The 600 Group PLC
Annual Report and Accounts 2013

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Chairman's statement

Overview

I am pleased to report satisfactory financial results for the year ended 30 March 2013 after a period of major management and strategic change. Following the execution of the turnaround plan during the first half of the year, excellent progress has been made in delivering profitable growth from a stable base. Following the successful refinancing in September 2012, it is particularly pleasing to report financial results for the second half of the year which were ahead of market expectations.

Strategy

Management aim to develop the Group's key strengths in metal turning machine tools, precision engineered components, and laser marking equipment. In each of these activities, Group businesses have strong products and brands, significant market share, diverse geographical spread, robust manufacturing and supply chains, and reliable distribution partners.

Non-core businesses in South Africa and Poland, and surplus freehold properties in the UK were sold during the year. The financial effects of these divestments are dealt with in discontinued activities and special items.

Towards the end of the financial year, the Group had started to marshal the financial and management capacity to begin evaluating potential acquisition targets as a means of generating additional scale, market penetration and accelerating growth.

Results and dividend

Revenue from continuing operations grew by 11.2% to £41.79m (2012: £37.57m) and generated a net operating profit from continuing operations but before Special Items of £0.97m (2012: £0.23m) and a net operating profit after Special Items of £1.67m (2012: loss of £9.61m).

After taking account of financial income and expense, Special Items, taxation and discontinued activities the net profit of the Group for the financial year was £3.94m (2012: loss of £14.85m).

Underlying earnings (from continuing operations before Special Items) amounted to 5.84 pence per share (2012: 0.38p) and earnings from continuing operations after special items amounted to 5.64 pence per share (2012: loss of 15.05p). Total earnings were 5.25 pence per share (2012: loss of 23.30p). 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 before expenses. 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.

At the end of the financial year, group net indebtedness had reduced from £7.99m to £5.41m, and gearing was 25%. The group had financial headroom on existing borrowing facilities of £3.20m and was in full compliance with all financial covenants.

Prospects

Market conditions became more challenging in the final quarter of the year, especially in the Eurozone and Australia. Greater focus on customer service, supply chain efficiency and reduced lead times have facilitated increased market share despite this environment, and the board is confident that these improvements can be sustained in future.

Paul Dupee
Chairman
26 June 2013

Group chief executive's review of operations

Introduction

The 600 Group PLC ("the Group") is a leading 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.

During the early part of the financial year, the initial priorities were to stabilise the financial position of the Group and to implement a strategic review designed to introduce a stable, profitable and cash generative business model. This business plan was determined by the time of the refinancing in September 2012, and the financial performance of the Group in the second half of the year has slightly exceeded the expectations which were set at that time, despite some softening of end-user markets.

Throughout the second half, the emphasis has moved towards the strengthening of the financial and operational control environment, and delivering measurable improvements in customer service levels. This has involved the introduction of a dashboard of key performance indicators for each business unit covering both financial and non-financial measures.

The improved financial position of the Group has also facilitated necessary investment in new product development, production equipment and facilities, and a return to normalised levels of inventory holdings to support sales activity in the UK businesses. Customer backlogs, which had become unacceptably high in Europe, have now returned to acceptable levels by industry standards, although further improvements can still be achieved.

Our businesses have excellent products, and unrivalled brand heritage. Customer loyalty has been tested over a troubled period in recent years, but has been found to be robust now that lead times and quality standards that meet or exceed the requirements of end-users have been re-established. Furthermore, the main focus of the relationships with our supply chain partners has moved away from financial issues, and towards greater flexibility, design-led cost reduction activity and the need for product development.

Financial highlights

A full discussion of the financial results is set out in the Financial review on the following pages.

Revenues from continuing operations increased by 11.2% to £41.79m, with gross margins steady and net operating margins increasing to almost 5% of revenues in the second half. Group businesses have sufficient capacity to deliver further growth in revenues without corresponding step changes in fixed costs (including central overheads), and consequently there remains scope for further improvement in net operating margin in future.

Group net indebtedness stood reduced at £5.41m by the end of the year (2012: £7.99m), despite additional investment in inventory in the UK businesses to support customer service improvements, and reduction in average trade creditor days in the UK from 89 days to 61 days to ease supply chain bottlenecks following the refinancing in September 2012

Overall, the primary objective of delivering a stable, profitable and cash generative core business has been delivered, and this moves the main emphasis now on the delivery of organic growth, and the assessment of opportunities to expand by acquisition.

Machine tools and precision engineered components

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

Group chief executive's review of operations

The financial results of these activities were as follows:

	2013	2012
	£ 000	*£ 000*
Revenues	34,906	31,114
Adjusted operating profit before special items	2,145	1,468
Operating margin	***6.1%***	***4.7%***

Revenues increased by 12.2% with particularly strong growth in the well established markets of North America, and Europe.

Industry statistics for machine tool consumption in North America, which have been broadly stable since 2010, displayed a declining trend in the second half of the year. The North American business, trading under the Clausing brand name, has been able to deliver continuous healthy growth in this environment by focusing on enhanced market share through customer service. Almost half of revenues are derived from the sale of work-holding, accessories, spares and service, and these activities tend to be less reliant on the manufacturing investment cycle than the sale of machine tools. In addition, recent development of products derived from domestic sources has generated a favourable market reaction in the current economic climate.

Market conditions in Europe have been somewhat mixed during the year, with UK and CEE markets beginning to show signs of some improvement, contrasting with a more general slowdown in the Eurozone including France and Germany. Revenues have shown growth of almost 15% during the year, partly as a result of reducing the unacceptable order backlog evident at the beginning of the year. With customer lead times now at industry standard in the range 2-3 months, there is now the opportunity to increase selling activity and continue to recover market share, and this will be the key to delivering revenue growth in the coming year.

In December 2012, we announced the sale and partial leaseback of the main facility at Heckmondwike in West Yorkshire. Refurbishment of the newer portion of the facility, No.1 Union Works, is substantially complete and was the recent venue for a well-attended European distributor open house event. The facility houses manufacturing for Pratt Burnerd work-holding, cellular assembly of Tornado CNC controlled turning machines, and the custom fitting of controls and accessories onto conventional and Alpha machines, the manufacture of which is outsourced to our design. Measures to engender a culture of continuous improvement are underway, and further reductions in lead times, production costs and working capital commitments are targeted as a result of these initiatives.

Laser marking

Electrox designs, develops and manufactures equipment for the permanent marking of a wide variety of materials using lasers from its operations at Letchworth Garden City. These can be sold as a custom product for integration into automated production lines, or already fitted into a range of standard and custom workstations built at our own facility. This equipment is then sold by direct sales operations in the UK and North America, and through an established network of distributor partners throughout Europe and beyond.

Results for the financial period were as follows:

	2013	2012
	£ 000	*£ 000*
Revenues	6,882	6,451
Adjusted operating profit before special items	213	316
Operating margin	***3.1%***	***4.9%***

Revenues for Electrox increased by 6.7%, with stronger growth in the second half of the year. Gross margins were slightly lower, mostly as a consequence of increased sales commissions, and operating profits were also lower due to increased expenditure on sales and marketing.

Throughout the year, we have engaged in extensive new product development and will introduce a complete range of workstations and state-of-the-art software controls during the first half of the current financial year. These new product launches will position Electrox with an industry leading product range and well spread geographical markets. Prototypes were shown at a recent distributor event, and were well received.

The world market for laser marking equipment is quite fragmented and currently estimated to exceed £200m. This provides ample opportunity for Electrox to deliver improving results in future.

Discontinued activities and divestments

In July 2012, the sale of the Group's subsidiary in South Africa, 600 SA Pty Ltd ("600SA") was completed for net cash proceeds of £1.7m. In September 2012, the Group also completed the sale of its subsidiary in Poland, FMT Colchester Sp. Zo.o ("FMT") for a nominal sum. This sale followed the closure of FMT which was announced in August 2012 due to the withdrawal of financial support from FMT by 600 Group.

During the period these businesses made a net loss after taxation of £0.5m and a profit on sale of £0.2m. These amounts are dealt with as discontinued activities in the current financial period and comparative figures have been adjusted as required. No significant further costs are expected to arise in future periods.

The Group also sold surplus freehold property at Shepshed, Leicestershire, and at Batley in West Yorkshire, realising net cash proceeds of £1.6m. In December 2012, the Group entered into a sale and partial leaseback of the freehold site at Heckmondwike in West Yorkshire realising net proceeds of £1.1m. The net effect of these transactions is treated under the category "Special Items" and set out in Note 3 to the financial statements.

UK pension scheme

The Group operated a defined benefit pension scheme in the UK which, with effect from 31 March 2013, was closed to the accrual of benefits in respect of future service. All UK employees are now offered membership of a replacement money-purchase scheme.

At 31 March 2013, the defined benefit scheme had investment assets of £203.30m which were estimated to be sufficient to cover 111% of the cost of future benefits measured on an on-going accounting basis. The Company and the Trustees of the scheme work in close co-operation to ensure the security of future member benefits, whilst mitigating the risk and cost of contributions to Group companies.

Accordingly, it is considered reasonably unlikely that the Group will be required to make significant cash contributions to the Scheme on a more conservative funding basis for the foreseeable future.

Corporate 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 continuous dialogue with local and global stakeholders to create trust, opportunity and long term sustainable value.

Current trading and outlook

There was clear evidence from industry statistics and other sources of market intelligence of a slowing in machine tool consumption across both mature and developing markets towards the latter part of the financial year. In March 2013, Oxford Economics – the most widely quoted authority – downgraded the 2013 forecast growth in global demand from approximately 8% to just above 2%, with much of the growth emanating from the domestic market in China.

Revenues in the first quarter of the current financial year are expected to be marginally higher than the corresponding period last year. Results for the quarter will be ahead of last year as a consequence of reductions achieved in the group cost base during the second half.

Order intake in the quarter to date represented 109% of revenues (FY13Q1: 104%), indicating improving conditions as we enter the second quarter. The current order book is ahead of last year as a consequence of reductiforward revenue at the current rate.

The underlying level of customer enquiries is encouraging, with early signs of recovery in North America and the UK. Demand in the Eurozone and Australia is expected to continue to be patchy, at least during the first half. Accordingly, the board is cautiously optimistic of continued progress in the current financial year.

Nigel Rogers
Group Chief Executive
26 June 2013

Financial review

Results

Revenue from continuing operations increased by 11.2% to £41.79m (2012: £37.57m). The corresponding operating profit before Special Items was £0.97m (2012: profit of £0.23m) and £1.67m (2012: loss £9.61m) after Special Items.

