of 1p each at a placing price of 7.5 pence per share, raising an aggregate of £1.47m. The company also entered into revised facility agreements with its principal banker covering existing term loan and revolving credit facilities amounting to £3.64m and a new working capital facility of £0.30m. The net proceeds from these transactions will be used to reduce net indebtedness and fund the ongoing working capital requirements of the Group.

Taxation

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

Treasury and risk management

Financial risks

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

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

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

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

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

Market risks

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

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

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

Other principal risks and uncertainties

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

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

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

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

Financial review

Key performance indicators

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

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

Key financial performance indicators constantly under review include:

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

Going concern

In accordance with FRC guidelines, the Board has assessed the Group's funding and liquidity position and further details can be found in the basis of preparation accounting policy note. The Directors confirm that, after having made appropriate enquiries, and after taking into consideration the placing of shares and revisions to banking facilities concluded on 5 September 2012, they have a reasonable expectation that the Group and the Company have adequate resources to continue operations for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparation of the financial statements.

Neil Carrick FCA

Group Finance Director

5 September 2012

Directors and advisers

Paul Dupee*
Appointed to the Board as a non-executive Director on 2 February 2011 and appointed Chairman on 14 September 2011. Currently Managing Partner of Haddeo Partners LLP. Formerly Director and Chairman of Lynton Aviation, Boston Celtic Communications, and Boston Celtic Limited Partnership. Previously President and Director of Providence Capitol International Investment Ltd, a subsidiary of Gulf + Western Industries.

Nigel Rogers
Appointed to the Board as Chief Executive Officer on 26 March 2012. Previously Chief Executive Officer of Stadium Group Plc

Neil Carrick
Appointed to the Board as Group Finance Director on 3 October 2011. Previously Group Finance Director and Company Secretary of Cosalt plc.

Stephen Rutherford*
A non-executive Director since 1 October 2007. Managing Director of Neofil Limited.

Derek Zissman*
Appointed to the Board as a non-executive Director on 2 February 2011. Chairman of the advisory board at Alchemy Partners LLP, Chairman of Seymour Pierce Ltd and a member of the Barclays Wealth Advisory Committee. Previously vice-chairman of KPMG LLP.

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

SECRETARY
Neil Carrick

REGISTERED OFFICE
Union Street
Heckmondwike
West Yorkshire
WF16 0HL

REGISTERED NUMBER
196730

REGISTRARS
Capita Registrars
34 Beckenham Road
Beckenham
Kent
BR3 4TU

AUDITOR
KPMG Audit Plc

BANKERS
Santander Plc

STOCKBROKERS
Finncap

FINANCIAL ADVISORS
Spark Advisory Partners

Report of the directors

The Directors present their report to the members, together with the audited financial statements for the 52 week period ended 31 March 2012, which should be read in conjunction with the Chairman's Statement on the affairs of the Group (pages 1 to 2), the Group Chief Executive's Review of Operations (pages 3 to 4) and the Group Finance Director's Financial Review (pages 5 to 7). 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 2012 are for the 52-week period ended 31 March 2012. The results for 2011 are for the 52-week period ended 2 April 2011.

ACTIVITIES OF THE GROUP

The Group is principally engaged in the manufacture and distribution of machine tools, precision engineered components and laser marking equipment. The group has subsidiary companies in overseas locations but does not have any overseas branches.

RESULT

The result for the period is shown in the Consolidated Income Statement on page 19.

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' Officers Review of Operations and Group Finance Director's Financial Review on pages 1 to 7. 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.

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 (2011: £nil). The Group made no political donations in the period (2011: £nil).

INTERESTS IN SHARE CAPITAL

At 5 August 2012, 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
Haddeo Partners	16,125,868	25.22
Henderson Global Investors	5,414,519	8.47
Mr A Perloff and the Maland Pension Fund Trustees	4,100,000	6.41
Schroder Investment Management	3,671,320	5.74
Aerion Fund Management	2,270,000	3.08

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.

On 3 August 2010 an arrangement was entered into with Haddeo Partners LLP to advance £2.5m to the Group over a five year term which also involved the issue of 12.5m warrants. These warrants can be used by the holders to either convert the loan into shares or to purchase shares for a cash consideration. 700,000 warrants were exercised for cash in the period to 2 April 2011 with a further 205,000 warrants exercised for cash in the current period. 11,595,000 warrants remain outstanding.

Haddeo Partners LLP, in addition to their shareholding above, currently hold 5,050,000 of these warrants.

PURCHASE OF OWN SHARES

Authority granting the Company the option to purchase 6,392,625 of its own ordinary shares in accordance with the Companies Act 2006 was given by shareholders at the Annual General Meeting of the Company on 14 September 2011. This authority remains valid until the conclusion of the next Annual General Meeting.

Report of the directors

DIRECTORS
Details of the current Directors of the Company are shown on page 8. In addition, Martin Temple served as a Director and Chairman during the period until his resignation on 14 September 2011, Martyn Wakeman as a Director until his resignation on 2 October 2011 and David Norman as Director until his resignation on 26 March 2012.

The director retiring by rotation is S J Rutherford who, being eligible, offers himself for re-election. In addition, Neil Carrick and Nigel Rogers were appointed as directors of the Company by the board subsequent to the last annual general meeting. As such, they shall retire and each offer themselves for election as a director of the Company. Both Mr Carrick and Mr Rogers have a rolling service contract of twelve months with the Company. S J Rutherford, D Zissman and P R Dupee do not have rolling service contracts with the Company.

The beneficial interests of the Directors in the share capital of the Company at 31 March 2012 are shown in the Remuneration Report on pages 13 to 17.

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. The amount of trade creditors in the balance sheet as at the end of the financial period represents 89 days (2011: 74 days) of average purchases for the Company and 62 days (2011: 53 days) for the Group.

ADMISSION TO AIM
A resolution to cancel the admission of the Company's ordinary shares from the Official List and to trading on the London Stock Exchange's Main Market and to apply for the admission of the Company's ordinary shares to trading on AIM was approved at a general meeting held on 15 June 2011. The final day of dealings on the Official List was 13 July 2011 with commencement of trading on AIM taking place on 14 July 2011.

POST BALANCE SHEET EVENTS
The group disposed of its surplus freehold property in Shepshed, Leicester on 3 July 2012 for £1.20m and completed the sale of its South African subsidiary 600SA on 16 July 2012 for net proceeds of £1.81m. These assets have been shown in the balance as current assets and liabilities for sale at the lower of their carrying value and fair value less costs to sell and the trading operations of 600 SA have been classified as discontinued .

MARKET VALUE OF LAND AND BUILDINGS
During March 2010 all of the Group's properties were revalued by independent valuers and the Directors believe that these valuations remain appropriate at 31 March 2012.

ENVIRONMENTAL POLICY
It is the Group's policy to seek continually to eliminate and, where this is not practicable, to minimise negative environmental impacts from the pursuit of its various business interests whilst continuing to produce high quality products to its customers' requirements.

It is the Group's policy to comply with all statutory environmental legislation as a minimum and to aim to improve upon the standards set by the local regulatory authorities.

To this end, each subsidiary is audited by the Group's internal health, safety and environment manager to:

- benchmark performances across the Group;
- help sites identify and prioritise issues for improvement; and
- ensure legal compliance.

The results of audits are communicated directly to the Directors and to all subsidiary boards and appropriate action is taken.

It is the Group's policy to foster an informed and responsible approach to all environmental concerns and it encourages the involvement of employees, customers and suppliers. Regulatory authorities are consulted and informed at all appropriate times. The Group continues to support long-term strategies to minimise, re-use and recycle packaging.

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 26 to the financial statements.

PROVISION OF INFORMATION TO AUDITOR
All of the current Directors have taken all steps that they ought to have taken to make themselves aware of any information needed by the Company's auditor for the purposes of their audit and to establish that the auditor is aware of that information. The Directors are not aware of any relevant audit information of which the auditor is unaware.

Report of the directors

AUDITOR
In accordance with Section 489 of the Companies Act 2006, 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.

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 2006.

On behalf of the Board

NEIL CARRICK
DIRECTOR
5 SEPTEMBER 2012

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. As required by the AIM Rules of the London Stock Exchange they are required to prepare the group financial statements in accordance with IFRSs 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).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of their profit or loss for that period. 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 judgements and estimates that are reasonable and prudent;
- for the group financial statements, state whether they have been prepared in accordance with IFRSs 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 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 adequate accounting records that are sufficient to show and explain the parent company's transactions and 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 2006. 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.

The directors are responsible for the maintenance and integrity of the 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.

NEIL CARRICK
DIRECTOR
5 SEPTEMBER 2012

Remuneration report

As an AIM listed company The 600 Group plc is not required to prepare a remuneration report in accordance with Directors Report Regulations of the Companies Act 2006 , however the Directors recognise the importance and support the principles of the Regulations. The Auditor is not required to report to the shareholders on the remuneration report

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:

S J Rutherford (Committee Chairman)

D Zissman

P Dupee

M J Temple (until his resignation on 14 September 2011)

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

• the operation of a bonus scheme in the current economic climate;

• the formal grant of awards under the share plans; and

• a review of Executive Directors' salaries.

COMMITTEE'S ADVISERS
During the year, PricewaterhouseCoopers LLP continued to act as independent advisers to the Committee and provided services relating to the share schemes.

No Director 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 previously participated in a discretionary bonus scheme that was linked to the achievement of annual financial and personal performance targets. There were no cash bonuses paid in the period to 31 March 2012 but Awards of Deferred shares were made to Mr. Norman and Mr. Wakeman in January 2012 in lieu of cash bonuses in respect of their performance in the period to 2 April 2011.

The Committee is reviewing future incentive arrangements.

LONG-TERM INCENTIVE PLANS
THE 600 GROUP PLC 2008 AND 2009 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. Awards under the PSP were made on 25 August 2009, 22 March 2011 and 18 January 2012.

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 awards made on 25 August 2009 , 22 March 2011 and 18 January 2012 were set after consideration at that time of the current economic circumstances of the Company and expectations of the future. The exercise price of both schemes is nil and both will ordinarily only vest after three years from grant.

The performance conditions in respect of the PSP awards made on 25 August 2009 have not been met and therefore the options have lapsed.

LONG-TERM INCENTIVE PLANS CONTINUED

The performance conditions and vesting schedule attaching to the PSP awards made on 22 March 2011 and 18 January 2012 are set out in the table below:

22 March 2011	18 January 2012	
Average Share Price Achievement During The Performance Period	Average Share Price Achievement During The Performance Period	Percentage Of Option That May Potentially Become Exercisable
Below 31.25 pence	Below 25 pence	Nil
31.25 pence (25% increase above Base Share Price)	25 pence (25% increase above Base Share Price)	25%
37.50 pence (50% increase above Base Share Price)	30 pence (50% increase above Base Share Price)	50%
43.75 pence (75% increase above Base Share Price)	35 pence (75% increase above Base Share Price)	75%
50.00 pence (100% increase above Base Share Price)	40.00 pence (100% increase above Base Share Price)	100%

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 600 GROUP PLC 2009 PERFORMANCE SHARE PLAN (THE PSP) APPROVED SECTION

Share options granted under the PSP Approved Section are subject to the same performance and vesting conditions as the 2009 PSP. At the time of exercise, but only to the extent that there is a gain on the options granted under the Approved Section, PSP options will be forfeited to the same value.

THE 600 GROUP PLC 2012 DEFERRED SHARE PLAN (THE DSP)

A new scheme was introduced on 18 January 2012 which provided for deferred shares to be issued to Directors and senior Executive's. No performance criteria was attached to the option granted on 18 January 2012 which were granted in lieu of cash bonuses earned in respect of the period to 2 April 2011.

BENEFITS IN KIND

Executive Directors have the following benefits in kind:

- car allowance;
- medical insurance for self and family;
- Pensions

The Company contributes to certain individual Directors own pension arrangements. Only base salaries are pensionable. The contribution rate for the Company is 9%.