After taking account of financial income and expenses including a net credit in respect of pensions interest of £3.50m (2012 : £1.57m), the net profit from continuing operations, before taxation, discontinued activities and Special Items, was £3.90m (2012: £1.15m).

Group operations in South Africa and Poland were sold in July and September 2012 respectively and have been treated as discontinued operations in this year's results and comparative figures adjusted accordingly. The net loss after taxation of £0.30m in respect of the trading activity and loss on sale of these operations is disclosed in discontinued operation in the Consolidated Income Statement.

A curtailment credit of £2.43m in respect of the closure of the UK final salary scheme to future accrual, and restructuring and other costs amounting to £1.73m which in the judgement of management are non-recurring in nature and resulting in a net credit of £0.70m (2012 cost of £9.83m) have been disclosed as Special Items.

The total net profit for the period was £3.94m (2012: loss of £14.85m).

Basic earnings per share from continuing operations before Special Items was 5.84p (2012: 0.38p) and total basic earnings per share, after allowing for Special Items and discontinued activities, was 5.25p (2012: loss of 23.30p).

Taxation

The company incurred significant trading and capital losses in prior years in the UK and accordingly has no liability for taxation in the UK. In North America prior tax losses have now been utilised and the current year Group charge is principally in respect of taxation of profits in North America. Taxation will be payable going forward on profits in North America and tax continues to be paid in Australia on profits made there.

Deferred taxation was recognised this year in North America in respect of their prior years' losses and other timing differences and consequently a large credit of £1.7m has been recorded for prior year deferred taxation. The pensions curtailment gain and net notional pensions credit from interest on pension liabilities and return on pensions assets has resulted in a large deferred taxation charge in the current year of £1.6m. The inclusion of the UK final salary scheme surplus on the balance sheet this year has required all tax provisions relating to these pension entries to be calculated at 35% being the rate of taxation which would be applicable to any refund from the scheme. Additional deferred taxation has been provided on the pension scheme surplus recognised through the Consolidated Statement of Comprehensive Income and shown within this Statement.

Retirement Benefits

The accounting surplus on the UK final salary scheme has been included on the Group Statement of Financial Position for the first time this year as a result of a change in the wording of the scheme rules which has allowed the requirements on surplus recognition within IFRIC 14 to be applied. The accounting surplus at 30 March 2013 was £19.46m. The US retiree health scheme and pension fund deficits reduced during the year due to changes in actuarial assumptions to £1.35m (2012:£2.01m).

As a result of the closure of the UK scheme to future accrual a curtailment gain has arisen on the actuarial calculation of the liabilities which has been shown as a Special Item in the Group Income Statement. The income statement in addition to the current service charge within operating costs, also reflects the interest on the scheme liabilities and the return on the scheme assets within financial income and expense in the Group Income Statement which resulted this year in a net credit of £3.5m (2012: £1.6m). In accordance with the current legislation on taxation of pension surplus returns to a company, deferred taxation has been provided for on the pension entries at 35% as opposed to the normal 23% rate.

Cashflow and borrowings

Group net debt at 30 March 2013 had reduced to £5.4m (2012: £8.0m). The Term Loan facility in the UK had been paid down to £0.8m by 30 March 2013 but further capital repayments were deferred until September 2013 as part of the refinancing in September 2012 which also provided a further £300k overdraft facility for the UK businesses in addition to the existing £2.5m Revolving Credit facility. Surplus properties at Shepshed, Batley and Heckmondwike were sold during the year raising £2.7m and the divestment of the South African business in July 2012 resulted in a further £1.7m of cash being generated. The net proceeds of the equity raise in September was £1.2m and the refinancing allowed the release of extended UK creditors and stock levels to return to a normal position in the UK from their low point before the refinancing. Trade and other payables had reduced year on year by £2.6m at 30 March 2013. Capital expenditure was £0.66m with the majority of this being on the Electrox development of their new software and workstations. £0.5m was expended on redundancies, reorganisation and restructuring.

Headroom on bank facilities was £3.2m at the year end.

Treasury and risk management

Financial risks

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

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

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

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

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

Market risks

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

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

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

Other principal risks and uncertainties

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

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

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 working capital control 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:

- Revenue growth - annual growth rate of Revenue 11.2% (2012: 4.2%)
- Gross Margin – gross profit before special items as a percentage of Revenue 31.7% (2012: 32.3%)
- Operating margin – operating profit before special items as a percentage of Revenue; 2.3% (2012: 0.6%)
- Working Capital levels – inventory plus trade and other receivables less trade and other payables as a percentage of Revenue 22.8% (2012: 20.7%)
- Book to bill ratio – ratio of new orders to revenue on a 3 monthly rolling basis - 85%
- Order backlog – the value of outstanding orders expressed in months - 2 months

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, 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

26 June 2013

Report of the directors

Paul Dupee*

Appointed to the Board as a non-executive Director on 2 February 2011 and appointed Chairman on 14 September 2011. A private investor and currently Managing Partner of Haddeo Partners LLP.

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, and director of Cares UK PLC.

Derek Zissman*

Appointed to the Board as a non-executive Director on 2 February 2011. Currently a non-executive director of GFI Software S.a.r.l and member of Barclays Wealth & Investment Management Committee. Previously vice-chairman, KPMG LLP.

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

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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 30 March 2013, which should be read in conjunction with the Chairman's Statement on the affairs of the Group (page 1), the Group Chief Executive's Review of Operations (pages 2 to 5) and the Group Finance Director's Financial Review (pages 6 to 8). 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 2013 are for the 52-week period ended 30 March 2013. The results for 2012 are for the 52-week period ended 31 March 2012.

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 18.

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 8. 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 (2012: £nil). The Group made no political donations in the period (2012: £nil).

INTERESTS IN SHARE CAPITAL

At 5 June 2013, 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	22,792,535	27.05
Henderson Global Investors	5,326,509	6.32
Mr A Perloff and the Maland Pension Fund Trustees	5,100,000	6.05
Miton Capital Partners	4,253,777	5.05
Aerion Fund Management	4,126,667	4.90
Schroder Investment Management	3,671,320	4.36

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 year to 31 March 2012. 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 8,425,609 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 28 September 2012. 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 9.

The directors retiring by rotation are Mr D Zissman and Mr P Dupee who, being eligible, offer themselves for re-election, 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 30 March 2013 are shown in the Remuneration Report on pages 13 to 16.

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 61 days (2012: 89 days) of average purchases for the Company and 51 days (2012: 62 days) for the Group.

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 30 March 2013.

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.

AUDITOR

Our auditor, KPMG Audit Plc, has instigated an orderly wind down of business. The Board has decided to put KPMG LLP forward to be appointed as auditors and a resolution concerning their appointment will be put to the members at the 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
26 JUNE 2013

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
26 JUNE 2013

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

The Committee held two 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.

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 currently participate in a discretionary bonus scheme linked to the achievement of annual financial and personal performance targets. The Committee is reviewing future incentive arrangements.

LONG-TERM INCENTIVE PLANS

THE 600 GROUP PLC 2008 AND 2009 PERFORMANCE SHARE PLAN (THE PSP)

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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 but have subsequently lapsed or been forfeited.

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. Options granted on 18 January 2012 have been forfeited. Options were granted on 19 November 2012 which are exercisable at 10p between three and ten years after grant date.

BENEFITS IN KIND

Executive Directors benefits include car allowance, medical insurance for self and family. Pension contributions of 9% of basic salary were also to paid to Mr Carrick.

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 2012 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.

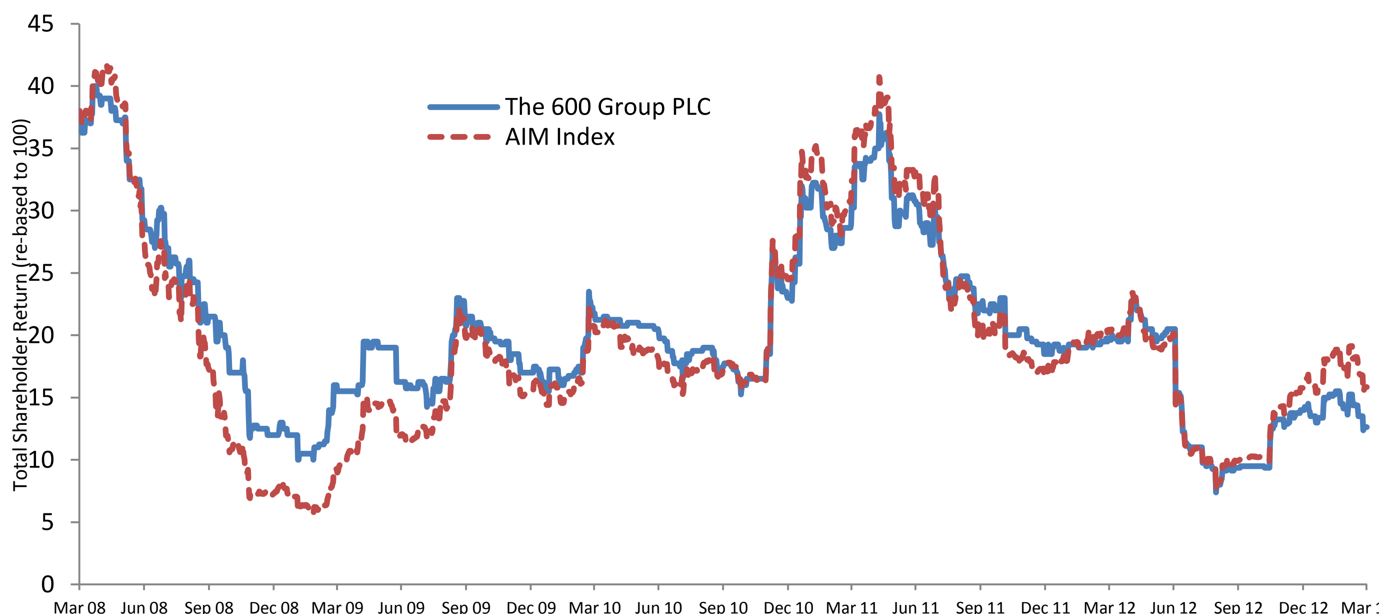
NON-EXECUTIVE DIRECTORS' REMUNERATION

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.