SERVICE CONTRACTS

Mr N R Carrick has a service contract dated 3 October 2011 with a notice period of twelve months. Mr. N F Rogers has a service contract dated 26 March with a notice period of twelve months. 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 twelve month notice period.

NON-EXECUTIVE DIRECTORS' REMUNERATION

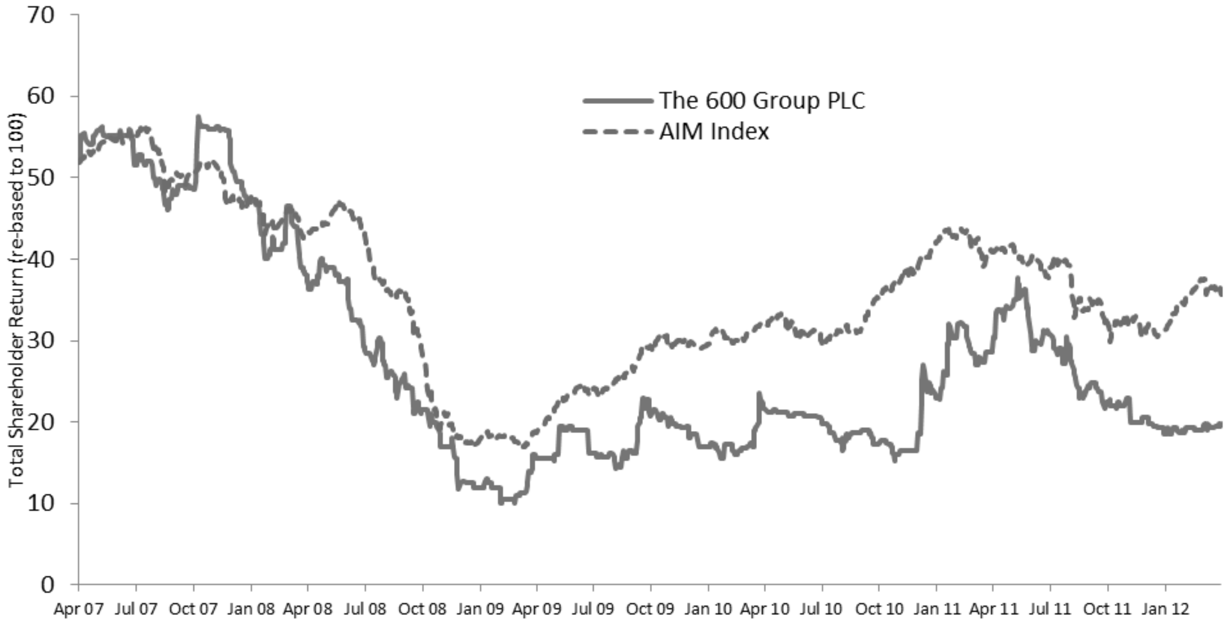
Fees for non-executive Directors are determined by the Board on the basis of market comparisons with positions of similar responsibilities and scope in companies of a similar size in comparable industries.

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.

Remuneration report

FIVE YEAR TOTAL SHAREHOLDER RETURN

This graph shows the Total Shareholder Return (TSR) of the Company from 1 April 2007 to 31 March 2012 compared with the AIM Index, rebased to 100. The TSR is defined as share price growth plus dividends reinvested. As the Company has been a constituent of this index since 14 July 2011, the Board considers that this is now 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 31 March 2012 in the ordinary shares of the Company were as follows:

	At 31 March 2012 Number	At 2 April 2011 Number
P R Dupee	**16,125,868**	16,125,868
N F Rogers	**100,000**	—
S J Rutherford	**20,000**	20,000
N R Carrick	**—**	—
D Zissman	**50,000**	—

P R Dupee's interest in the 16.1m shares arises from his position as Managing Partner of Haddeo Partners LLP, which owns these shares. P R Dupee holds a 44.5% stake in Haddeo Partners LLP. In addition, Haddeo Partners LLP holds 5,050,000 warrants which can be used to either convert their share of the shareholder loan into shares or to purchase shares for a cash consideration.

DIRECTORS' EMOLUMENTS

	Salary £	Fees £	All benefits in kind £	Termination payment £	**Total 2012 £**	Total 2011 £
P R Dupee	—	47,625	—	—	**47,625**	8,250
N F Rogers	—	—	—	—	—	—
N R Carrick[1]	72,500	—	10,400	—	**82,900**	—
D Zissman	—	33,000	—	—	**33,000**	8,250
S J Rutherford	—	33,000	—	—	**33,000**	33,000
D H Norman[2]	244,500	—	3,666	283,839	**532,005**	321,291
M G D Wakeman[3]	78,300	—	5,823	247,950	**332,073**	201,980
M J Temple[4]	—	27,500	—	32,500	**60,000**	60,000
C J Cundy[5]	—	—	—	—	—	33,000
Total	395,300	141,125	19,889	564,289	**1,120,603**	665,771

1 From date of appointment as a Director on 2 October 2011.

2 Resigned 26 March 2012.

3 Resigned 2 October 2011.

4 Resigned 14 September 2011.

5 Resigned 2 February 2011.

DIRECTORS' PENSION ENTITLEMENTS

Pension contributions of £97,175 (2011: £20,700) for D H Norman, £61,263 (2011: £13,050) for M G D Wakeman and £6,525 for N R Carrick were paid into their personal pension schemes during the year.

Remuneration report

DIRECTORS' SHARE OPTIONS

Details of share options at 31 March 2012 and 2 April 2011 for each Director who held office during the year are as follows:

	Number of options at 2 April 2011	Granted	Exercised	Lapsed/ forfeited	**Number of options at 31 March 2012**
D H Norman	2,451,213[1]	308,247[2]	—	(1,245,973)	**1,513,487**
M G D Wakeman	1,613,670[3]	194,329[4]	—	(853,845)	**954,154**
N R Carrick	—	1,144,737[5]	—	—	**1,144,737**

1 At 2 April 2,266,598 nil cost options were held under The 600 Group PLC 2008 Performance Share Plan and 184,615 options were held under a HM Revenue & Customs approved share option scheme exercisable between 3 and 10 years of the grant date of 25 August 2009 subject to performance criteria

2 308,247 nil cost options were granted under The 600 Group PLC Deferred Share Plan on 18 January 2012 exercisable between grant date and 10 years time.

3 At 2 April 2011 1,429,055 nil cost options were held under The 600 Group PLC 2008 Performance Share Plan and 184,615 options were held under a HM Revenue & Customs approved share option scheme exercisable between 3 and 10 years of the grant date of 25 August 2009 subject to performance criteria.

4 194,329 nil cost options were granted under The 600 Group PLC Deferred Share Plan on 18 January 2012 exercisable between grant date and 10 years time.

5 1,144,737 nil cost options were granted under the 600 Group PLC 2008 Performance Share Plan on 18 January 2012 exercisable between 3 and 10 years from grant date subject to performance criteria.

The share price at 31 March 2012 was 19.75p and the highest and lowest prices during the period were 37.75p and 18.5p, respectively.

On behalf of the Board

NEIL CARRICK
DIRECTOR
5 SEPTEMBER 2012

Independent auditor's report

To the members of The 600 Group PLC

We have audited the financial statements of The 600 Group PLC for the year ended 31 March 2012 set out on pages 19 to 69. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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

As explained more fully in the Directors' Responsibilities Statement set out on page 12, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2012 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the EU;
- the parent company financial statements have been properly prepared in accordance with UK Generally Accepted Accounting Practice and;
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or we have not received all the information and explanations we require for our audit.

David Morritt (Senior Statutory Auditor)

for and on behalf of KPMG Audit Plc, Statutory Auditor

Chartered Accountants

1 The Embankment

Neville Street

Leeds

LS1 4DW

5 September 2012

Consolidated income statement

For the 52-week period ended 31 March 2012

	Note	Before special items 52 weeks ended 31 March 2012 £'000	Special items 52 weeks ended 31 March 2012 £'000	After special items 52 weeks ended 31 March 2012 £'000	As restated * Before special items 52 weeks ended 2 April 2011 £'000	As restated * special items 52 weeks ended 2 April 2011 £'000	As restated * After special items 52 weeks ended 2 April 2011 £'000
Continuing							
Revenue	1	**39,393**	**-**	**39,393**	36,451	-	36,451
Cost of sales		**(27,316)**	**(7,512)**	**(34,828)**	(23,507)	-	(23,507)
Gross profit		**12,077**	**(7,512)**	**4,565**	12,944	-	12,944
Other operating income	2	**126**	**-**	**126**	332	-	332
Net operating expenses	2	**(13,410)**	**(5,367)**	**(18,777)**	(13,020)	1,345	(11,675)
(Loss)/profit from operations	4	**(1,207)**	**(12,879)**	**(14,086)**	256	1,345	1,601
Bank and other interest		**24**		**24**	34		34
Expected return on pension assets		**10,834**		**10,834**	10,876		10,876
Financial income	6	**10,858**	-	**10,858**	10,910	-	10,910
Bank and other interest		**(669)**		**(669)**	(566)		(566)
Interest on pension obligations		**(9,268)**		**(9,268)**	(9,484)		(9,484)
Financial expense	6	**(9,937)**	-	**(9,937)**	(10,050)	-	(10,050)
(Loss)/profit before tax		**(286)**	**(12,879)**	**(13,165)**	1,116	1,345	2,461
Income tax charge	7	**(907)**	-	**(907)**	(448)	-	(448)
(Loss)/profit for the period from continuing operations		**(1,193)**	**(12,879)**	**(14,072)**	668	1,345	2,013
Post tax (loss)/profit of discontinued operations	1	**(777)**	**-**	**(777)**	858	-	858
Total (loss)/profit for the financial year attributable to Equity holders of the parent		**(1,970)**	**(12,879)**	**(14,849)**	1,526	1,345	2,871

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

	Note						
Basic (loss)/earnings per share per share - continuing	9	**(1.87)p**	**(20.21)p**	**(22.08)p**	1.16p	2.35p	3.51p
- discontinued		**(1.22)p**		**(1.22)p**	1.50p		1.50p
- Total		**(3.09)p**	**(20.21)p**	**(23.30)p**	2.66p	2.35p	5.01p
Diluted (loss)/earnings per share - continuing	9	**(1.87)p**	**(20.21)p**	**(22.08)p**	0.11p	0.24p	0.35p
- discontinued		**(1.22)p**		**(1.22)p**	1.28p		1.28p
- Total		**(3.09)p**	**(20.21)p**	**(23.30)p**	1.39p	0.24p	1.63p

Consolidated statement of comprehensive income
for the 52-week period ended 31 March 2012

	Notes	**52-week period ended 31 March 2012 £000**	52-week period ended 2 April 2011 £000
(Loss)/profit for the period		**(14,849)**	2,871
Other comprehensive (expense)/income			
Foreign exchange translation differences		**(95)**	—
Net actuarial gains on employee benefit schemes	30	**7,025**	2,235
Impact of changes to defined benefit asset limit	30	**(8,810)**	(4,130)
Impact of transfer to assets held for sale		**349**	—
Deferred taxation	13	**386**	(1)
Other comprehensive expense for the period, net of income tax		**(1,145)**	(1,958)
Total comprehensive (expense)/income for the period		**(15,994)**	975
Attributable to:			
Equity holders of the Parent Company		**(15,994)**	913
Total recognised (expense)/income		**(15,994)**	913

Consolidated statement of financial position
as at 31 March 2012

	Notes	**As at 31 March 2012 £000**	As at 2 April 2011 £000
Non-current assets			
Property, plant and equipment	11	**5,085**	10,661
Intangible assets	12	**852**	1,350
Deferred tax assets	13	**1,473**	2,704
		7,410	14,715
Current assets			
Inventories	14	**10,811**	18,742
Trade and other receivables	15	**6,528**	8,922
Assets held for sale	16	**9,093**	—
Cash and cash equivalents	17	**409**	1,052
		26,841	28,716
Total assets		**34,251**	43,431
Non-current liabilities			
Employee benefits	30	**(2,012)**	(1,849)
Loans and other borrowings	18	**(5,824)**	(2,218)
Deferred tax liabilities	13	**(1,365)**	(1,817)
		(9,201)	(5,884)
Current liabilities			
Trade and other payables	19	**(9,556)**	(11,900)
Income tax payable		**(199)**	(83)
Provisions	21	**(1,241)**	(252)
Loans and other borrowings	18	**(2,579)**	(3,629)
Liabilities held for sale	20	**(4,488)**	_
		(18,063)	(15,864)
Total liabilities		**(27,264)**	(21,748)
Net assets		**6,987**	21,683
Shareholders' equity			
Called-up share capital	23	**14,375**	14,315
Share premium account		**15,645**	13,899
Revaluation reserve		**1,080**	1,475
Capital redemption reserve		**2,500**	2,500
Equity reserve		**167**	160
Translation reserve		**1,487**	1,697
Retained earnings		**(28,267)**	(12,363)
Total equity		**6,987**	21,683

The financial statements on pages 19 to 69 were approved by the Board of Directors on 5 September 2012 and were signed on its behalf by:

NEIL CARRICK
GROUP FINANCE DIRECTOR
5 SEPTEMBER 2012

Consolidated statement of changes in equity
As at 31 March 2012

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

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

2 The minority interest related to the 25.1% in 600SA Holdings (Pty) Limited acquired by a South African individual on 3 April 2005 which was divested during the prior period.

Consolidated cash flow statement
For the 52-week period ended 31 March 2012

	Notes	**52-week period ended 31 March 2012 £000**	52-week period ended 2 April 2011 £000
Cash flows from operating activities			
(Loss)/profit for the period		**(14,849)**	2,871
Adjustments for:			
Amortisation of development expenditure		**116**	513
Depreciation		**1,033**	994
Impairment of goodwill		**931**	—
Impairment of tangible fixed assets		**1,158**	—
Net financial income		**(921)**	(756)
Net pension credit		**(1,224)**	(2,570)
Loss on disposal of plant and equipment		—	16
Equity share option expense		**90**	127
Income tax expense/(income)		**907**	(307)
Operating cash flow before changes in working capital and provisions		**(12,759)**	888
(Increase)/decrease in trade and other receivables		**(1,240)**	549
Decrease in inventories		**5,896**	578
Increase in trade and other payables		**3,358**	652
Decrease in employee benefits		**1,767**	(788)
Cash (used in)/generated from operations		**(2,978)**	1,879
Interest paid		**(757)**	(645)
Income tax (paid)		**(132)**	(53)
Net cash flows from operating activities		**(3,867)**	1,181
Cash flows from investing activities			
Interest received		**68**	7
Proceeds from sale of property, plant and equipment		**380**	245
Acquisition of Polish manufacturing company		**—**	(632)
Purchase of property, plant and equipment		**(963)**	(1,002)
Development expenditure capitalised		**(549)**	(406)
Net cash flows from investing activities		**(1,064)**	(1,788)
Cash flows from financing activities			
Proceeds from issue of ordinary shares		**1,806**	140
Proceeds from issue of shareholder loan net of costs		**—**	2,104
Net proceeds from external borrowing		**4,986**	(171)
Net cash flows from financing activities		**6,792**	2,073
Net increase in cash and cash equivalents	24	**1,861**	1,466
Cash and cash equivalents at the beginning of the period		**(1,905)**	(3,371)
Effect of exchange rate fluctuations on cash held		**(73)**	—
Cash and cash equivalents at the end of the period	17	**(117)**	(1,905)

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 Alternative Investment Market (AIM) of 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 2012 are for the 52-week period ended 31 March 2012. The results for 2011 are for the 52-week period ended 2 April 2011. 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 (IFRS) as adopted by the EU and with those parts of the Companies Act 2006 applicable to companies reporting under adopted IFRS.

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

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. A change to the Deed and Rules is in the process of being agreed with the Trustees of the UK 600 Group Pension Scheme which would allow the accounting surplus, which at 31 March 2012 stood at £12.9m, to be included on the Group balance sheet.

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:	
IFRS 7 Amendment to Financial Instruments: Disclosures on derecognition	1 July 2011
IAS 12 Amendment to Income taxes on deferred tax	1 January 2012
IAS 1 Amendment to Financial Statement presentation	1 July 2012
IAS 19 Amendment to Employee benefits	1 January 2013
IFRS 9 Financial Instruments	1 January 2015
IFRS 10 Consolidated financial statements	1 January 2013
IFRS 11 Joint arrangements	1 January 2013
IFRS 12 Disclosures of interests in other entities	1 January 2013
IFRS 13 Fair Value measurement	1January 2013
IAS 27 Separate financial statements (revised)	1 January 2013
IAS 28 Associates and joint ventures (revised)	1 January 2013

● 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

The Company has elected to prepare its Parent Company financial statements in accordance with UK GAAP; these are presented on pages 61 to 69.

The preparation of financial statements in conformity with adopted IFRS requires 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 32.

The consolidated financial statements are presented in sterling rounded to the nearest thousand.

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

Group accounting policies

The financial statements are prepared under the historical cost convention except that properties 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 on pages 1 to 2 and the Group Chief Executive's Review of Operations on pages 3 to 4. 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 5 to 7 and Note 26 to the financial statements. In addition Note 26 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 refinanced in August 2011 with Santander PLC who provided a Term Loan facility of £2.5m with scheduled repayments through to June 2015 and a Revolving Credit facility of £2.5m until 30 June 2014. Security over the UK assets which is shared with Haddeo and the UK Pension Trustees was put in place at this time. The new facility was utilised to repay existing bank debt and provide working capital for the European operations including Poland.

As a result of continued supply disruption and poor trading in Poland the Group negotiated a further £800,000 overdraft facility in early January 2012 to provide additional working capital whilst it completed a number of asset divestments. Subsequent to the year end date the Group divested of its Shepshed property and its South African subsidiary and the proceeds of £2.9m were used to repay the overdraft and part of the term loan facility with the balance being used for working capital.

As a result of these divestments and the recent strategic review including the decision to close its manufacturing operation in Poland the Group has agreed amendments on the 5 September 2012 to the existing facilities including revised covenants and a deferment of the quarterly capital repayments on the Term Loan until September 2013. In addition a new overdraft facility of £300,000 until 1 October 2013 has been agreed. These amendments were conditional upon the placing of shares undertaken with institutions raising £1.47m which was completed on 5 September 2012.

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

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

After making enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they 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. 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.

Group accounting policies

SEGMENT ANALYSIS

The Group has adopted IFRS 8 “Operating segments” which requires operating segments to be identified on the basis of internal reporting about components of the Group that are regularly reviewed by the chief operating decision maker to allocate resources to the segments and to assess their performance.

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

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

OPERATING PROFIT AND SPECIAL ITEMS

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

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

PENSIONS AND POST-RETIREMENT HEALTH BENEFITS

The Group operates both defined benefit and defined contribution pension schemes. It also operates 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 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 comprehensive income. 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. 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 comprehensive income are as follows:

WITHIN PROFIT FROM OPERATIONS

- 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.
- obligations for contributions to defined contribution pension schemes are recognised as an expense in the income statement as incurred.

BELOW PROFIT FROM OPERATIONS

- 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.

WITHIN THE STATEMENT OF COMPREHENSIVE INCOME

- actuarial gains and losses arising on the assets and liabilities of the scheme; and
- any change in the unrecognised asset of the scheme due to the asset limit test.

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 1 “First-time Adoption of IFRS”, 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.

Group accounting policies

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. During March 2010 the Group's properties were revalued. The valuations were performed by independent valuers, Eddisons, and the valuations were determined by market rate for sale with vacant possession. The Directors believe that these valuations remain appropriate at 31 March 2012. Revalued amounts are reflected in the balance sheet with the resulting credit taken to revaluation reserve.

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 subsequently 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.

COMPOUND FINANCIAL INSTRUMENTS
Compound financial instruments issued by the Group comprise convertible notes that can be converted to share capital at the option of the holder, when the number of shares to be issued does not vary with changes in their fair value. The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured subsequent to initial recognition. Interest and gains and losses related to the financial liability are recognised in profit or loss. On conversion, the financial liability is reclassified to equity; no gain or loss is recognised on conversion.

Group accounting policies

SHARE-BASED PAYMENTS
The grant-date fair value 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 the statement of comprehensive income. 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. Leases where the risk and reward of ownership remain with the lessor are treated as operating leases and the rental costs are charged against profits on a straight-line basis.

DERIVATIVE FINANCIAL INSTRUMENTS
The Group does not hedge account but uses on occasion derivative financial instruments to hedge its commercial exposure to foreign exchange 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.

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.

ASSETS AND LIABILITIES HELD FOR SALE
Assets and liabilities held for sale are those which are being actively marketed for sale at the period-end and which management believes will be disposed of within 12 months of the balance sheet date. These assets are stated at fair value with any gain or loss resulting from the changes in fair value recognised within the consolidated income statement as a special item. Where the asset is an investment in a subsidiary undertaking then any corresponding liabilities are disclosed in liabilities held for sale.

Group accounting policies

BUSINESS COMBINATIONS

The Group measures goodwill at the acquisition date as:

- The fair value of the consideration transferred: plus
- The recognised amount of any non-controlling interest in the acquire: plus if the business combination is achieved in stages, the fair value of the existing equity interest in the acquire: less
- The net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

NON-CONTROLLING INTERESTS

Transactions that result in changes in ownership interests while retaining control are accounted for as transactions with equity holders in their capacity as equity holders. As a result, no gain or loss on such changes is recognised in profit or loss but rather in equity.

DIVIDENDS

Dividends on non-equity shares are recognised as a liability and accounted for on an accruals basis. Equity dividends are recognised as a liability in the period in which they are declared (appropriately authorised and no longer at the discretion of the Company).

RESERVES

A consolidated statement of changes in equity is shown on page 22.

Share premium account

The share premium reserve comprises the premium paid over the nominal value of shares for shares issued.

Revaluation reserve

The Group's properties are valued periodically and the difference between the valuation and the carrying value of the property is taken to revaluation reserve. Any impairments in property valuation in excess of credits made to the revaluation reserve for that property are charged to the consolidation income statement.

Capital redemption reserve

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

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign subsidiaries.

Equity reserve

The equity reserve was created on the issue of the shareholder loan which includes convertible warrants the value of which is recognised in equity.

Notes relating to the consolidated financial statements
For the 52-week period ended 31 March 2012

1. SEGMENT INFORMATION

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

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

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

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

	Continuing						Discontinued	
52-weeks ended 31 March 2012	USA, UK Australia	Poland	Machine Tools & Precision Engineered Components	Laser Marking	Head Office & unallocated	**Total continuing**	Mechanical Handling & Waste	**Total**
	£000	£000	£000	£000	£000	**£000**	£000	**£000**
Segmental analysis of revenue								
Revenue from external customers	31,114	1,828	32,942	6,451	—	**39,393**	13,772	**53,165**
Inter-segment revenue	—	1,903	1,903	200	—	**2,103**	—	**2,103**
Total segment revenue	31,114	3,731	34,845	6,651	—	**41,496**	13,772	**55,268**
Less: inter-segment revenue	—	(1,903)	(1,903)	(200)	—	**(2,103)**	—	**(2,103)**
Total revenue per statutory accounts	31,114	1,828	32,942	6,451	—	**39,393**	13,772	**53,165**
Segmental analysis of operating profit/(loss) before special Items	1,468	(1,432)	36	316	(1,559)	**(1,207)**	335	**(872)**
Special Items	(6,435)	(3,048)	(9,483)	(1,372)	(2,024)	**(12,879)**	—	**(12,879)**
Group (loss) from operations	(4,967)	(4,480)	(9,447)	(1,056)	(3,583)	**(14,086)**		
Financial income	50	—	50	—	10,808	**10,858**	—	**10,858**
Financial expense	(216)	—	(216)	(2)	(9,719)	**(9,937)**	—	**(9,937)**
Loss from write down of 600SA	—	—	—	—	—	**—**	(1,263)	**(1,263)**
Profit before tax	(5,133)	(4,480)	(9,613)	(1,058)	(2,494)	**(13,165)**	(928)	**(14,093)**
Other segmental information:								
Reportable segment assets	21,034	1,479	22,513	4,056	1,385	**27,954**	6,300	**34,251**
Reportable segment liabilities	(15,441)	(1,479)	(16,920)	(3,977)	(1,903)	**(22,800)**	(4,488)	**(27,264)**
Non-current assets	3,063	—	3,063	2,310	2,037	**7,410**	—	**7,410**
Fixed asset additions	229	410	639	151	1	**791**	172	**963**
Depreciation and amortisation	613	197	810	225	28	**1,063**	86	**1,149**
Impairment of fixed assets	—	1,158	1,158	—	—	**1,158**	—	**1,158**
Impairment of development costs	—	—	—	931	—	**931**	—	**931**