FIVE YEAR TOTAL SHAREHOLDER RETURN

This graph shows the Total Shareholder Return (TSR) of the Company from 1 April 2008 to 30 March 2013 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.



Remuneration report

DIRECTORS' INTERESTS IN SHARES

The interests of Directors holding office at 30 March 2013 in the ordinary shares of the Company were as follows:

	At 30 March 2013 Number	At 31 March 2012 Number
P R Dupee	**22,792,535**	16,125,868
N F Rogers	**1,036,667**	100,000
S J Rutherford	**20,000**	20,000
N R Carrick	**—**	—
D Zissman	**150,000**	50,000

P R Dupee's interest in the 22.8m 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 £	Bonus Shares[4] £	Bonus Cash £	All benefits in kind £	**Total 2013 £**	Total 2012 £
P R Dupee	—	60,000	—	—	—	**60,000**	47,625
N F Rogers	200,000	—	158,056	20,000	2,481	**380,537**	—
N R Carrick	145,000	—	14,500	43,500	13,852	**216,853**	82,900
D Zissman	—	33,000	—	—	—	**33,000**	33,000
S J Rutherford	—	33,000	—	—	—	**33,000**	33,000
D H Norman[1]	—	—	—	—	—	—	532,005
M G D Wakeman[2]	—	—	—	—	—	—	332,073
M J Temple[3]	—	—	—	—	—	—	60,000
Total	345,000	126,000	172,556	63,500	16,333	**723,390**	1,120,603

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[1] Resigned 26 March 2012. Prior year termination payment was subsequently reduced by £105,890.

[2] Resigned 2 October 2011. Prior year termination payment was subsequently reduced by £69,470.

[3] Resigned 14 September 2011.

[4] Bonus after tax used to subscribe for new shares

DIRECTORS' PENSION ENTITLEMENTS

Pension contributions of £13,050 (2012:£6,525) for N R Carrick, £nil (2012: £97,175) for D H Norman and £nil (2012: £61,263) for M G D Wakeman were paid into their personal pension schemes.

DIRECTORS' SHARE OPTIONS

Details of share options at 30 March 2013 and 31 March 2012 for each Director who held office during the year are as follows:

	Number of options at 31 March 2012	Granted	Exercised	Lapsed/ forfeited	**Number of options at 30 March 2013**
D H Norman	1,513,487	—	—	(1,513,487)[1]	**Nil**
M G D Wakeman	954,154	—	—	(954,154)[1]	**Nil**
N R Carrick	1,144,737	1,750,000[2]	—	(1,144,737)[3]	**1,750,000**
N F Rogers	Nil	2,750,000[2]	—	—	**2,750,000**

[1]Options in respect of Mr Norman and Mr Wakeman were forfeited as part of amendment to their termination agreements during the year.

[2]4,500,000 options with an exercise price of 10p were granted under The 600 Group PLC Deferred Share Plan on 19 November 2012 and are exercisable between 3 and 10 years from the grant date.

[3] 1,144,737 nil cost options granted under the 600 Group PLC 2008 Performance Share Plan on 18 January 2012 were cancelled on 19 November 2012.

The charge to the Income Statement in respect of share based payments was £100,000 (2012: £90,000).

The share price at 30 March 2013 was 12.625p and the highest and lowest prices during the period were 22.75p and 7.375p, respectively.

On behalf of the Board

NEIL CARRICK
DIRECTOR
26 JUNE 2013

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 30 March 2013 set out on pages 18 to 67. 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/auditscopeukprivate.

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 30 March 2013 and of the group's profit 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

26 June 2013

Consolidated income statement
For the 52-week period ended 30 March 2013

	Note	Before special items 52 weeks ended 30 March 2013 £'000	Special items 52 weeks ended 30 March 2013 £'000	After special items 52 weeks ended 30 March 2013 £'000	As restated * Before special items 52 weeks ended 31 March 2012 £'000	As restated * special items 52 weeks ended 31 March 2012 £'000	As restated * After special items 52 weeks ended 31 March 2012 £'000
Continuing							
Revenue	1	**41,788**	**-**	**41,788**	37,565	-	37,565
Cost of sales		**(28,538)**	**(600)**	**(29,138)**	(25,429)	(4,464)	(29,893)
Gross profit		**13,250**	**(600)**	**12,650**	12,136	(4,464)	7,672
Other operating income	2	**79**	**-**	**79**	126	-	126
Net operating expenses	2	**(12,356)**	**1,298**	**(11,058)**	(12,037)	(5,367)	(17,404)
Operating profit/(loss)	4	**973**	**698**	**1,671**	225	(9,831)	(9,606)
Bank and other interest		**7**		**7**	24		24
Expected return on pension assets		**11,570**		**11,570**	10,834		10,834
Financial income	6	**11,577**	-	**11,577**	10,858	-	10,858
Bank and other interest		**(469)**		**(469)**	(560)		(560)
Amortisation of shareholder loan expenses		**(117)**		**(117)**	(109)		(109)
Interest on pension obligations		**(8,067)**		**(8,067)**	(9,268)		(9,268)
Financial expense	6	**(8,653)**	-	**(8,653)**	(9,937)	-	(9,937)
Profit/(loss) before tax		**3,897**	**698**	**4,595**	1,146	(9,831)	(8,685)
Income tax credit / (charge)	7	**486**	**(850)**	**(364)**	(907)	-	(907)
Profit/(loss) for the period from continuing operations		**4,383**	**(152)**	**4,231**	239	(9,831)	(9,592)
Post tax loss of discontinued operations	1	**(295)**	**-**	**(295)**	(5,257)	-	(5,257)
Total (loss)/profit for the financial year attributable to Equity holders of the parent		**4,088**	**(152)**	**3,936**	(5,018)	(9,831)	(14,849)

Special items comprise exceptional costs and credits relating to reorganisation, redundancy, inventory and intangibles impairments, property disposals, refinancing, pension scheme closure and share based payments (see note 3)

* Comparative figures have been restated as a result of the South African and Polish businesses being treated as discontinued

		Note	Before special items 2013	Special items 2013	After special items 2013	Before special items 2012	Special items 2012	After special items 2012
Basic earnings/(loss) per share per share	**- continuing**	**9**	**5.84p**	**(0.20)p**	**5.64p**	0.38p	(15.43)p	(15.05)p
	- discontinued		**(0.39)p**		**(0.39)p**	(8.25)p		(8.25)p
	- Total		**5.45p**	**(0.20)p**	**5.25p**	(7.87)p	(15.43)p	(23.30)p
Diluted earnings/(loss) per share	**- continuing**	**9**	**5.72p**	**(0.20)p**	**5.52p**	0.38p	(15.43)p	(15.05)p
	- discontinued		**(0.39)p**		**(0.39)p**	(8.25)p		(8.25)p
	- Total		**5.34p**	**(0.20)p**	**5.14p**	(7.87)p	(15.43)p	(23.30)p

Company Number 00196730

Consolidated statement of comprehensive income
for the 52-week period ended 30 March 2013

	Notes	**52-week period ended 30 March 2013 £000**	52-week period ended 31 March 2012 £000
Profit/(loss) for the period		**3,936**	(14,849)
Other comprehensive income/(expense)			
Foreign exchange translation differences		**-**	(95)
Net actuarial gains on employee benefit schemes	30	**1,406**	7,025
Impact of changes to defined benefit asset limit	30	**12,940**	(8,810)
Impact of transfer to assets held for sale		**(616)**	349
Deferred taxation	13	**(4,720)**	386
Other comprehensive income/(expense) for the period, net of income tax		**9,010**	(1,145)
Total comprehensive income/(expense) for the period		**12,946**	(15,994)
Attributable to:			
Equity holders of the Parent Company		**12,946**	(15,994)
Total recognised (expense)/income		**12,946**	(15,994)

Consolidated statement of financial position
As at 30 March 2013

Company Number 00196730

	Notes	**As at 30 March 2013 £000**	As at 31 March 2012 £000
Non-current assets			
Property, plant and equipment	11	**4,500**	5,085
Intangible assets	12	**1,297**	852
Deferred tax assets	13	**3,120**	1,473
Employee benefits	30	**18,105**	-
		27,022	7,410
Current assets			
Inventories	14	**10,273**	10,811
Trade and other receivables	15	**6,183**	6,528
Assets held for sale	16	**-**	9,093
Cash and cash equivalents	17	**1,025**	409
		17,481	26,841
Total assets		**44,503**	34,251
Non-current liabilities			
Employee benefits	30	**-**	(2,012)
Loans and other borrowings	18	**(5,100)**	(5,824)
Deferred tax liabilities	13	**(7,597)**	(1,365)
		(12,697)	(9,201)
Current liabilities			
Trade and other payables	19	**(6,973)**	(9,556)
Income tax payable		**(535)**	(199)
Provisions	21	**(1,309)**	(1,241)
Loans and other borrowings	18	**(1,332)**	(2,579)
Liabilities held for sale	20	**-**	(4,488)
		(10,149)	(18,063)
Total liabilities		**(22,846)**	(27,264)
Net assets		**21,657**	6,987
Shareholders' equity			
Called-up share capital	23	**14,579**	14,375
Share premium account		**16,858**	15,645
Revaluation reserve		**909**	1,080
Capital redemption reserve		**2,500**	2,500
Equity reserve		**173**	167
Translation reserve		**1,860**	1,487
Retained earnings		**(15,222)**	(28,267)
Total equity		**21,657**	6,987

The financial statements on pages 18 to 67 were approved by the Board of Directors on 26 June 2013 and were signed on its behalf by:

NEIL CARRICK
GROUP FINANCE DIRECTOR
26 June 2013

Consolidated statement of changes in equity

As at 30 March 2013

	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 Equity £000
At 2 April 2011	**14,315**	**13,899**	**1,475**	**2,500**	**1,697**	**160**	**(12,363)**	**21,683**
At 3 April 2011	14,315	13,899	1,475	2,500	1,697	160	(12,363)	21,683
Loss for the period	—	—	—	—	—	—	(14,849)	(14,849)
Other comprehensive income:								
Foreign currency translation	—	—	(46)	—	(210)	—	(95)	(351)
Net actuarial losses on employee benefit schemes	—	—	—	—	—	—	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)
Deferred tax	—	—	—	—	—	—	386	386
Total comprehensive income	—	—	(395)	—	(210)	—	(15,994)	(16,599)
Transactions with owners:								
Share capital subscribed for	60	1,746	—	—	—	—	—	1,806
Shareholder loan issue with convertible warrants	—	—	—	—	—	7	—	7
Credit for share-based payments	—	—	—	—	—	—	90	90
Total transactions with owners	60	1,746	—	—	—	7	90	1,903
At 31 March 2012	**14,375**	**15,645**	**1,080**	**2,500**	**1,487**	**167**	**(28,267)**	**6,987**
At 1 April 2012	14,375	15,645	1,080	2,500	1,487	167	(28,267)	6,987
Profit for the period	—	—	—	—	—	—	3,936	3,936
Other comprehensive income:								
Foreign currency translation	—	—	26	—	373	—	—	399
Net actuarial losses on employee benefit schemes	—	—	—	—	—	—	1,406	1,406
Impact of assets disposed of	—	—	(197)	—	—	—	(616)	(813)
Impact of changes to defined benefit asset limit	—	—	—	—	—	—	12,940	12,940
Deferred tax	—	—	—	—	—	—	(4,720)	(4,720)
Total comprehensive income	—	—	(171)	—	373	—	12,946	13,148
Transactions with owners:								
Share capital subscribed for	204	1,213	—	—	—	—	—	1,417
Shareholder loan issue with convertible warrants	—	—	—	—	—	6	—	6
Credit for share-based payments	—	—	—	—	—	—	99	99
Total transactions with owners	204	1,213	—	—	—	6	99	1,522
At 30 March 2013	**14,579**	**16,858**	**909**	**2,500**	**1,860**	**173**	**(15,222)**	**21,657**

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

Consolidated cash flow statement
For the 52-week period ended 30 March 2013

	Notes	**52-week period ended 30 march 2013 £000**	52-week period ended 31 March 2012 £000
Cash flows from operating activities			
Profit/(loss) for the period		**3,936**	(14,849)
Adjustments for:			
Amortisation of development expenditure		**87**	116
Depreciation		**627**	1,033
Impairment of goodwill		—	931
Impairment of tangible fixed assets		—	1,158
Net financial income		**(2,924)**	(921)
Net pension credit		**(2,429)**	(1,224)
Other Special Items		**1,631**	—
Equity share option expense		**100**	90
Discontinued operations		**(295)**	—
Income tax expense		**364**	907
Operating cash flow before changes in working capital and provisions		**1,097**	(12,759)
Decrease/(increase) in trade and other receivables		**346**	(1,240)
Decrease in inventories		**104**	5,896
(Decrease)/Increase in trade and other payables		**(2,701)**	3,358
Restructuring and redundancy expenditure		**(572)**	—
Decrease in employee benefits		—	1,767
Cash used in operations		**(1,726)**	(2,978)
Interest paid		**(469)**	(757)
Income tax paid		**(40)**	(132)
Net cash flows from operating activities		**(2,235)**	(3,867)
Cash flows from investing activities			
Interest received		**7**	68
Proceeds from sale of property, plant and equipment		**2,710**	380
Proceeds from sale of subsidiary undertakings		**1,708**	—
Purchase of property, plant and equipment		**(129)**	(963)
Development expenditure capitalised		**(532)**	(549)
Refinancing expenditure		**(286)**	—
Net cash flows from investing activities		**3,478**	(1,064)
Cash flows from financing activities			
Proceeds from issue of ordinary shares		**1,416**	1,806
Repayment from external borrowing		**(1,383)**	—
Net proceeds from external borrowing		—	4,986
Finance lease expenditure		**(173)**	—
Net cash flows from financing activities		**(140)**	6,792
Net increase in cash and cash equivalents	24	**1,103**	1,861
Cash and cash equivalents at the beginning of the period		**(117)**	(1,905)
Effect of exchange rate fluctuations on cash held		**39**	(73)
Cash and cash equivalents at the end of the period	17	**1,025**	(117)

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 2013 are for the 52-week period ended 30 March 2013. The results for 2012 are for the 52-week period ended 31 March 2012. 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 was agreed with the Trustees of the UK 600 Group Pension Scheme on 28 September 2012 allowing the accounting surplus on the scheme to be included on the Group balance sheet under IFRIC 14.

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

	Effective for accounting periods starting on or after:
International Financial Reporting Standards:	
IAS 1 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
IAS 32 Offsetting Financial Assets and liabilities	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 with the exception of IAS 19 where the expected return on pension assets at a rate above that of the interest on pension obligations will be replaced by a net figure based upon the discount rate applied to the net defined benefit asset or liability. Had the standard been applied to the current year the net credit to the Consolidated Income Statement would have been £760,000.

The Company has elected to prepare its Parent Company financial statements in accordance with UK GAAP; these are presented on pages 59 to 67.

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 31.

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

Group accounting policies

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

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 page 1 and the Group Chief Executive's Review of Operations on pages 2 to 5. 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 6 to 8 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. On the 5 September 2012 these existing facilities were amended to include 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 was put in place. Overseas bank overdrafts in place around the Group are all due for renewal within the next 6 months. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of these facilities.

The Group has held discussions with Santander PLC and its overseas banks and no matters have been drawn to its attention to suggest the renewal of, or provision of, similar working capital facilities would not be forthcoming on acceptable terms at the expiry of the current facility terms. The Group also considers that alternative sources of finance would be available should the need arise.

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, depending on the respective terms of sale. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated completion costs, the possible return of goods or continuing management involvement with the goods.

SEGMENT 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 the Polish business was the only Group operation in that country and both have 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.

Group accounting policies

OPERATING PROFIT, SPECIAL ITEMS AND DISCONTINUED OPERATIONS

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.

Special Items include gains and losses on the revaluation or sale of properties and assets, exceptional costs relating to reorganisation, redundancy, restructuring, legal disputes, inventory and intangibles impairments and pension scheme curtailment costs and credits. Discontinued operations include the results for the South African and Polish businesses which were disposed of during the period.

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. The UK defined benefit scheme was closed to future accrual on 31 March 2013 after a period of consultation with employees and the agreement of the scheme trustees.

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.

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 30 March 2013. Revalued amounts are reflected in the balance sheet with the resulting credit taken to revaluation reserve. Profits or losses on disposals are calculated using the carrying value in the balance sheet.

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.

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 Black Scholes 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 based on market valuations obtained. 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.

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 21.

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 30 March 2013

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 the Polish business was the only Group operation in that country and both have been classified as a discontinued activity in these accounts. The Executive Directors consider there to be two continuing operating segments being Machine Tools and Precision Engineered Components and Laser Marking .

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

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

52 Weeks ended 30 March 2013	**Continuing**					
	Machine Tools & Precision Engineered Components	**Laser Marking**	**Head Office & unallocated**	**Total continuing**	**Discontinued**	**Total**
Segmental analysis of revenue	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Revenue from external customers	34,906	6,882	—	41,788	3,658	45,446
Inter-segment revenue	—	131	—	131	323	454
Total segment revenue	34,906	7,013	—	41,919	3,981	45,900
Less: inter-segment revenue	—	(131)	—	(131)	(323)	(454)
Total revenue	34,906	6,882	—	41,788	3,658	45,446
Segmental analysis of operating Profit/(loss) before Special Items	2,145	213	(1,385)	973	(500)	473
Special Items	(1,391)	7	2,082	698	—	698
Group profit from operations	754	220	697	1,671	(500)	1,171
Other segmental information:						
Reportable segment assets	25,981	5,170	12,405	43,556		
Reportable segment liabilities	(32,387)	(5,167)	3,831	(33,723)		
Fixed asset additions	72	57	—	129		
Depreciation and amortisation	491	195	28	714		

Notes relating to the consolidated financial statements
For the 52-week period ended 30 March 2013

1. SEGMENT INFORMATION CONTINUED

52-weeks ended 31 March 2012	Continuing					
Segmental analysis of revenue	Machine Tools & Precision Engineered Components £000	Laser Marking £000	Head Office & unallocated £000	Total £000	Discontinued £000	Total £000
Revenue from external customers	31,114	6,451	—	37,565	15,600	53,165
Inter-segment revenue	—	200	—	200	1,903	2,103
Total segment revenue	31,114	6,651	—	37,765	17,503	55,268
Less: inter-segment revenue	—	(200)	—	(200)	(1,903)	(2,103)
Total revenue per statutory accounts	31,114	6,451	—	37,565	15,600	53,165
Segmental analysis of operating Profit/(loss) before special Items	1,468	316	(1,559)	225	(1,097)	(872)
Special Items	(6,435)	(1,372)	(2,024)	(9,831)	(3,048)	(12,879)
Group (Loss)/profit from operations	(4,967)	(1,056)	(3,583)	(9,606)	(4,145)	(13,751)
Other segmental information:						
Reportable segment assets	21,034	4,056	1,385	26,475	7,776	34,251
Reportable segment liabilities	(15,441)	(3,977)	(1,903)	(21,321)	(5,943)	(27,264)
Non-current assets	3,063	2,310	2,037	7,410	—	7,410
Fixed asset additions	229	151	1	381	582	963
Depreciation and amortisation	613	225	28	866	283	1,149
Impairment of fixed assets	—	—	—	—	1,158	1,158
Impairment of development costs	—	931	—	931	—	931

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	**2013**		2012	
	£000	**%**	£000	%
Gross sales revenue:				
UK	**18,076**	**39.8**	16,414	30.9
North America	**19,994**	**44.0**	17,167	32.3
Australasia	**3,718**	**8.2**	3,984	7.5
Continuing Revenue	**41,788**	**92.0**	37,565	70.7
Discontinued	**3,658**	**8.0**	15,600	29.3
Total Revenue	**45,446**	**100.0**	53,165	100.0

1. SEGMENT INFORMATION CONTINUED

Segmental analysis by destination:	2013		2012	
	£000	%	£000	%
Gross sales revenue:				
UK	**6,581**	**15.1**	6,034	15.8
Other European	**6,662**	**17.0**	4,982	13.1
North America	**22,691**	**50.2**	20,063	52.6
Africa	**79**	**1.2**	500	1.3
Australasia	**3,765**	**10.3**	4,103	10.8
Central America	**142**	**1.1**	425	1.1
Middle East	**729**	**1.7**	665	1.7
Far East	**1,139**	**2.0**	793	2.1
Continuing Revenue	**41,788**	**98.6**	37,565	98.5
Discontinued	**3,657**	**1.4**	558	1.5
	45,445	**100.0**	38,123	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 £1.7m. This represented the full activities of the Mechanical Handling and Waste business segment. FMT Colchester Sp. Zoo the Group's Polish business was sold for a nominal sum on 11 September 2012. This business was the Group's only activity in Poland. The results for both these businesses are included in the post tax loss on discontinued activities in the Group's consolidated income statement. The figures for 2012 have been restated to show both these activities as discontinued. The results of these discontinued operations are as follows:

			2013			2012
			£000			£000
	South Africa	**Poland**	**Total**	South Africa	Poland	Total
Results of the discontinued operations						
Revenue	**3,042**	**616**	**3,658**	13,772	1,828	15,600
Expenses	**(3,002)**	**(1,156)**	**(4,158)**	(13,437)	(6,308)	(19,745)
Loss before tax from discontinued operations	**40**	**(540)**	**(500)**	335	(4,480)	(4,145)
Taxation	—	—	—	151	—	151
Profit/(Loss) from operating activities after tax	**40**	**(540)**	**(500)**	486	(4,480)	(3,994)
Profit/(Loss) from sale of discontinued activities	—	**205**	**205**	(1,263)	—	(1,263)
Loss for the period	**40**	**(335)**	**(295)**	(777)	(4,480)	(5,257)

			£000			£000
	South Africa	**Poland**	**Total**	South Africa	Poland	Total
Cash flows from discontinued operations						
Net cash flow from operating activities	**40**	**(134)**	**(94)**	(511)	—	(511)
Cash flow from investing activities	—	—	—	460	—	460
Net cash used /generated from discontinued activities	**40**	**(134)**	**(94)**	(51)	—	(511)

2. OTHER OPERATING INCOME/OPERATING EXPENSES

	2013 £000	2012 £000
Other operating income	**79**	126
Operating expenses:		
– administration expenses	**9,569**	15,662
– distribution costs	**1,489**	1,742
Total operating expenses	**11,058**	17,404

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, exceptional costs relating to reorganisation, redundancy and restructuring, legal disputes and inventory,asset and intangibles impairments.

	2013 £000	2012 £000
Cost of sales		
Inventory impairments	**246**	2,706
Plant and equipment impairments	—	1,158
Development expenditure impairments	—	931
Redundancies	**354**	252
Operating costs		
Redundancies	—	1,159
Refinancing	**295**	451
Reorganisation and restructuring costs	**760**	3,084
Property disposals	**(23)**	—
Share-based payments	**99**	90
Pension curtailment credit	**(2,429)**	—
Continuing	**(698)**	9,831
Discontinued	–	3,048
Restructuring costs	**(698)**	12,879

Reorganisation and restructuring costs relate to legal disputes and costs incurred in the UK with regard to site closures.

The property disposals relate to the disposal of the three UK sites at Shepshed, Batley and Heckmondwike.

Inventory impairments relate to a review of the recoverability of stock following these closures.

The pensions curtailment gain arose on the change to actuarial assumptions as a result of the closure to the UK final scheme to future accrual at the end of March 2013.

Refinancing costs relate to the costs of the share placing and bank facility restructuring in September 2012.

Prior Year

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.

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 30 March 2013

4. OPERATING PROFIT/(LOSS)

	2013	2012
	£000	£000
– depreciation of assets held under finance leases	**25**	25
– amortisation of development expenditure	**87**	116
– research and development expensed as incurred	**—**	—
– hire of plant	**11**	13
– other operating lease rentals	**12**	112
– loss on sale of property, plant and equipment	**1**	1
and after crediting:		
– rents receivable	**52**	52
– profit on sale of property, plant and equipment	**2**	2
Special Items		
–Reorganisation, redundancy, share based payments, pensions, inventory and intangibles impairment (note 3)	**(698)**	9,831
Auditor's remuneration:		
– audit of these financial statements	**88**	82
– 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)	**42**	71
– other services relating to taxation	**36**	21
– other services pursuant to such legislation	**66**	51

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

	2013	2012
	£000	£000
Staff costs:		
– wages and salaries	**8,193**	8,091
– social security costs	**1,219**	1,188
– pension charges relating to defined contribution schemes	**227**	258
– pension charges relating to defined benefit schemes	**234**	269
– equity share options expense (included in Special Items)	**100**	(61)
	9,973	9,745

In addition to the above staff costs, redundancy costs of £354,000 were incurred during the year (2012 - £1,411,000). Redundancy amounts payable to directors during the year amounted to £nil (2012 - £643,000). Director's emoluments including disclosure of the highest paid director are included in the Director's Emoluments table contained within the Remuneration report.

Comparatives have been restated to exclude discontinued operations.

5. PERSONNEL EXPENSES CONTINUED

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

	2013 Number	2012 Number
Management and administration	**44**	67
Production	**105**	139
Sales	**79**	83
Continuing	**228**	289
Discontinued	**109**	332
Total	**337**	621

Details of Directors' emoluments, share option schemes and pension entitlements are given in the Directors' Remuneration Report on pages 13 to 16.

6. FINANCIAL INCOME AND EXPENSE

	2013 £000	2012 £000
Interest income	**7**	24
Expected return on defined benefit pension scheme assets	**11,570**	10,834
Financial income	**11,577**	10,858
Bank overdraft and loan interest	**(185)**	(276)
Shareholder loan interest	**(200)**	(200)
Other loan interest	**(23)**	(23)
Other finance charges	**—**	—
Finance charges on finance leases	**(61)**	(61)
Amortisation of shareholder loan expenses	**(117)**	(109)
Interest on defined benefit pension scheme obligations	**(8,067)**	(9,268)
Financial expense	**(8,653)**	(9,937)

7. TAXATION

	2013 £000	2012 £000
Current tax:		
Corporation tax at 24% (2012: 26%):		
– current period relating to prior period	**—**	—
Overseas taxation:		
– current period	**(499)**	(74)
Total current tax charge	**(499)**	(74)
Deferred taxation:		
– current period	**(1,579)**	(50)
– prior period	**1,714**	(783)
Total deferred taxation charge (Note 13)	**135**	(833)
Taxation charged to the income statement	**(364)**	(907)

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 24% (2012: 26%). The differences are explained below:

	2013		2012	
	£000	**%**	£000	%
Profit/(Loss) before tax	**4,595**		(13,165)	
Profit/(Loss) before tax multiplied by the standard rate of corporation tax in the UK of 24% (2012 26%)	**1,103**	**24.0**	(3,423)	(26.0)
Effects of:				
– expenses not deductible	**109**	**2.4**	120	0.9
– non-taxable income	—	—	—	—
– overseas tax rates	**182**	**4.0**	104	0.8
– pension fund surplus taxed at higher rate	**657**	**14.3**	—	—
– property disposals	**(656)**	**(14.3)**	—	—
– deferred tax prior period adjustment	**(1,714)**	**(37.3)**	783	5.9
– unrecognised losses utilised/tax not recognised on losses	**725**	**15.8**	3,345	25.4
– impact of rate change	**(42)**	**(0.9)**	(22)	(0.2)
Taxation charged to the income statement	**364**	**7.9**	907	6.9

Following the enactment of legislation in the UK to reduce the corporation tax rate from 24% to 23% from 1 April 2013, 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 £42,000 decrease in the tax charge in the income statement. The March 2013 Budget announced that the rate will further reduce to 20% by 2015 in addition to the planned reduction to 21% by 2014 previously announced in December 2012. It has not yet been possible to quantify fully the anticipated effect of the further 3% rate reduction although this will further reduce the company's future current tax charge and deferred tax assets and liabilities. No taxation is expected on the property disposals due to the availability of losses in the UK.

Deferred taxation balances are analysed in note 13.

8. DIVIDENDS

No dividend was paid in period (2012: no dividend paid).

9. EARNINGS PER SHARE

The calculation of the basic earnings per share of 5.25p (2012: loss of 23.30p) is based on the earnings for the financial period attributable to the Parent Company's shareholders of a profit of £3,936,000 (2012: loss of £14,849,000) and on the weighted average number of shares in issue during the period of 74,997,407 (2012: 63,717,224). At 30 March 2013, there were 4,500,000 (2012: 2,272,102) potentially dilutive shares on option with a weighted average effect of 1,615,068 (2012: 9,863,832) shares giving a diluted profit per share of 5.14p . As a loss cannot be diluted the diluted figures for 2012 remained the same as the basic loss per share for continuing operations at 23.30p

	2013	2012
Weighted average number of shares		
Issued shares at start of period	**63,926,253**	57,933,679
Effect of shares issued in the year	**11,071,154**	5,783,545
Weighted average number of shares at end of period	**74,997,407**	63,717,224

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 22 March 2011 and 18 January 2012, awards were made to Executive Directors and other senior employees under the PSP scheme. These awards to Executive Directors have either been forfeit on cessation of employment or cancelled during the year. The outstanding Options to senior employees under the PSP are exercisable at the end of a three year performance period and are subject to achievement of a minimum share price of at least 31.25p to obtain 25% of the share award, rising on a sliding scale to 100% at over 50p per share. Options granted on 18 January 2012 under the new Deferred Share Plan (DSP) to former Executive Directors were forfeit during the year on cessation of employment. Options under the DSP were granted to the Executive Directors on 19 November 2012 which are exercisable between 3 and 10 years from the grant date at 10p per share. The schemes are equity-settled.

SHARE-BASED EXPENSE

The Group recognised a total charge of £99,000 (2012: charge of £90,000) in relation to equity-settled share-based payment transactions.