Notes relating to the consolidated financial statements
For the 52-week period ended 31 March 2012

1. SEGMENT INFORMATION CONTINUED

52-weeks ended 2 April 2011	Continuing						Discontinued	
	USA, UK Australia £000	Poland £000	Machine Tools & Precision Engineered Components £000	Laser Marking £000	Head Office & unallocated £000	**Total continuing £000**	Mechanical Handling & Waste £000	**Total £000**
Segmental analysis of revenue								
Revenue from external customers	29,040	386	29,426	7,025	—	**36,451**	14,113	**50,564**
Inter-segment revenue		480	480	332	—	**812**	—	**812**
Total segment revenue	29,040	866	29,906	7,357	—	**37,263**	14,113	**51,376**
Less: inter-segment revenue		(480)	(480)	(332)	—	**(812)**	—	**(812)**
Total revenue per statutory accounts	29,040	386	29,426	7,025	—	**36,451**	14,113	**50,564**
Segmental analysis of operating profit/(loss) before special Items	1,293	226	1,519	325	(1,588)	**256**	911	**1,167**
Special Items	(847)	—	(847)	—	2,192	**1,345**	—	**1,345**
Group profit from operations	446	226	672	325	604	**1,601**	911	**2,512**
Other segmental information:								
Reportable segment assets	28,123	2,151	30,274	4,960	1,365	**36,599**	6,832	**43,431**
Reportable segment liabilities	(13,848)	(1,016)	(14,864)	(2,016)	(1,976)	**(18,856)**	(2,892)	**(21,748)**
Fixed asset additions	345	936	1,281	410	-	**1,691**	154	**1,845**
Depreciation and amortisation	873	38	911	510	30	**1,451**	56	**1,507**

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

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

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

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

Notes relating to the consolidated financial statements
For the 52-week period ended 31 March 2012

1. SEGMENT INFORMATION CONTINUED

Segmental analysis by destination:	**2012**		2011	
	£000	**%**	£000	%
Gross sales revenue:				
UK	**6,034**	**15.1**	6,325	12.5
Other European	**6,810**	**17.0**	6,260	12.4
North America	**20,063**	**50.2**	17,884	35.4
Africa	**500**	**1.2**	171	0.3
Australasia	**4,103**	**10.3**	3,252	6.4
Central America	**425**	**1.1**	167	0.3
Middle East	**665**	**1.7**	1,629	3.3
Far East	**793**	**2.0**	763	1.5
Continuing Revenue	**39,393**	**98.6**	36,451	72.1
Discontinued – Africa	**558**	**1.4**	14,113	27.9
	39,951	**100.0**	50,564	100.0

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

Discontinued operations
600SA the Group's South African business was sold on 16 July 2012 to Eqstra Holdings Limited for a total consideration of ZAR (South African Rand) 24.3m which resulted in net proceeds after costs received in the UK of £1.81m. This represented the full activities of the Mechanical Handling and Waste business segment and the results for 52-week period ended 31 March 2012 are included in the post tax loss on discontinued activities in the Group's consolidated income statement. The figures for 2011 also include the discontinued operations in Germany. The results of these discontinued operations are as follows:

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

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

Notes relating to the consolidated financial statements
For the 52-week period ended 31 March 2012

2. OTHER OPERATING INCOME/OPERATING EXPENSES

	2012 £000	2011 £000
Other operating income	**126**	332
Operating expenses:		
– administration expenses	**17,035**	8,508
– distribution costs	**1,742**	3,167
Total operating expenses	**18,777**	11,675

3. SPECIAL ITEMS

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

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

	2012 £000	2011 £000
Cost of sales		
Inventory impairments	**5,171**	201
Plant and equipment impairments	**1,158**	—
Development expenditure impairments	**931**	—
Redundancies	**252**	—
Operating costs		
Redundancies	**1,159**	242
Refinancing	**451**	—
Reorganisation and restructuring costs	**3,667**	655
Share-based payments	**90**	127
Pension credit	—	(2,570)
Restructuring costs	**12,879**	(1,345)

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

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

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

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

Notes relating to the consolidated financial statements
For the 52-week period ended 31 March 2012

4. (LOSS)/PROFIT FROM OPERATIONS

	2012	2011
	£000	£000
– depreciation of assets held under finance leases	**25**	34
– amortisation of development expenditure	**116**	513
– research and development expensed as incurred	**—**	65
– hire of plant	**13**	33
– other operating lease rentals	**112**	117
– loss on sale of property, plant and equipment	**1**	16
and after crediting:		
– rents receivable	**52**	222
– profit on sale of property, plant and equipment	**2**	2
Special Items		
–Reorganisation, redundancy, share bases payments, inventory and intangibles impairment (note 3)	**12,879**	(1,345)
Auditor's remuneration:		
– audit of these financial statements	**82**	75
– amounts receivable by auditor and its associates in respect of:		
– auditing of accounts of associates of the company pursuant to legislation (including that of countries and territories outside of Great Britain)	**71**	86
– other services relating to taxation	**21**	17
– other services pursuant to such legislation	**51**	12

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

	2012	2011
	£000	£000
Staff costs:		
– wages and salaries	**10,483**	11,020
– social security costs	**1,363**	1,273
– pension charges relating to defined contribution schemes	**258**	201
– pension charges relating to defined benefit schemes	**269**	300
– equity share options expense (included in Special Items)	**(61)**	127
	12,312	12,921

In addition to the above staff costs, redundancy costs of £1,411,000 were incurred during the year (2011 - £242,000). Redundancy amounts payable to directors during the year amounted to £643,000 (2011 - £nil). Director's emoluments including disclosure of the highest paid director are included in the Director's Emoluments table contained within the Remuneration report.

5. PERSONNEL EXPENSES CONTINUED

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

	2012 Number	2011 Number
Management and administration	**137**	117
Production	**382**	356
Sales	**102**	99
All operating segments	**621**	572

Details of Directors' emoluments, share option schemes and pension entitlements are given in the Directors' Remuneration Report on pages 13 to 17.

6. FINANCIAL INCOME AND EXPENSE

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

7. TAXATION

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

Notes relating to the consolidated financial statements
For the 52-week period ended 31 March 2012

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 26% (2011: 28%). The differences are explained below:

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

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

Deferred taxation balances are analysed in note 13.

8. DIVIDENDS
No dividend was paid in period (2011: no dividend paid).

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

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

Notes relating to the consolidated financial statements
For the 52-week period ended 31 March 2012

10. EMPLOYEE SHARE OPTION SCHEMES

The Group has granted share options to employees under The 600 Group PLC 2008 and 2009 Performance Share Plan and the 600 Group PLC Deferred Share plan 2011.

On 25 August 2009, awards were made to certain senior employees under a new Performance Share Plan (the PSP).The performance criteria attached to these shares have not been met and therefore they have now lapsed. On 22 March 2011 and 18 January 2012, further awards were made to the Executive Directors and other senior employees under the PSP scheme. Existing options under the PSP are exercisable at the end of a three year performance period and are subject to performance criteria relating to EPS targets as set out in the Remuneration Report. Options were also made to certain Executive Directors on 18 January under the new Deferred Share Plan (DSP).Options are exercisable immediately and no performance criteria are attached to the current options. The schemes are equity-settled.

SHARE-BASED EXPENSE

The Group recognised a total charge of £90,000 (2011: charge of £127,000) in relation to equity-settled share-based payment transactions.

	2012	2011	**2012**	2011
	PSP	PSP	**DSP**	DSP
The number and weighted average exercise prices of share options				
Number of options outstanding at beginning of period	**4,711,898**	2,404,669	—	—
Number of options granted in period	**1,144,737**	2,612,080	**502,576**	—
Number of options forfeited/lapsed in period	**(2,099,818)**	(304,851)	—	—
Number of options exercised in period	**—**	—	**—**	—
Number of options outstanding at end of period	**3,756,817**	4,711,898	**502,576**	—
Number of options exercisable at end of period	**—**	—	**502,576**	—

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 2008 PERFORMANCE SHARE PLAN

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

	2012	2011
	£000	£000
Fair value	**£0.1625**	£0.1625
Share price at grant	**£0.19**	£0.28625
Exercise price	**£nil**	£nil
Dividend yield	**0%**	0%
Expected volatility	**50%**	12%
Expected life	**3.0 years**	3.0 years
Risk-free interest rate	**5%**	4.08%
Number of shares under option	**1,144,737**	2,507,277

As the share options issued under the DSP scheme on 18 January 2012 have no performance criteria and are excercisable immediately they have been valued at their issue price of 19p.

11. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings		Plant and	Fixtures, fittings, tools and	
	Freehold	Leasehold	machinery	equipment	Total
	£000	£000	£000	£000	£000
Cost or valuation					
At 2 April 2011	4,684	2,576	22,242	2,858	32,360
Exchange differences	(83)	(7)	(137)	(14)	(241)
Additions during period	28	83	835	17	963
Reclassification	—	—	409	(409)	—
Disposals during period	—	—	(653)	—	(653)
Transferred to assets held for sale	(3,565)	(134)	(483)	(71)	(4,253)
At 31 March 2012	**1,064**	**2,518**	**22,213**	**2,381**	**28,176**
At professional valuation	1,064	2,395	—	—	3,459
At cost	—	123	22,213	2,381	24,717
	1,064	**2,518**	**22,213**	**2,381**	**28,176**
Depreciation					
At 2 April 2011	121	174	18,983	2,421	21,699
Exchange differences	—	(4)	(31)	(12)	(47)
Reclassification	—	—	282	(282)	—
Charge for period	112	59	737	125	1,033
Impairment	—	—	1,158	—	1,158
Disposals during period	—	—	(273)	—	(273)
Transferred to assets held for sale	(126)	(53)	(258)	(42)	(479)
At 31 March 2012	**107**	**176**	**20,598**	**2,210**	**23,091**
Net book value					
At 31 March 2012	**957**	**2,342**	**1,615**	**171**	**5,085**
At 2 April 2011	4,563	2,402	3,259	437	10,661

The net book value of property, plant and equipment includes £172,000 (2011: £196,000) of assets held under finance leases. The depreciation charged in the period against assets held under finance leases was £25,000 (2011: £34,000).

The impairment of £1,158,000 relates entirely to the write-down of the group's Polish subsidiary's plant and machinery following the decision to close the subsidiary in August 2012 and has been recognised in the special items in the consolidated income statement.

11. PROPERTY, PLANT AND EQUIPMENT CONTINUED

This impairment of the plant and machinery at FMT results from the losses which the group's Polish subsidiary has incurred during the period ending 31 March 2012.

During March 2010 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 Directors believe that these valuations remain appropriate at 31 March 2012.

Various UK properties with a net book value of £5,116,000 (2011: £6,965,000) are charged as security for borrowing facilities.

	Land and buildings			Fixtures,	
	Freehold	Leasehold	Plant and machinery	fittings, tools and equipment	Total
	£000	£000	£000	£000	£000
Cost or valuation					
At 3 April 2010	4,595	2,583	21,021	2,905	31,104
Exchange differences	63	—	1	(43)	21
Acquisitions during period (note 31)	—	—	843	—	843
Additions during period	26	24	941	11	1,002
Disposals during period	—	(31)	(564)	(15)	(610)
At 2 April 2011	**4,684**	**2,576**	**22,242**	**2,858**	**32,360**
At professional valuation	4,367	2,370	—	—	6,737
At cost	317	206	22,242	2,858	25,623
	4,684	**2,576**	**22,242**	**2,858**	**32,360**
Depreciation					
At 3 April 2010	—	168	18,603	2,337	21,108
Exchange differences	—	—	(5)	(33)	(38)
Charge for period	121	37	704	132	994
Disposals during period	—	(31)	(319)	(15)	(365)
At 2 April 2011	**121**	**174**	**18,983**	**2,421**	**21,699**
Net book value					
At 2 April 2011	**4,563**	**2,402**	**3,259**	**437**	**10,661**
At 3 April 2010	4,595	2,415	2,418	568	9,996

12. INTANGIBLE ASSETS

	Goodwill	Development expenditure	Total
	£000	£000	£000
Cost			
At 2 April 2011	1,514	3,325	4,839
Additions	—	549	549
Written off	—	(2,634)	(2,634)
At 31 March 2012	**1,514**	**1,240**	**2,754**
Amortisation and impairment			
At 2 April 2011	1,514	1,975	3,489
Amortisation	—	116	116
Impairment	—	931	931
Written off	—	(2,634)	(2,634)
At 31 March 2012	**1,514**	**388**	**1,902**
Net book value			
At 31 March 2012	**—**	**852**	**852**
At 2 April 2011	—	1,350	1,350

12. INTANGIBLE ASSETS CONTINUED

	Goodwill £000	Development expenditure £000	Total £000
Cost			
At 3 April 2010	1,514	2,919	4,433
Additions	—	406	406
At 2 April 2011	**1,514**	**3,325**	**4,839**
Amortisation and impairment			
At 3 April 2010	1,514	1,462	2,976
Amortisation	—	513	513
At 2 April 2011	**1,514**	**1,975**	**3,489**
Net book value			
At 2 April 2011	**—**	**1,350**	**1,350**
At 3 April 2010	—	1,457	1,457

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

	2012 £000	2011 £000
Operating expenses	**1,047**	**513**

IMPAIRMENT OF DEVELOPMENT EXPENDITURE
Within the Laser Marking business segment there has been a sales trend during the year towards the most recent technological ranges. During the year a review of the carrying value of development expenditure was made. This review resulted in an impairment charge of £931,000 in respect of those technologies that are becoming obsolete and whose future income stream is unlikely to recover the full carrying value. This impairment has been charged to special items.

IMPAIRMENT OF GOODWILL
Goodwill of £1.51m 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. £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. All of these cash-generating units have been reviewed for impairment and had been fully provided against at the start of the current reporting period.

Notes relating to the consolidated financial statements
For the 52-week period ended 31 March 2012

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	
	2012	2011	**2012**	2011	**2012**	2011
	£000	£000	**£000**	£000	**£000**	£000
Accelerated capital allowances	**72**	118	**—**	(19)	**72**	99
Short-term timing differences	**36**	39	**—**	—	**36**	39
Tax losses	**1.365**	1,370	**—**	—	**1,365**	1,370
Overseas tax losses	**405**	1,177	**—**	—	**405**	1,177
Revaluations and rolled over gains	—	—	**(1,226)**	(1,398)	**(1,226)**	(1,398)
Research and development	—	—	**(139)**	(400)	**(139)**	(400)
Tax assets/(liabilities)	**1,878**	2,704	**(1,365)**	(1,817)	**513**	887
Held for sale	**(405)**	—	—	—	**(405)**	—
Net tax assets/(liabilities)	**1,473**	2,704	**(1,365)**	(1,817)	**108**	887

MOVEMENT IN DEFERRED TAX DURING THE PERIOD

	As at 2 April 2011 £000	Income statement £000	Statement of comprehensive income £000	Exchange Fluctuations £000	**As at 31 March 2012 £000**
Accelerated capital allowances	99	(27)	—	—	**72**
Short-term timing differences	39	(3)	—	—	**36**
Tax losses	1,370	(5)	—	—	**1,365**
Overseas tax losses	1,177	(694)	—	(78)	**405**
Employee benefits	—	(386)	386	—	—
Revaluations and rolled over gains	(1,398)	172	—	—	**(1,226)**
Research and development	(400)	261	—	—	**(139)**
	887	(682)	386	(78)	**513**

MOVEMENT IN DEFERRED TAX DURING THE PRIOR PERIOD

	As at 3 April 2010 £000	Income statement £000	Statement of comprehensive income £000	Exchange Fluctuations £000	**As at 2 April 2011 £000**
Accelerated capital allowances	118	(19)	—	—	**99**
Short-term timing differences	7	32	—	—	**39**
Tax losses	1,433	(63)	—	—	**1,370**
Overseas tax losses	736	417	—	24	**1,177**
Revaluations and rolled over gains	(1,335)	—	(67)	4	**(1,398)**
Research and development	(400)	—	—	—	**(400)**
	559	367	(67)	28	**887**

Following the enactment of legislation in the UK to reduce the corporation tax rate from 28% to 26% from 1 April 2011, the effective tax rate this year includes the impact on the income statement of calculating the UK deferred tax balances at the lower UK corporation tax rate. The impact of this rate change is a £111,000 increase in the tax charge in the income statement. A further reduction in the UK tax rate to 23% has been enacted on 3 July 2012.

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

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

	2012 £000	2011 £000
Advance corporation tax recoverable	**1,670**	1,670
Tax losses	**7,600**	4,942

There is no expiry date for the advance corporation tax recoverable or the tax losses.

14. INVENTORIES

	2012 £000	2011 £000
Raw materials and consumables	**2,559**	7,025
Work in progress	**628**	2,072
Finished goods and goods for resale	**7,624**	9,645
	10,811	18,742

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 the period, the Group conducted a review of the net realisable value of its inventories in light of the deterioration in the global economic environment and obsolescence of certain product lines. When the estimated net realisable value was less than its carrying value within the balance sheet, the Group impaired the inventory values. During the period inventory provisions have increased by £3,389,000 (2011: reduced by £2,000). Following the impairment provisions, inventories are valued at fair value less costs to sell rather than at historical cost.

The value of inventories expensed in 2012 and included in cost of sales was £30,076,000 (2011: £26,880,000).

15. TRADE AND OTHER RECEIVABLES

	2012 £000	2011 £000
Trade receivables	**5,392**	7,535
Other debtors	**318**	542
Other prepayments and accrued income	**818**	845
	6,528	8,922

The trade receivables disclosed above are shown net of the provisions which are disclosed below.

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

	2012 £000	2011 £000
At start of year	**572**	818
Exchange differences on opening balances	**(3)**	(11)
Utilised in the period	**(164)**	(163)
Charged in the period	**62**	(51)
Receivables written off during the year as uncollectable	**(39)**	(21)
At end of year	**428**	572

15. TRADE AND OTHER RECEIVABLES CONTINUED

The ageing analysis of gross trade receivables is as follows:

	2012 £000	2011 £000
Current (not overdue and no provision held)	**3,980**	5,195
Overdue but no provision held:		
– 0–3 months overdue	**1,210**	1,771
– 3–6 months overdue	**589**	1,011
– 6–12 months overdue	**3**	59
– more than 12 months overdue	**38**	71
Total gross trade receivables before provision	**5,820**	8,107

As at 31 March 2012, 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. ASSETS HELD FOR SALE

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

The assets of 600SA, the Group's South African business, are shown as assets held for sale as the business was being actively marketed at the period-end and has subsequently been sold to Eqstra Holdings Limited on 16 July 2012. The liabilities of this business are also disclosed separately in the Consolidated statement of financial position (note 20).

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

17. CASH AND CASH EQUIVALENTS

	2012 £000	2011 £000
Cash at bank	**309**	952
Short-term deposits	**100**	100
Cash and cash equivalents per statement of financial position	**409**	1,052
Bank overdrafts (note 18)	**(526)**	(2,957)
Cash and cash equivalents per cash flow statement	**(117)**	(1,905)

18. LOANS AND OTHER BORROWINGS

CURRENT:	2012 £000	2011 £000
Bank overdrafts (note 17)	**526**	2,957
Bank loans	**1,761**	374
Obligations under finance leases (note 22)	**292**	298
	2,579	3,629

NON-CURRENT:	2012 £000	2011 £000
Bank loans	**3,638**	—
Shareholder loan	**2,052**	1,957
Obligations under finance leases (note 22)	**134**	261
	5,824	2,218

The £2.5m shareholder loan was issued with 12.5m convertible warrants attached to it. These warrants allow the holders to either convert the loan into 20p shares or to purchase 20p shares for a cash consideration. During the period 205,000 of these warrants have been exercised and as a result share capital has increased by £2,050 and share premium by £38,950. The loan has both debt and equity components and so the value has been split between these components. The debt element is only repayable in August 2015 and as a result the loan is classified as non-current. Deferred borrowing costs relating to the loan of £281,000 are also netted off the loan carrying value which at the period-end is £2,052,000.

The Term Loan of £1,138,000 included within Bank loans will be repaid on a quarterly basis with payments of £160,000 starting on 30 September 2013. The revolving credit facility of £2,500,000 included within Bank Loans is repayable in June 2014.

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.

The above loans and borrowings are secured by way of fixed and floating charges over the assets of the Company and its subsidiaries.

19. TRADE AND OTHER PAYABLES

	2012 £000	2011 £000
Payments received on account	**168**	82
Trade payables	**5,776**	7,399
Social security and other taxes	**930**	987
Other creditors	**1,082**	1,670
Accruals and deferred income	**1,600**	1,762
	9,556	11,900

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

	2012 £000	2011 £000
Other creditors	—	25

20. LIABILITIES HELD FOR SALE

	2012 £000	2011 £000
600SA liabilities held for sale	**4,488**	—
	4,488	—

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

21. PROVISIONS

	Other £000	Warranties £000	Total £000
Provision carried forward at 2 April 2011	—	252	252
Exchange differences	—	(6)	(6)
Charged to income statement	1,158	62	1,220
Transferred to liabilities held for sale	—	(64)	(64)
Utilised in the period	(43)	(118)	(161)
Provision carried forward at 31 March 2012	**1,115**	**126**	**1,241**

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 other provisions relate to various legal disputes that the directors believe should be provided against. This charge is included within special items within net operating expenses. The timing of these outflows is not clear due to the uncertainty around the timescales of the various legal processes.

22. OBLIGATIONS UNDER FINANCE LEASES

The maturity of obligations under finance leases is as follows:

	2012 £000	2011 £000
Falling due:		
– within one year	**292**	298
– within two to five years	**140**	351
– less future finance charges	**(6)**	(90)
	426	559
Amounts falling due within one year	**292**	298
Amounts falling due after one year	**134**	261
	426	559

23. SHARE CAPITAL

	2012 £000	2011 £000
Authorised		
626,391,704 ordinary shares of 1p each	**6,264**	6,264
57,233,679 deferred shares of 24p each	**13,736**	13,736
	20,000	20,000
Allotted, called-up and fully paid:		
Ordinary shares of 1p each		
57,933,679 ordinary shares of 1p each on issue at start of the period (2011: 57,233,679 ordinary shares of 25p each on issue at start of period)	**579**	14,308
57,233,679 ordinary shares of 25p each converted into 1p ordinary shares and 24p deferred shares	—	(13,736)
5,787,574 ordinary shares of 1p each issued in institutional placing	**58**	—
205,000 ordinary shares of 1p each issued under exercised warrants (2011: 700,000 ordinary shares of 1p each issued under exercised warrants)	**2**	7
63,926,253 ordinary shares of 1p each on issue at end of period (2011: 57,933,679 ordinary shares of 1p each on issue at end of period)	**639**	579
Deferred shares of 24p each:		
57,233,679 deferred shares of 24p each on issue at start of period (2011: nil)	**13,736**	—
57,233,679 ordinary shares of 25p each converted into 1p ordinary shares and 24p deferred shares	—	13,736
57,233,679 deferred shares of 24p each on issue at end of period	**13,736**	13,736
Total Allotted, called-up and fully paid at the end of period	**14,375**	14,315

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. During the year 205,000 of these warrants have been exercised and as a result share capital has increased by £2,050 and share premium by £38,950. In addition, an institutional placing of 5,787,574 in April 2011 resulted in share capital increasing by £57,876 and share premium by £1,707,334.