	2013 PSP	2012 PSP	**2013 DSP**	2012 DSP
The number and weighted average exercise prices of share options				
Number of options outstanding at beginning of period	**3,756,817**	4,711,898	**502,576**	—
Number of options granted in period	**—**	1,144,737	**4,500,000**	502,576
Number of options forfeited/lapsed in period	**(3,109,802)**	(2,099,818)	**(502,576)**	—
Number of options exercised in period	**—**	—	**—**	—
Number of options outstanding at end of period	**647,015**	3,756,817	**4,500,000**	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 (PSP) AND 2011 DEFERRED SHARE PLAN (DSP)

The fair value of awards granted under these Share Plans are determined using the Black Scholes valuation model. The fair value of share options and assumptions are shown in the table below:

	2013 DSP £000	2012 PSP £000
Fair value	**£0.04**	£0.1625
Share price at grant	**£0.13**	£0.19
Exercise price	**10p**	£nil
Dividend yield	**0%**	0%
Expected volatility	**50%**	50%
Expected life	**3.0 years**	3.0 years
Risk-free interest rate	**4.08%**	5%
Number of shares under option	**4,500,000**	1,144,737

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 31 March 2012	1,064	2,518	22,213	2,381	28,176
Exchange differences	60	—	48	50	158
Additions during period	—	—	127	2	129
Disposals during period	—	(91)	(2,498)	(275)	(2,864)
At 30 March 2013	**1,124**	**2,427**	**19,890**	**2,158**	**25,599**
At professional valuation	1,124	2,395	—	—	3,519
At cost	—	32	19,890	2,158	22,080
	1,124	**2,427**	**19,890**	**2,158**	**25,599**
Depreciation					
At 31 March 2012	107	176	20,598	2,210	23,091
Exchange differences	6	—	34	44	84
Charge for period	56	27	451	93	627
Disposals during period	—	(91)	(2,349)	(263)	(2,703)
At 30 March 2013	**169**	**112**	**18,734**	**2,084**	**21,099**
Net book value					
At 30 March 2013	**955**	**2,315**	**1,156**	**74**	**4,500**
At 31 March 2012	957	2,342	1,615	171	5,085

The net book value of property, plant and equipment includes £129,700 (2012: £172,000) of assets held under finance leases. The depreciation charged in the period against assets held under finance leases was £25,000 (2012: £25,000).

11. PROPERTY, PLANT AND EQUIPMENT CONTINUED

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 30 March 2013.

Various UK properties with a net book value of £410,000 (2012: £5,116,000) are charged as security for borrowing facilities.

	Land and buildings		Plant and	Fixtures, fittings, tools and	
	Freehold £000	Leasehold £000	machinery £000	equipment £000	Total £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

12. INTANGIBLE ASSETS

	Goodwill £000	Development Expenditure £000	Total £000
Cost			
At 31 March 2012	1,514	1,240	2,754
Additions	—	532	532
Written off	—	—	—
At 30 March 2013	**1,514**	**1,772**	**3,286**
Amortisation and impairment			
At 31 March 2012	1,514	388	1,902
Amortisation	—	87	87
At 30 March 2013	**1,514**	**475**	**1,989**
Net book value			
At 30 March 2013	**—**	**1,297**	**1,297**
At 31 March 2012	—	852	852

The additions to Development Expenditure of £532k in the period and £549k in the prior period related primarily to internal development.

	Goodwill £000	Development Expenditure £000	Total £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

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

	2013 £000	2012 £000
Operating expenses	**87**	**1,047**

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.

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	
	2013	2012	**2013**	2012	**2013**	2012
	£000	£000	**£000**	£000	**£000**	£000
Accelerated capital allowances	**725**	72	**—**	—	**725**	72
Short-term timing differences	**438**	36	**—**	—	**438**	36
Tax losses	**1.308**	1,365	**—**	—	**1,308**	1,365
Overseas tax losses	**649**	405	**—**	—	**649**	405
Employee benefits	—	—	**(6,350)**	—	**(6,350)**	—
Revaluations and rolled over gains	—	—	**(1,133)**	(1,226)	**(1,133)**	(1,226)
Research and development	—	—	**(114)**	(139)	**(114)**	(139)
Tax assets/(liabilities)	**3,120**	1,878	**(7,597)**	(1,365)	**(4,477)**	513
Held for sale	—	(405)	—	—	—	(405)
Net tax assets/(liabilities)	**3,120**	1,473	**(7,597)**	(1,365)	**(4,477)**	108

MOVEMENT IN DEFERRED TAX DURING THE PERIOD

	As at 31 March 2012 £000	Income statement £000	Eliminated On disposal £000	Statement of comprehensive income £000	Exchange Fluctuations £000	**As at 30 March 2013 £000**
Accelerated capital allowances	72	653	—	—	—	**725**
Short-term timing differences	36	389	—	—	13	**438**
Tax losses	1,365	(57)	—	—	—	**1,308**
Overseas tax losses	405	617	(405)	—	32	**649**
Employee benefits	—	(1,653)		(4,720)	23	**(6,350)**
Revaluations and rolled over gains	(1,226)	93	—	—	—	**(1,133)**
Research and development	(139)	25	—	—	—	**(114)**
	513	67	(405)	(4,720)	68	**(4,477)**

MOVEMENT IN DEFERRED TAX DURING THE PRIOR 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**

13. Deferred tax assets and liabilities CONTINUED

Following the enactment of legislation in the UK to reduce the corporation tax rate from 24% to 23% from 1 April 2013, 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 £42,000 decrease in the tax charge in the income statement. The March 2013 Budget announced that the rate will further reduce to 20% by 2015 in addition to the planned reduction to 21% by 2014previously announced in December 2012. It has not yet been possible to quantify fully the anticipated effect of the further 3% rate reduction although this will further reduce the company's future current tax charge and deferred tax assets and liabilities. No taxation is expected on the property disposals due to the availability of losses in the UK.

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

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

	2013 £000	2012 £000
Advance corporation tax recoverable	**1,670**	1,670
Tax losses	**8,978**	7,600

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

14. INVENTORIES

	2013 £000	2012 £000
Raw materials and consumables	**2,835**	2,559
Work in progress	**680**	628
Finished goods and goods for resale	**6,758**	7,624
	10,273	10,811

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 inventory provisions have decreased by £1,991,000 (2012: increased by £3,389,000). 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 £27,326,000 (2012: £30,076,000).

15. TRADE AND OTHER RECEIVABLES

	2013 £000	2012 £000
Trade receivables	**5,502**	5,392
Other debtors	**262**	318
Other prepayments and accrued income	**418**	818
	6,182	6,528

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

Notes relating to the consolidated financial statements

For the 52-week period ended 30 March 2013

15. TRADE AND OTHER RECEIVABLES CONTINUED

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

	2013	2012
	£000	£000
At start of year	**428**	572
Exchange differences on opening balances	**9**	(3)
Utilised in the period	**(71)**	(164)
Charged in the period	**117**	62
Receivables written off during the year as uncollectable	**(3)**	(39)
At end of year	**480**	428

The ageing analysis of gross trade receivables, before provisions, is as follows:

	2013	2012
	£000	£000
Current (not overdue and no provision held)	**4,149**	3,980
Overdue but no provision held:		
– 0–3 months overdue	**1,176**	1,210
– 3–6 months overdue	**578**	589
– 6–12 months overdue	**151**	3
– more than 12 months overdue	**12**	38
Total gross trade receivables before provision	**6,066**	5,820

As at 30 March 2013, 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

	2013	2012
	£000	£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

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

The properties held for sale in the prior year related to UK land and buildings which were being actively marketed at the period-end and were subsequently sold during the 2013 financial year

17. CASH AND CASH EQUIVALENTS

	2013 £000	2012 £000
Cash at bank	**925**	309
Short-term deposits	**100**	100
Cash and cash equivalents per statement of financial position	**1,025**	409
Bank overdrafts (note 18)	**-**	(526)
Cash and cash equivalents per cash flow statement	**1,025**	(117)

18. LOANS AND OTHER BORROWINGS

CURRENT:	2013 £000	2012 £000
Bank overdrafts (note 17)	**-**	526
Bank loans	**1,208**	1,761
Obligations under finance leases (note 22)	**124**	292
	1,332	2,579

NON-CURRENT:	2013 £000	2012 £000
Bank loans	**2,808**	3,638
Shareholder loan	**2,163**	2,052
Obligations under finance leases (note 22)	**129**	134
	5,100	5,824

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. 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 costs relating to the loan of £164,000 are also netted off the loan carrying value which at the period-end is £2,163,000.

The Term Loan of £788,000 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

	2013 £000	2012 £000
Payments received on account	**86**	168
Trade payables	**4,034**	5,776
Social security and other taxes	**206**	930
Other creditors	**1,279**	1,082
Accruals and deferred income	**1,368**	1,600
	6,973	9,556

20. LIABILITIES HELD FOR SALE

	2013	2012
	£000	£000
600SA liabilities held for sale	**-**	4,488
	-	4,488

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

21. PROVISIONS

	Other	Warranties	Total
	£000	£000	£000
Provision carried forward at 31 March 2012	1,115	126	1,241
Exchange differences	—	4	4
Charged to income statement	523	36	559
Utilised in the period	(424)	(71)	(495)
Provision carried forward at 30 March 2013	**1,214**	**95**	**1,309**

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:

	2013	2012
	£000	£000
Falling due:		
– within one year	**124**	292
– within two to five years	**139**	140
– less future finance charges	**(10)**	(6)
	253	426
Amounts falling due within one year	**124**	292
Amounts falling due after one year	**129**	134
	253	426

23. SHARE CAPITAL

	2013 £000	2012 £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		
63,926,253 ordinary shares of 1p each on issue at start of the period (2012: 57,933,679 ordinary shares)	**639**	579
19,663,171 ordinary shares of 1p each issued in institutional placing	**197**	58
666,667 ordinary shares of 1p each issued to N Rogers on subscription following bonus payment	**7**	
205,000 ordinary shares of 1p each under exercised warrants		2
84,256,091 ordinary shares of 1p each on issue at end of period (2012: 63,926,253 ordinary shares of 1p)	**843**	639
Deferred shares of 24p each:		
57,233,679 deferred shares of 24p each on issue at start and end of period	**13,736**	13,736
Total Allotted, called-up and fully paid at the end of period	**14,579**	14,375

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 an institutional placing of 19,663,171 shares and subscription for 666,667 shares by N Rogers took place in September 2012. This resulted in share capital increasing by £203,298. The corresponding share premium increase was £1,328,106 from which expenses of issue of £114,991 have been deducted.

During 2011 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. The deferred shares are not marketed,cannot be converted and are cancellable by the company without compensaton.

During 2011 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

	2013 £000	2012 £000
Increase in cash and cash equivalents	**1,103**	1,861
Decrease/(Increase) in debt and finance leases	**1,556**	(4,885)
Increase in net debt from cash flows	**2,659**	(3,024)
Net debt at beginning of period	**(7,994)**	(4,795)
Shareholder loan adjustment	**(111)**	(103)
Exchange effects on net funds	**39**	(72)
Net debt at end of period	**(5,407)**	(7,994)

25. ANALYSIS OF NET DEBT

	At 31 March 2012 £000	Exchange movement £000	Other £000	Cash flows £000	At 30 March 2013 £000
Cash at bank and in hand	**309**	—	—	616	**925**
Term deposits (included within cash and cash equivalents on the balance sheet)	**100**	—	—	—	**100**
Overdrafts	**(526)**	39	—	487	—
	(117)	—	—	1,103	**1,025**
Debt due within one year	**(1,761)**	—	—	553	**(1,208)**
Debt due after one year	**(3,638)**	—	—	830	**(2,808)**
Shareholder loan	**(2,052)**	—	(111)	—	**(2,163)**
Finance leases	**(426)**	—	—	173	**(253)**
Total	**(7,994)**	39	(111)	2,659	**(5,407)**

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 2011 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. 905,000 of these warrants have so far been exercised and shares issued on exercise for cash.