During the prior period each issued ordinary share of 25p was sub-divided and converted into one new ordinary share of 1p and one deferred share of 24p. Each of the unissued ordinary shares of 25p was also sub-divided into 25 ordinary shares of 1p.

During the prior period a £2.5m related party loan was issued with 12.5m convertible warrants attached to it. These warrants allow the holders to either convert the loan into 1p shares (at a price of 20p per share) or to purchase 1p shares for cash consideration (at a price of 20p per share).

24. RECONCILIATION OF NET CASH FLOW TO NET DEBT

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

25. ANALYSIS OF NET DEBT

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

26. 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. During the prior year a shareholder loan was raised which had 12.5m warrants attached to it. These warrants allow the holders to either convert the loan into 20p shares or to purchase 20p shares for a cash consideration. During the prior year 700,000 of these warrants were exercised for a cash. A further 205,000 shares were issued on exercise of warrants for cash and as a result share capital has increased by £2,050 and share premium by £38,950.

The Directors determine the appropriate capital structure of the Group between funds raised from equity shareholders (equity), through the issue of shares and retention of profits generated, and funds borrowed from financial institutions, other businesses, individuals and preference shareholders (debt) in order to finance the Group's activities both now and in the future. The Board's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns to Shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Directors have decided that it has not been possible to pay a dividend to equity shareholders.

In addition, on 5 April 2011 the Group raised approximately £1.76m through an institutional placing of 5,787,574 new ordinary shares of 1p each at a price of 30.5p per share on 5 April 2011.

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.

26. 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:

	2012 **£000**	2011 £000
Trade receivables	**5,392**	7,535
Cash and cash equivalents	**409**	1,052
	5,801	8,587

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

	2012 **£000**	2011 £000
UK	**3,229**	3,360
Other European countries	**107**	122
North America	**1,811**	1,344
Africa	—	2,219
Australasia	**245**	490
	5,392	7,535

26. FINANCIAL INSTRUMENTS CONTINUED

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.

Due to banking facilities being held with different banks in USA, Australia and South Africa certain restrictions on the repatriation of funds to the UK may be imposed by the local bank or in the case of South Africa the Central Reserve Bank as at the period-end date.

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:

	2012 carrying amount £000	Contractual cash flows £000	Less than 1 year £000	1–2 years £000	2–5 years £000
Bank overdrafts	**526**	**526**	**526**	**—**	**—**
Bank loan	**5,399**	**5,399**	**1,761**	**640**	**2,998**
Other loan	**2,052**	**2,052**	**—**	**—**	**2,052**
Finance lease obligations	**426**	**426**	**292**	**134**	**—**
Interest bearing financial liabilities	**8,403**	**8,403**	**2,579**	**774**	**5,050**
Trade and other payables	**5,776**	**5,776**	**5,776**	**—**	**—**
Financial liabilities	**14,179**	**14,179**	**8,355**	**774**	**5,050**

	2011 carrying amount £000	Contractual cash flows £000	Less than 1 year £000	1–2 years £000	2–5 years £000
Bank overdrafts	2,957	2,957	2,957	—	—
Bank loan	374	374	374	—	—
Other loan	1,957	1,957	—	—	1,957
Finance lease obligations	559	649	298	351	—
Interest bearing financial liabilities	5,847	5,937	3,629	351	1,957
Trade and other payables	7,399	7,399	7,399	—	—
Financial liabilities	13,246	13,336	11,028	351	1,957

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.

26. FINANCIAL INSTRUMENTS CONTINUED

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 (€) and US Dollars ($).

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

	2012			2011		
	PLN 000	US Dollars $000	Euro €000	PLN 000	US Dollars $000	Euro €000
Trade receivables	**276**	**1,811**	**95**	122	89	117
Trade payables	**(1,479)**	**(533)**	**(1,142)**	(866)	(226)	(1,291)
Balance sheet exposure	**(1,203)**	**1,278**	**(1,047)**	(744)	(137)	(1,174)

The following exchange rates applied during the year:

	2012		2011	
	Average rate	Year end spot rate	Average rate	Year end spot rate
US Dollar	**1.600**	**1.598**	1.556	1.603
Polish zloty	**4.83**	**4.983**	4.637	4.566
Euro	**1.160**	**1.200**	1.169	1.133

	Net assets in foreign currency	Change if appreciated/ depreciated by 25% against local currency
US Dollar	**4,062**	**1,016**

The Group has operations around the world and is therefore exposed to foreign exchange risk arising from net investments in foreign operations. Where cost effective, the exposures arising from the translation of the net assets of the Group's foreign operations are managed through the use of borrowings or cross-currency swaps in the relevant foreign currency.

Some Group operations on occasion also enter into commercial transactions in currencies other than their functional currencies. Exposures arising from the translation of foreign currency transactions are continually monitored and material exposures are managed where necessary through the use of forward contracts or options once cash flows can be identified with sufficient certainty. Exposures arising from the translation of intra-group lending are managed through the use of borrowings in the relevant foreign currency.

26. FINANCIAL INSTRUMENTS CONTINUED

The following table shows the impact (due to the retranslation of non-functional currency monetary assets and liabilities in the Group's operations) of a, reasonably possible, 10% movement in the Group's principal foreign currency exchange rates at the year-end date.

	10% increase		10 % decrease	
	Effect on profit before tax	Effect on shareholders' equity	Effect on profit before tax	Effect on shareholders' equity
31 March 2012				
US$	**(399)**	**(399)**	**488**	**488**
AUD	**(70)**	**(70)**	**86**	**86**
2 April 2011				
US$	(341)	(341)	418	418
AUD	(146)	(146)	178	178

The effect on profit before taxation is due to the retranslation of trade receivables, cash and cash equivalents, borrowings, trade payables and derivative financial assets and liabilities denominated in non-functional currencies. The effect on shareholders' equity is due to the effect on profit as well as the effect of financial assets and liabilities denominated in foreign currencies qualified as either cash flow or net investment hedges.

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 £'000	Change if interest rates in foreign Currency change by 1% £'000
US Dollar	**(288)**	**(3)**
South African Rand	**614**	**6**
AUS Dollar	**121**	**1**
Polish Zloty	**19**	**—**
CAD Dollar	**16**	**—**

The impact of interest rate risk on the Group's result is due to changes in interest rates on net floating rate cash and cash equivalents and borrowings. At 31 March 2012, if interest rates on the Group's net floating rate cash and cash equivalents and borrowings had been 100 basis points higher, a reasonably possible movement, with all other variables held constant, the effect on profit before taxation in the year would have been a credit of £0.06m (2011: charge of £0.03m). A reduction of 100 basis points would have the equal and opposite effect. There is no further impact on shareholders' equity.

26. FINANCIAL INSTRUMENTS CONTINUED

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 on occasion 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.

At the period-end there were no outstanding derivative contracts in place.

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 enters into forward currency derivative transactions on occasion which have been used in the management of risks associated with currency exposure. There were no contracts in place at the period-end.

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 2 April 2011 was a liability of £nil (Note 18) (2010: liability of £nil) and the movement has been recognised within cost of sales.

FINANCIAL ASSETS

The Group's financial assets comprise cash, trade receivables and derivative contract assets. The profile of the financial assets at 31 March 2012 and 2 April 2011 was:

	2012				2011			
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	**11**	**100**	**3,118**	**3,229**	15	100	3,752	3,867
US Dollars	**345**	**—**	**2,851**	**3,196**	86	—	1,981	2,067
Australian Dollars	**291**	**—**	**312**	**603**	202	—	490	692
Euros	**—**	**—**	**—**	**—**	—	—	—	—
Polish Zloty	**5**	**—**	**276**	**281**	19	—	336	355
Canadian Dollars	**3**	**—**	**—**	**3**	16	—	—	16
South African Rand	**—**	**—**	**—**	**—**	614	—	2,361	2,975
	655	**100**	**6,557**	**7,312**	952	100	8,920	9,972

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

Currency	%
US Dollars	2.0%
Australian Dollars	2.5%
South African Rand	7.0%
Polish Zloty	0.0%
Canadian Dollars	0.0%

Sterling fixed-rate financial assets are centrally controlled. At 31 March 2012 the weighted average interest rate on these deposits was 1.0% (2010: 3.0%).

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

26. FINANCIAL INSTRUMENTS CONTINUED

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 31 March 2012 and 2 April 2011 was:

	2012				2011			
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 paid £000	Total £000
Sterling	**3,025**	**298**	**7,776**	**11,099**	2,957	478	7,365	10,800
US Dollars	**1,064**	—	**1,519**	**2,583**	374	—	1,287	1,661
South African Rand	—	—	—	—	—	—	2,810	2,810
Australian Dollars	—	**128**	**261**	**389**	—	81	423	504
Canadian Dollars	—	—	**21**	**21**	—	—	267	267
	4,089	**426**	**9,577**	**14,092**	3,331	559	12,152	16,042

The floating rate financial liabilities comprise bank borrowings and overdrafts that bear interest rates based on local currency base interest rates.

BORROWING FACILITIES

At 31 March 2012 and 2 April 2011 the Group had undrawn committed borrowing facilities as follows:

	2012 '000	2011 '000
UK	**£200**	£400
US	**$800**	$1,000
Australia	**AUD$900**	AUD$900
South Africa	**R16,000**	R2,600

FAIR VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

	2012 £000	2011 £000
Trade receivables	**5,392**	7,535
Cash and cash equivalents	**409**	1,052
Bank overdrafts	**(526)**	(2,957)
Bank loan	**(5,399)**	(374)
Other loans	**(2,052)**	(1,957)
Finance lease obligations	**(426)**	(559)
Trade payables	**(5,776)**	(7,399)
Fair value of derivative contracts	**—**	—
	(8,378)	(4,659)

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.

27. CONTINGENT LIABILITIES

	2012	2011
	£000	£000
Third-party guarantees	86	60

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.

28. CAPITAL COMMITMENTS

	2012	2011
	£000	£000
Capital expenditure contracted for but not provided in the accounts	**—**	—

29. OPERATING LEASE COMMITMENTS

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

	2012	2011
	£000	£000
Land and buildings		
Within one year	**33**	239
More than one year and less than five years	**49**	652
Over five years	**—**	49
	82	940
Other		
Within one year	**31**	116
More than one year and less than five years	**4**	45
	35	161

30. 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.

During the prior period, a credit of £2.57m arose in respect of changes to the assumptions within the Group's pension and healthcare plans and was primarily as a result of using the consumer price index as the measure of price inflation as opposed to the retail price index due to the UK Government's announcement that the former will be used from April 2011 onwards. The directors have taken the view that the actions of the company in the past have created a valid expectation for scheme members to receive RPI-linked benefits. The scheme booklet refers specifically to the RPI and deferred benefit statements sent to members also refers to RPI-linked benefits.

The directors believed that the announcement of the change to CPI by the government and subsequent changes to payments made by the Company changed this constructive obligation and so the gain was recognised under UITF 48 as a benefit change through the consolidated income statement in the prior period.

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 37 members (2011 – 39) who are retired employees.

The most recent annual valuation was carried out as at 2 April 2011. The disclosures for the US schemes that follow refer to the US defined benefit scheme and the retirement healthcare benefit scheme.

30. 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 2011 at age 65 will live on average for a further 21.6 years (2011: 20.5 years) after retirement if male and for a further 23.6 years (2011: 22.9 years) after retirement if female.

For a member who is currently aged 45 retiring in 2030 at age 65, the assumptions are that they will live on average for a further 22.4 years (2011: 22.4 years) after retirement if they are male and for a further 24.8 years (2011: 24.8 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:

	2010 UK scheme % p.a.	2011 UK scheme % p.a.
Inflation under RPI	**3.2**	3.5
Inflation under CPI	**2.2**	2.6
Rate of general long-term increase in salaries	**4.7**	5.0
Rate of increase for CARE benefit while an active member	3.1	3.5
Rate of increase to pensions in payment – LPI 5%	**3.1**	3.3
Rate of increase to pensions in payment – LPI 2.5%	**2.1**	2.2
Discount rate for scheme liabilities	**4.7**	5.6

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 0.68% (2011: 0.68%) and for the US medical scheme was 0.68% (2011: 0.68%).

	Expected return on assets UK scheme					
	Long-term rate of return expected at 31 March 2012 % p.a.	**Value at 31 March 2012 £m**	Long-term rate of return expected at 2 April 2011 % p.a.	Value at 2 April 2011 £m	Long-term rate of return expected at 3 April 2010 % p.a.	Value at 3 April 2010 £m
Equities	**8.00**	**53.61**	8.70	54.20	9.80	45.72
Property	**8.00**	**19.39**	8.70	18.95	10.30	10.22
LDI funds	**3.50**	**70.69**	4.70	63.82	4.80	62.97
Government bonds	**3.50**	**n/a**	4.70	n/a	4.80	21.76
Corporate bonds	**4.70**	**40.97**	5.60	34.64	6.00	16.72
Other	**3.50**	**3.12**	4.70	1.42	4.80	14.47
Combined	**6.30**	**187.78**	6.60	173.03	6.60[1]	171.86

[1] 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 31 March 2012.

The assets held within the US scheme amount to £0.89m and are held mainly in bonds.

30. EMPLOYEE BENEFITS CONTINUED

IAS 19 CONTINUED

Assumed healthcare cost trend rates have a significant effect on the amounts recognised in the income statement. From 1 November 2010 future changes in healthcare costs re the US retirement healthcare benefit scheme will be borne by the participants rather than the company. As a result the effect of healthcare cost changes are not disclosed for 2012 and 2011 year-ends.

	2012		2011	
	One percentage point increase £000	**One percentage point decrease £000**	One percentage point increase £000	One percentage point decrease £000
(Increase)/decrease in the aggregate cost of the service and interest cost	**n/a**	**n/a**	n/a	n/a
(Increase)/decrease in defined benefit obligation	**n/a**	**n/a**	n/a	n/a

The assets and liabilities of the schemes at 31 March 2012 and 2 April 2011 were:

	2012			2011		
	US schemes £000	**UK scheme £000**	**Total £000**	US schemes £000	UK scheme £000	Total £000
Assets	**885**	**187,780**	**188,665**	922	173,030	173,952
Liabilities	**(2,897)**	**(174,840)**	**(177,737)**	(2,771)	(168,900)	(171,671)
(Deficit)/surplus	**(2,012)**	**12,940**	**10,928**	(1,849)	4,130	2,281
Unrecognised asset due to limit in paragraph 58 (b) of IAS 19	—	**12,940**	**12,940**	—	4,130	4,130

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

	2012			**2011**		
	US schemes £000	**UK scheme £000**	**Total £000**	US schemes £000	UK scheme £000	Total £000
Included within operating profit:						
– current service cost	**22**	**260**	**282**	33	310	343
– past service cost credit	**—**	**—**	**—**	—	(2,570)	(2,570)
– curtailment cost	**—**	**—**	**—**	—	—	—
Included within financial income:						
– expected return on scheme assets	**(44)**	**(10,790)**	**(10,834)**	(46)	(10,830)	(10,876)
Included within financial expense:						
– interest cost on scheme liabilities	**128**	**9,140**	**9,268**	154	9,330	9,484

30. EMPLOYEE BENEFITS CONTINUED

IAS 19 CONTINUED

Amounts recognised in the statement of comprehensive income are as follows:

	2012			2011		
	US schemes £000	**UK scheme £000**	**Total £000**	US schemes £000	UK scheme £000	Total £000
Actual return on scheme assets	**22**	**24,570**	**24,592**	52	10,800	10,852
Expected return on scheme assets	**(44)**	**(10,790)**	**(10,834)**	(46)	(10,830)	(10,876)
	(22)	**13,780**	**13,758**	6	(30)	(24)
Change in irrecoverable surplus – limit on paragraph 58 (b) of IAS 19	—	**(8,810)**	**(8,810)**	—	(4,130)	(4,130)
Experience gain/(loss) on liabilities	**(152)**	**(6,580)**	**(6,732)**	249	2,010	2,259
Net gain/(loss) before exchange	**(174)**	**(1,610)**	**(1,784)**	255	(2,150)	(1,895)
Exchange differences	—	**—**	—	(7)	—	(7)
Amounts recognised during the period	**(174)**	**(1,610)**	**(1,784)**	248	(2,150)	(1,902)
Balance brought forward	**413**	**1,144**	**1,557**	165	3,294	3,459
Balance carried forward	**239**	**(466)**	**(227)**	413	1,144	1,557

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

	2012			2011		
	US Schemes £000	**UK scheme £000**	**Total £000**	US schemes £000	UK scheme £000	Total £000
Opening defined benefit obligation	**2,771**	**168,900**	**171,671**	3,187	173,770	176,957
Exchange differences	**9**	**—**	**9**	(154)	—	(154)
Current service cost	**22**	**260**	**282**	33	310	343
Past service cost credit	**—**	**—**	—	—	(2,570)	(2,570)
Curtailments	**—**	—	**—**	—	—	—
Interest cost	**128**	**9,140**	**9,268**	154	9,330	9,484
Benefits paid	**(184)**	**(10,260)**	**(10,444)**	(200)	(10,190)	(10,390)
Actuarial (gains)/losses	**151**	**6,580**	**6,731**	(249)	(2,010)	(2,259)
Contributions by scheme participants	**—**	**220**	**220**	—	260	260
Closing defined benefit obligations	**2,897**	**174,840**	**177,737**	2,771	168,900	171,671

Notes relating to the consolidated financial statements
For the 52-week period ended 31 March 2012

30. EMPLOYEE BENEFITS CONTINUED
IAS 19 CONTINUED
Changes in the fair value of the schemes' assets before taxation are as follows:

	2012			2011		
	US schemes £000	**UK scheme £000**	**Total £000**	US schemes £000	UK scheme £000	Total £000
Opening fair value of scheme assets	**922**	**173,030**	**173,952**	960	171,860	172,820
Exchange differences	**2**	**—**	**2**	(47)	—	(47)
Expected return	**44**	**10,790**	**10,834**	46	10,830	10,876
Actuarial gains/(losses)	**(22)**	**13,780**	**13,758**	7	(30)	(23)
Contribution by scheme participants	**—**	**220**	**220**	—	260	260
Contributions by employer	**—**	**220**	**220**	16	300	316
Benefits paid	**(61)**	**(10,260)**	**(10,321)**	(60)	(10,190)	(10,250)
Closing fair value of schemes' assets	**885**	**187,780**	**188,665**	922	173,030	173,952
Unrecognised asset due to limit in paragraph 58 (b) of IAS 19	—	—	—	—	—	—
	885	**187,780**	**188,665**	922	173,030	173,952

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

	2012			2011		
	US Schemes £000	**UK Scheme £000**	**Total £000**	US schemes £000	UK scheme £000	Total £000
Present value of defined benefit obligation	**2,897**	**174,840**	**177,737**	2,771	168,900	171,671
Fair value of scheme assets	**885**	**187,780**	**188,665**	922	173,030	173,952
(Deficit)/surplus in the scheme	**(2,012)**	**12,940**	**10,928**	(1,849)	4,130	2,281
Experience adjustments on the scheme liabilities	**(151)**	**(6,580)**	**(6,731)**	249	2,010	2,259
Experience adjustments on scheme assets	**(22)**	**13,780**	**13,758**	7	(30)	(23)
Exchange differences	**(8)**	**—**	**(8)**	(8)	—	(8)

Total contributions to the defined benefit schemes for 2012 are expected to be £180,000.

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

	31 March 2012 £000	2 April 2011 £000	3 April 2010 £000	28 March 2009 £000	29 March 2008 £000
Fair value of scheme assets	**188,665**	173,952	172,820	158,568	176,452
Defined benefit obligation	**(177,737)**	(171,671)	(176,957)	(159,327)	(152,417)
Surplus/(Deficit) in schemes	**10,928**	2,281	(4,137)	(759)	24,035
Unrecognised asset due to limit in paragraph 58 (b) of IAS 19	**(12,940)**	(4,130)	—	(3,070)	(27,000)
Deficit in schemes	**(2,012)**	(1,849)	(4,137)	(3,829)	(2,965)

	2012 £000	2011 £000	2010 £000	2009 £000	2008 £000
History of experience gains and losses					
Experience gains/(losses) on scheme assets	**13,758**	(23)	16,275	(18,819)	(6,190)
Experience (losses)/gains on scheme liabilities[1]	**(6,731)**	2,259	(19,323)	(5,612)	(9,798)

[1] 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.

Notes relating to the consolidated financial statements
For the 52-week period ended 31 March 2012

31. ACQUISITIONS

In November 2010 the Group acquired 100% of the shares of Fabryka Maszyn Tarnow Sp z.o.o., a machine tool manufacturer, in Poland. The consideration of €1m was paid in stages with €500,000 paid upon acquisition, €250,000 paid in February 2011 and the final €250,000 paid on 31 July 2011.

Consideration	Consideration	**Consideration**
	€000	**£000**
Cash paid	750	**632**
Deferred consideration	250	**211**
Total consideration	1,000	**843**

The deferred consideration of £211,000 was included within Trade and other payables at the prior period-end.

Identifiable assets acquired

	€000	**£000**
Plant and machinery	1,000	**843**

The fair value of the plant and machinery was evaluated by the directors. No inventory was included in the acquisition.

FMT's revenue for the current period was £3,731,000 with a loss from operations before special items of £1,432,000 (2011 – revenue of £866,000 with a profit from operations before special items of £226,000).

32. 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 24 to 29.

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

FINANCIAL INSTRUMENTS

Note 24 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 30 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 reviews 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 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. The decision to treat the results of 600SA as discontinued is driven from the fact that the sale of the company was being actively marketed prior to the year-end and this sale has been subsequently finalised in July 2012.

33. 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.

Mr P Dupee is the managing partner of Haddeo Partners LLP who have received £200,000 in interest payments during the financial year in respect of the Shareholder Loan of £2.5m.

There have been no other transactions between Key Management Personnel and the Company. None of the directors were due any monies at the end of the current period or the prior period.

The Group contributed £0.22m to the UK pension scheme during the current period (2011 - £0.30m) and no contributions were overdue at the period-end. In the US no employer contributions were made to the US pension scheme during the current period (2011 - £0.16m) and no payments were overdue at the period-end.

34. POST BALANCE SHEET EVENTS

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

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

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

Company balance sheet
As at 31 March 2012

Company No. 00196730

	Notes	**As at 31 March 2012 £000**	As at 3 April 2011 £000
Fixed assets			
Tangible assets	4	**1,169**	1,197
Investments	5	**8,713**	20,110
		9,882	21,307
Current assets			
Debtors	6	**34,879**	11,690
Cash at bank and in hand		**6,143**	874
		41,022	12,564
Current liabilities			
Creditors: amounts falling due within one year	7	**(28,450)**	(1,945)
Net current assets		**12,572**	10,619
Total assets less current liabilities		**22,454**	31,926
Creditors: amounts falling due after more than one year	8	**(5,690)**	(1,957)
Net assets		**16,764**	29,969
Capital and reserves			
Called-up share capital	9	**14,375**	14,315
Share premium account	10	**15,645**	13,899
Revaluation reserve	10	**236**	236
Capital redemption reserve	10	**2,500**	2,500
Equity reserve	10	**167**	160
Translation reserve	10	**(22)**	(22)
Profit and loss account	10	**(16,137)**	(1,119)
Equity shareholders' funds	13	**16,764**	29,969

The financial statements on pages 61 to 69 were approved by the Board of Directors on 5 September 2012 and were signed on its behalf by:

NEIL CARRICK
GROUP FINANCE DIRECTOR
5 SEPTEMBER 2012

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 2006. 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 2012 are for the 52-week period ended 31 March 2012. The results for 2011 are for the 52-week period ended 2 April 2011.