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.

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.

The Directors have considered the hierarchical fair value disclosure requirements of the relevant accounting Standards and these will be applied as appropriate. At the period end the Directors do not believe there is a material difference between any financial asset or liability and the book values disclosed.

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:

	2013	2012
	£000	£000
Trade receivables	**5,392**	5,392
Cash and cash equivalents	**1,025**	409
	6,417	5,801

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

	2013	2012
	£000	£000
UK	**3,627**	3,229
Other European countries	**-**	107
North America	**1,837**	1,811
Australasia	**121**	245
	5,585	5,392

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 and Australia certain restrictions on the repatriation of funds to the UK may be imposed by the local bank.

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:

	2013 carrying amount £000	Contractual cash flows £000	Less than 1 year £000	1–2 years £000	2–5 years £000
Bank overdrafts	—	—	—	—	—
Bank loan	4,016	4,016	1,208	2,808	—
Shareholder loan	2,163	2,163	—	—	2,163
Finance lease obligations	253	253	124	129	—
Interest bearing financial liabilities	6,432	6,432	1,332	2,937	2,163
Trade and other payables	6,973	6,973	6,973	—	—
Financial liabilities	13,405	13,405	8,305	2,937	2,163

	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

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:

	2013		2012		
	US Dollars $000	**Euro €000**	PLN 000	US Dollars $000	Euro €000
Trade receivables	**1,837**	**95**	276	1,811	95
Trade payables	**(472)**	**(1,142)**	(1,479)	(533)	(1,142)
Balance sheet exposure	**1,365**	**(1,047)**	(1,203)	(1,278)	(1,047)

The following exchange rates applied during the year:

	2013		2012	
	Average rate	**Year end spot rate**	Average rate	Year end spot rate
US Dollar	**1.579**	**1.519**	1.600	1.598
Polish zloty			4.830	4.983
Euro	**1.223**	**1.183**	1.160	1.200

	Net assets in foreign currency	**Change if appreciated/ Depreciated by 25% against local Currency**
US Dollar	**7,145**	**1,786**

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 Effect on profit before tax	Effect on shareholders' equity	10 % decrease Effect on profit before tax	Effect on shareholders' equity
30 March 2013				
US$	**(106)**	**(432)**	**106**	**432**
AUD	**(18)**	**(121)**	**18**	**121**
31 March 2012				
US$	(399)	(399)	488	488
AUD	(70)	(70)	86	86

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)**
AUS Dollar	**121**	**1**
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. On 30 March 2013, 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 £0.05m (2012: charge of £0.06m). 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. Forward exchange contracts generally have maturities of less than one year. There were no contracts outstanding at the period end.

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 occasionally 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 30 March 2013 was a liability of £nil (Note 18) (2012: 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 30 March 2013 and 31 March 2012 was:

	2013				2012			
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	**469**	**100**	**3,790**	**4,359**	11	100	3,118	3,229
US Dollars	**—**	**—**	**2,197**	**2,197**	345	—	2,851	3,196
Australian Dollars	**456**	**—**	**196**	**652**	291	—	312	603
Euros	**—**	**—**	**—**	**—**	—	—	—	—
Polish Zloty	**—**	**—**	**—**	**—**	5	—	276	281
Canadian Dollars	**—**	**—**	**—**	**—**	3	—	—	3
	925	**100**	**6,183**	**7,208**	655	100	6,557	7,312

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

Currency	%
US Dollars	2.0%
Australian Dollars	2.5%
Sterling	0.0%
Canadian Dollars	0.0%

Sterling fixed-rate financial assets are centrally controlled. At 30 March 2013 the weighted average interest rate on these deposits was 1.0% (2012: 1.0%).

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 30 March 2013 and 31 March 2012 was:

	2013				2012			
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	**3,289**	**124**	**4,439**	**7,852**	3,025	298	7,776	11,099
US Dollars	**728**	**—**	**799**	**1,527**	1,064	—	1,519	2,583
South African Rand	—	—	—	—	—	—	—	—
Australian Dollars	—	**130**	**198**	**328**	—	128	261	389
Canadian Dollars	—	—	—	—	—	—	21	21
	4,017	**254**	**5,436**	**9,707**	4,089	426	9,577	14,092

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

BORROWING FACILITIES

At 30 March 2013 and 31 March 2012 the Group had undrawn committed borrowing facilities as follows:

	2013 '000	2012 '000
UK	**£1,652**	£200
US	**$1,395**	$800
Australia	**AUD$900**	AUD$900
South Africa	—	R16,000

FAIR VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

	2013 £000	2012 £000
Trade receivables	**6,183**	5,392
Cash and cash equivalents	**1,025**	409
Bank overdrafts	**—**	(526)
Bank loan	**(4,017)**	(5,399)
Other loans	**(2,162)**	(2,052)
Finance lease obligations	**(254)**	(426)
Trade payables	**(4,068)**	(5,776)
Fair value of derivative contracts	**—**	—
	(3,293)	(8,378)

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

	2013 £000	2012 £000
Third-party guarantees	**86**	86

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

	2013 £000	2012 £000
Capital expenditure contracted for but not provided in the accounts	**170**	—

29. OPERATING LEASE COMMITMENTS

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

	2013 £000	2012 £000
Land and buildings		
Within one year	**76**	33
More than one year and less than five years	**199**	49
Over five years	**—**	—
	275	82
Other		
Within one year	**13**	31
More than one year and less than five years	**19**	4
	32	35

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 2010.

During the period, a credit of £2.43m arose in respect of a curtailment gain due to the closure of the UK scheme to future accrual from 31 March 2013 onwards. This amount has been disclosed as a special item within operating costs in the income statement.

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 most recent annual valuation was carried out as at 30 March 2013. 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 2013 at age 65 will live on average for a further 21.6 years (2012: 21.6 years) after retirement if male and for a further 23.6 years (2012: 23.6 years) after retirement if female.

For a member who is currently aged 45 retiring in 2033 at age 65, the assumptions are that they will live on average for a further 22.7 years (2012: 22.4 years) after retirement if they are male and for a further 24.6 years (2012: 24.8 years) after retirement if they are female.

The mortality rates for the US scheme are based on the RP-2000 Mortality Table 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:

	2013 UK scheme % p.a.	2012 UK scheme % p.a.
Inflation under RPI	3.5	3.2
Inflation under CPI	2.3	2.2
Rate of general long-term increase in salaries	5.0	4.7
Rate of increase for CARE benefit while an active member	3.35	3.1
Rate of increase to pensions in payment – LPI 5%	3.33	3.1
Rate of increase to pensions in payment – LPI 2.5%	2.2	2.1
Discount rate for scheme liabilities	4.2	4.7

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 3.53% (2012: 4.08%) and for the US medical scheme was 3.53% (2012: 4.08%).

	Expected return on assets UK scheme					
	Long-term rate of return expected at 30 March 2013 % p.a.	**Value at 30 March 2013 £m**	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
Equities	**4.20**	**51.30**	8.00	53.61	8.70	54.20
Property	**4.20**	**19.30**	8.00	19.39	8.70	18.95
LDI funds	**4.20**	**76.80**	3.50	70.69	4.70	63.82
Government bonds	**4.20**	**n/a**	3.50	n/a	4.70	n/a
Corporate bonds	**4.20**	**14.30**	4.70	40.97	5.60	34.64
Absolute Return	**4.20**	**29.80**				
Other	**4.20**	**11.80**	3.50	3.12	4.70	1.42
Combined	**4.20**	**203.30**	6.30	187.78	6.60	173.03

The accounting for pensions under IAS 19 will change for the forthcoming year in that there will no longer be any allowance for asset outperformance above the discount rate used for valuation of the scheme liabilities. Previously the Group had employed a building block approach in determining the long-term rate of return on pension plan assets. Historical markets were studied and assets with higher volatility assumed to generate higher returns consistent with widely accepted capital market principles. The assumed long-term rate of return on each asset class in prior years is set out within this note. The assets held within the US scheme amount to £0.914m (2012: £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.

The assets and liabilities of the schemes at 30 March 2013 and 31 March 2012 were:

	2013			2012		
	US schemes £000	**UK scheme £000**	**Total £000**	US schemes £000	UK scheme £000	Total £000
Assets	**914**	**203,300**	**204,214**	885	187,780	188,665
Liabilities	**(2,269)**	**(183,840)**	**(186,109)**	(2,897)	(174,840)	(177,737)
(Deficit)/surplus	**(1,355)**	**19,460**	**18,105**	(2,012)	12,940	10,928
Unrecognised asset due to limit in paragraph 58 (b) of IAS 19	—	—	—	—	12,940	12,940

Following a change to UK scheme rules in September 2012 the accounting surplus can now be recognised on the Group balance sheet under IFRIC 14

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

	2013			2012		
	US schemes £000	**UK scheme £000**	**Total £000**	US schemes £000	UK scheme £000	Total £000
Included within operating profit:						
– current service cost	**27**	**308**	**335**	22	260	282
– curtailment credit (Special Items)	**—**	**(2,429)**	**(2,429)**	—	—	—
Included within financial income:						
– expected return on scheme assets	**(43)**	**(11,527)**	**(11,570)**	(44)	(10,790)	(10,834)
Included within financial expense:						
– interest cost on scheme liabilities	**86**	**7,981**	**8,067**	128	9,140	9,268