A separate profit and loss account dealing with the results of the Company only has not been presented, as permitted by Section 408 of the Companies Act 2006.

Under FRS 1 the Company is exempt from the requirement to present its own cash flow statement.

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 24 to 29.

REVALUATION OF FIXED ASSETS

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

In 2010 the Company adopted a policy of revaluation for properties. As a result all properties were independently revalued during March 2010.

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.

Company accounting policies

DIVIDENDS
Dividends on non-equity shares are recognised as a liability and accounted for on an accruals basis. Equity dividends are recognised as a liability in the period in which they are declared (appropriately authorised and no longer at the discretion of the Company).

FRS8 EXEMPTION
As these Parent Company Financial Statements are presented together with the Consolidated Financial Statements, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with wholly owned entities which form part of the Group (or investees of theGroup qualifying as related parties).

Notes relating to the company financial statements

1. PERSONNEL EXPENSES

	2012 £000	2011 £000
Staff costs:		
– wages and salaries	**680**	728
– social security costs	**79**	88
– pension charges	**95**	33
– equity share options (credit)/expense	**(61)**	127
	793	976

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

	2012 Number	2011 Number
Machine tools and equipment	**5**	4

These staff costs related entirely to the Directors and head office staff who are all classified as administration and management.

Details of Directors' emoluments, share option schemes and pension entitlements are given in the Remuneration Report on pages 13 to 17.

2. EMPLOYEE SHARE OPTION SCHEMES

The Group has granted share options to employees under The 600 Group PLC 2008 and 2009 Peformance Share Plan.

On 25 August 2009, awards were made to the Executive Directors under the Performance Share Plan (the PSP). On 22 March 2011, further awards were made to the Executive Directors and other senior employees under the PSP scheme. Options are exercisable at the end of a three year performance period and are subject to performance criteria relating to TSR, EPS and average share price targets as set out in the Remuneration Report. The scheme is equity-settled.

SHARE-BASED EXPENSE

The Group recognised total expense of £90,000 (2011:expense of £127,000) in relation to equity-settled share-based payment transactions.

	2012 PSP	2011 PSP	2012 DSP	2011 DSP
The number and weighted average exercise prices of share options				
Number of options outstanding at beginning of period	**4,711,898**	2,404,669	__	—
Number of options granted in period	**1,144,737**	2,612,080	**502,576**	—
Number of options forfeited/lapsed in period	**(2,099,818)**	(304,851)	__	—
Number of options exercised in period	**—**	—	**—**	—
Number of options outstanding at end of period	**3,756,817**	4,711,898	**502,576**	—
Number of options exercisable at end of period	**—**	—	**502,576**	—

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 2008 PERFORMANCE SHARE PLAN

The fair value of awards granted under the 600 group plc 2008 and 2009 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:

	2012 £000	2011 £000
Fair value	**£0.1625**	£0.28625
Share price at grant	**£0.1625**	£0.28625
Exercise price	**£nil**	£nil
Dividend yield	**0%**	0%
Expected volatility	**50%**	12%
Expected life	**3.0 years**	3.0 years
Risk-free interest rate	**5%**	4.08%
Number of shares under option	**2,404,669**	4,711,898

Notes relating to the company financial statements

3. DIVIDENDS
No dividend was paid in period (2011: no dividend paid).

4. TANGIBLE FIXED ASSETS

	Land and buildings		Fixtures, fittings, tools and	
	Long lease	Short lease	equipment	Total
	£000	£000	£000	£000
Cost or valuation				
At 2 April 2011	1,217	92	93	1,402
Additions	—	—	1	1
At 31 March 2012	**1,217**	**92**	**94**	**1,403**
At professional valuation	1,217	92	—	1,309
At cost	—	—	94	94
	1,217	**92**	**94**	**1,403**
Depreciation				
At 2 April 2011	26	92	87	205
Charge for period	26	—	3	29
At 31 March 2012	**52**	**92**	**90**	**234**
Net book value				
At 31 March 2012	**1,165**	—	**4**	**1,169**
At 2 April 2011	1,191	—	6	1,197

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 2010 the Group's properties were revalued. The valuations were performed by independent valuers, Eddisons, and the valuations were determined by market rate for sale with vacant possession. The Directors believe that these valuations remain appropriate at 31 March 2012. Revalued amounts are reflected in the balance sheet with the resulting credit taken to revaluation reserve.

Various UK properties are charged as security for borrowing facilities.

5. INVESTMENTS

	Shares In Group Undertakings
	£000
Cost:	
At 2 April 2011	40,423
Additions in the period	—
At 31 March 2012	**40,423**
Provisions	
At 2 April 2011	20,313
Impairment in the period	11,398
At 31 March 2012	**31,710**
Net book values	
At 31 March 2012	**8,713**
At 2 April 2011	20,110

During the period the company provided in full against the carrying value of the investment in FMT-Colchester z.o.o. in Poland of £870,000 as a result of the group's decision to close FMT-Colchester in August 2012.

5. INVESTMENTS CONTINUED

During the period an impairment review of the carrying values of investments in other group companies resulted in an additional increase in the provision of £10,528,000. This review comprised a comparison of the investment with its recoverable amount (the higher of net realisable value and value in use). To the extent that the carrying amount exceeds the recoverable amount, an impairment charge is recognised. Value in use calculations are based on Board approved profit forecasts and the resulting cashflows are discounted at the Group's pre-tax weighted average cost of capital, which is adjusted for CGU risk factors, resulting in a rate of 19%. Cash flows are extrapolated beyond their term (of between 1 and 4 years) using an estimated growth rate of 2% and are appropriate because these are long term businesses. The growth rates used are consistent with the long-term average growth rates for the countries in which the CGUs are located. This has no impact on the group accounts.

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
FMT-Colchester z.o.o. (Poland) *

US
600 Group Inc.
Clausing Industrial, Inc.

REST OF THE WORLD
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. All undertakings above are included in the consolidated accounts.

All other subsidiary undertakings will be shown in the company's next annual return.

6. DEBTORS

	2012	2011
	£000	£000
Amounts owed by subsidiary undertakings[1]	**34,673**	11,523
Other debtors	**206**	97
Other prepayments and accrued income	**—**	70
	34,879	11,690

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

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012	2011
	£000	£000
Bank loans	**824**	—
Other loans	**1,042**	—
Trade creditors	**1,852**	416
Amounts owed to subsidiary undertakings[1]	**24,700**	1,054
Corporation tax	**32**	44
Sundry creditors	**—**	149
Accruals and deferred income	**—**	282
Other creditors	**28,450**	1,945

[1] 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.

Notes relating to the company financial statements

8. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2012	2011
	£000	£000
Shareholder loan	**2,052**	1,957
Bank loans	**3,638**	—
	5,690	1,957

The £2.5m shareholder loan was issued with 12.5m convertible warrants attached to it. These warrants allow the holders to either convert the loan into 20p shares or to purchase 20p shares for a cash consideration. During the year 205,000 of these warrants have been exercised and as a direct result share capital has increased by £2,050 and share premium by £38,950. The loan has both debt and equity components and so the value has been split between these components. The debt element is only repayable in August 2015 and as a result the loan is classified as non-current. Deferred borrowing costs relating to the loan of £281,000 are also netted off the loan carrying value which at the period-end is £2,052,000.

The Term Loan of £1,138,000 within bank loans will be repaid on a quarterly basis with payments of £160,000 starting on 30 September 2013. The revolving credit facility of £2,500,000 is repayable in June 2014.

9. SHARE CAPITAL

	2012	2011
	£000	£000
Authorised		
626,391,704 ordinary shares of 1p each	**6,264**	6,264
57,233,679 deferred shares of 24p each	**13,736**	13,736
	20,000	20,000
Allotted, called-up and fully paid:		
Ordinary shares of 1p each		
57,933,679 ordinary shares of 1p each on issue at start of the period (2011: 57,233,679 ordinary shares of 25p each on issue at start of period)	**579**	14,308
57,233,679 ordinary shares of 25p each converted into 1p ordinary shares and 24p deferred shares	**-**	(13,736)
5,787,574 ordinary shares of 1p each issued in institutional placing	**58**	-
205,000 ordinary shares of 1p each issued under exercised warrants (2011: 700,000 ordinary shares of 1p each issued under exercised warrants)	**2**	7
63,926,253 ordinary shares of 1p each on issue at end of period (2011: 57,933,679 ordinary shares of 1p each on issue at end of period)	**639**	579
Deferred shares of 24p each:		
57,233,679 deferred shares of 24p each on issue at start of period (2011: nil)	**13,736**	-
57,233,679 ordinary shares of 25p each converted into 1p ordinary shares and 24p deferred shares	**-**	13,736
57,233,679 deferred shares of 24p each on issue at end of period	**13,736**	13,736
Total Allotted, called-up and fully paid at the end of period	**14,375**	14,315

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. During the year 205,000 of these warrants have been exercised and as a result share capital has increased by £2,050 and share premium by £38,950. In addition, an institutional placing of 5,787,574 in April 2011 resulted in share capital increasing by £57,876 and share premium by £1,707,334.

During the prior period each issued ordinary share of 25p was sub-divided and converted into one new ordinary share of 1p and one deferred share of 24p. Each of the unissued ordinary shares of 25p was also sub-divided into 25 ordinary shares of 1p.

During the prior period a £2.5m related party loan was issued with 12.5m convertible warrants attached to it. These warrants allow the holders to either convert the loan into 1p shares (at a price of 20p per share) or to purchase 1p shares for cash consideration (at a price of 20p per share).

Notes relating to the company financial statements

10. RESERVES

	Share premium account £000	Revaluation reserve £000	Capital redemption reserve £000	Equity reserve £000	Translation reserve £000	Profit and loss Account £000
At 3 April 2010	13,766	236	2,500	—	(22)	(3,148)
Profit for the period	—	—	—	—	—	2,029
Shareholder loan	—	—	—	160	—	—
Exercised warrants	133	—	—	—	—	—
At 2 April 2011	13,899	236	2,500	160	(22)	(1,119)
Loss for the period	—	—	—	—	—	(15,108)
Share-based payment	—	—	—	—	—	90
Shareholder loan	—	—	—	7	—	—
On shares issued	1,746	—	—	—	—	—
At 31 March 2012	**15,645**	**236**	**2,500**	**167**	**(22)**	**(16,137)**

In accordance with the exemption allowed under Section 408 of the Companies Act 2006, the Company has not presented its own profit and loss account but has returned a loss in the period of £15,108,,000 (2011: profit of £2,029,000). 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 required is instead disclosed in Note 3 to the Consolidated financial statements.

11. CONTINGENT LIABILITIES

	2012 £000	2011 £000
Bank guarantees in respect of Group undertakings	**86**	43

12. 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 2007. The Company is unable to identify its share of the underlying assets and liabilities of the fund. The surplus on the fund amounted to £12.9m at 31 March 2012. Under IFRS the surplus has not been recognised in the period (Note 30 of the Consolidated financial statements). Under FRS 17, the Company treats its contributions into these schemes as though they were defined contribution schemes. The pension contribution charge for the Company amounted to £22,000 (2011: £34,000).

13. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2012 £000	2011 £000
Retained (loss)/profit	**(15,018)**	2,029
Issued share capital/share premium	**1,806**	140
Equity reserve	**7**	160
Net increase/(reduction) in shareholders' funds	**(13,205)**	2,329
Opening shareholders' funds	**29,969**	27,640
Closing shareholders' funds	**16,764**	29,969

14. RELATED PARTY TRANSACTIONS

There are no related party transactions which require disclosure.

15. POST BALANCE SHEET EVENT REVIEW

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

On 10 August 2012 the Group announced that it was closing its manufacturing subsidiary FMT in Poland. This activity has been included in continuing activities at 31 March 2012 but is expected to be treated as a discontinued activity in the year to March 2013. Certain impairments have been made as a result of this decision and included in the Group Accounts at 31 March 2012.

The 600 Group PLC
Union Street
Heckmondwike
West Yorkshire
WF16 0HL

T: +44 (0)1924 415000
W: www.600group.com