30. EMPLOYEE BENEFITS CONTINUED

IAS 19 CONTINUED

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

	2013			2012		
	US schemes £000	**UK scheme £000**	**Total £000**	US schemes £000	UK scheme £000	Total £000
Actual return on scheme assets	**47**	**25,291**	**25,338**	22	24,570	24,592
Expected return on scheme assets	**(45)**	**(11,527)**	**(11,572)**	(44)	(10,790)	(10,834)
	2	**13,764**	**13,766**	(22)	13,780	13,758
Change in irrecoverable surplus – limit on paragraph 58 (b) of IAS 19	**—**	**12,940**	**12,940**	—	(8,810)	(8,810)
Experience gain/(loss) on liabilities/change in assumptions	**766**	**(13,126)**	**(12,360)**	(152)	(6,580)	(6,732)
Net gain/(loss) before exchange	**768**	**13,578**	**14,346**	(174)	(1,610)	(1,784)
Exchange differences	—	**—**	—	—	—	—
Amounts recognised during the period	**768**	**13,578**	**14,346**	(174)	(1,610)	(1,784)
Balance brought forward	**239**	**(466)**	**(227)**	413	1,144	1,557
Balance carried forward	**1,007**	**13,112**	**14,119**	239	(466)	(227)

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

	2013			2012		
	US Schemes £000	**UK scheme £000**	**Total £000**	US schemes £000	UK scheme £000	Total £000
Opening defined benefit obligation	**2,897**	**174,840**	**177,737**	2,771	168,900	171,671
Exchange differences	**155**	**—**	**155**	9	—	9
Current service cost	**27**	**308**	**335**	22	260	282
Past service cost credit	**—**	**—**	—	—	—	—
Curtailment credit	**—**	**(2,429)**	**(2,429)**	—	—	—
Interest cost	**86**	**7,981**	**8,067**	128	9,140	9,268
Benefits paid	**(130)**	**(10,201)**	**(10,331)**	(184)	(10,260)	(10,444)
Actuarial (gains)/losses	**(766)**	**13,126**	**12,360**	151	6,580	6,731
Contributions by scheme participants	**—**	**215**	**215**	—	220	220
Closing defined benefit obligations	**2,269**	**183,840**	**186,109**	2,897	174,840	177,737

30. EMPLOYEE BENEFITS CONTINUED

IAS 19 CONTINUED

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

	2013			2012		
	US schemes £000	**UK scheme £000**	**Total £000**	US schemes £000	UK scheme £000	Total £000
Opening fair value of scheme assets	**885**	**187,780**	**188,665**	922	173,030	173,952
Exchange differences	**47**	**—**	**47**	2	—	2
Expected return	**44**	**11,527**	**11,571**	44	10,790	10,834
Actuarial gains/(losses)	**2**	**13,764**	**13,766**	(22)	13,780	13,758
Contribution by scheme participants	**—**	**215**	**215**	—	220	220
Contributions by employer	**—**	**215**	**215**	—	220	220
Benefits paid	**(64)**	**(10,201)**	**(10,265)**	(61)	(10,260)	(10,321)
Closing fair value of schemes' assets	**914**	**203,300**	**204,214**	885	187,780	188,665

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

	2013			2012		
	US Schemes £000	**UK Scheme £000**	**Total £000**	US schemes £000	UK scheme £000	Total £000
Present value of defined benefit obligation	**(2,269)**	**(183,840)**	**(186,109)**	(2,897)	(174,840)	(177,737)
Fair value of scheme assets	**914**	**203,300**	**204,214**	885	187,780	188,665
(Deficit)/surplus in the scheme	**(1,355)**	**19,460**	**18,105**	(2,012)	12,940	10,928
Experience adjustments on the scheme liabilities	**766**	**638**	**1,404**	(151)	(6,580)	(6,731)
Experience adjustments on scheme assets	**2**	**13,764**	**13,766**	(22)	13,780	13,758
Exchange differences	**155**	**—**	**155**	(8)	—	(8)

Following the closure of the UK scheme to future accrual there will be no further payments to the scheme. Pension provision has been replaced by a money purchase arrangement in the UK.

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

	30 march 2013 £000	31 March 2012 £000	2 April 2011 £000	3 April 2010 £000	28 March 2009 £000
Fair value of scheme assets	**204,214**	188,665	173,952	172,820	158,568
Defined benefit obligation	**(186,109)**	(177,737)	(171,671)	(176,957)	(159,327)
Surplus/(Deficit) in schemes	**18,105**	10,928	2,281	(4,137)	(759)
Unrecognised asset due to limit in paragraph 58 (b) of IAS 19	**—**	(12,940)	(4,130)	—	(3,070)
Surplus /(Deficit) in schemes	**18,105**	(2,012)	(1,849)	(4,137)	(3,829)

	2013 £000	2012 £000	2011 £000	2010 £000	2009 £000
History of experience gains and losses					
Experience gains/(losses) on scheme assets	**13,766**	13,758	(23)	16,275	(18,819)
Experience (losses)/gains on scheme liabilities[1]	**1,404**	(6,731)	2,259	(19,323)	(5,612)

[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.

31. 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 23 to 28.

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 26 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.

32. 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 £0.3m to the UK pension scheme during the current period (2012 - £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 (2012 - nil) and no payments were overdue at the period-end.

Company balance sheet
For the 52-week period ended 30 March 2013

	Notes	**As at 30 March 2013 £000**	As at 31 March 2012 £000
Fixed assets			
Tangible assets	4	**1,142**	1,169
Investments	5	**8,713**	8,713
		9,855	9,882
Current assets			
Debtors	6	**33,508**	34,879
Cash at bank and in hand		**-**	6,143
		33,508	41,022
Current liabilities			
Creditors: amounts falling due within one year	7	**(20,749)**	(28,450)
Net current assets		**12,759**	12,572
Total assets less current liabilities		**22,614**	22,454
Creditors: amounts falling due after more than one year	8	**(4,986)**	(5,690)
Net assets		**17,628**	16,764
Capital and reserves			
Called-up share capital	9	**14,579**	14,375
Share premium account	10	**16,858**	15,645
Revaluation reserve	10	**236**	236
Capital redemption reserve	10	**2,500**	2,500
Equity reserve	10	**173**	167
Translation reserve	10	**(22)**	(22)
Profit and loss account	10	**(16,696)**	(16,137)
Equity shareholders' funds	13	**17,628**	16,764

The financial statements on pages 59 to 67 were approved by the Board of Directors on 26 June 2013 and were signed on its behalf by:

NEIL CARRICK
GROUP FINANCE DIRECTOR
26 JUNE 2013

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 2013 are for the 52-week period ended 30 March 2013. The results for 2012 are for the 52-week period ended 31 March 2012.

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 23 to 28.

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 the Group qualifying as related parties).

Notes relating to the company financial statements

1. PERSONNEL EXPENSES

	2013 £000	2012 £000
Staff costs:		
– wages and salaries	**643**	680
– social security costs	**69**	79
– pension charges	**24**	95
– equity share options (credit)/expense	**99**	(61)
	835	793

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

	2013 Number	2012 Number
Machine tools and equipment	**5**	5

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 16.

2. 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 22 March 2011 and 18 January 2012, awards were made to Executive Directors and other senior employees under the PSP scheme.These awards to Executive Directors have either been forfeit on cessation of employment or cancelled during the year. The outstanding Options to senior employees under the PSP are exercisable at the end of a three year performance period and are subject to achievement of a minimum share price of at least 31.25p to obtain 25% of the share award ,rising on a sliding scale to 100% at over 50p per share. Options granted on 18 January 2012 under the new Deferred Share Plan (DSP) to former Executive Directors were forfeit during the year on cessation of employment. Options under the DSP were granted to the Executive Directors on 19 November 2012 which are exercisable between 3 and 10 years from the grant date at 10p per share. The schemes are equity-settled.

SHARE-BASED EXPENSE

The Group recognised a total charge of £99,000 (2012: charge of £90,000) in relation to equity-settled share-based payment transactions.

	2013 PSP	2012 PSP	**2013 DSP**	2012 DSP
The number and weighted average exercise prices of share options				
Number of options outstanding at beginning of period	**3,756,817**	4,711,898	**502,576**	—
Number of options granted in period	**—**	1,144,737	**4,500,000**	502,576
Number of options forfeited/lapsed in period	**(3,109,802)**	(2,099,818)	**(502,576)**	—
Number of options exercised in period	**—**	—	**—**	—
Number of options outstanding at end of period	**647,015**	3,756,817	**4,500,000**	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.

2. EMPLOYEE SHARE OPTION SCHEMES CONTINUED

THE 600 GROUP PLC 2008 PERFORMANCE SHARE PLAN

The fair value of awards granted under these Share Plans are determined using the Black Scholes valuation model. The fair value of share options and assumptions are shown in the table below:

	2013 DSP £000	2012 PSP £000
Fair value	**£0.04**	£0.1625
Share price at grant	**£0.13**	£0.19
Exercise price	**10p**	£nil
Dividend yield	**0%**	0%
Expected volatility	**50%**	50%
Expected life	**3.0 years**	3.0 years
Risk-free interest rate	**4.08%**	5%
Number of shares under option	**4,500,000**	1,144,737

3. DIVIDENDS

No dividend was paid in period (2012: no dividend paid).

4. TANGIBLE FIXED ASSETS

	Land and buildings		Fixtures, fittings, tools and	
	Long lease £000	Short lease £000	equipment £000	Total £000
Cost or valuation				
At 31 March 2012	1,217	92	94	1,403
Additions	—	—	—	—
At 30 March 2013	**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 31 March 2012	52	92	90	234
Charge for period	26	—	1	27
At 30 March 2013	**78**	**92**	**91**	**261**
Net book value				
At 30 March 2013	**1,139**	**—**	**3**	**1,142**
At 31 March 2012	1,165	—	4	1,169

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 30 March 2013. 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.

Notes relating to the company financial statements

5. INVESTMENTS

	Shares In Group Undertakings £000
Cost:	
At 31 March 2012	40,423
Additions in the period	—
At 30 March 2013	**40,423**
Provisions	
At 31 March 2012	31,710
Impairment in the period	—
At 30 March 2013	**31,710**
Net book values	
At 30 March 2013	**8,713**
At 31 March 2012	8,713

During the period an impairment review of the carrying values of investments in other group companies was carried out with no further impairment deemed necessary. 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*
US:
600 Group Inc
Clausing Industrial, Inc
REST OF THE WORLD:
600 Machine Tools Pty Limited (Australia)

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

	2013 £000	2012 £000
Amounts owed by subsidiary undertakings[1]	**33,242**	34,673
Other debtors	**266**	206
Other prepayments and accrued income	**—**	—
	33,508	34,879

[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

	2013	2012
	£000	£000
Bank overdraft	**78**	—
Bank loans	**480**	824
Other loans	—	1,042
Trade creditors	**1,481**	1,852
Amounts owed to subsidiary undertakings[1]	**18,663**	24,700
Corporation tax	**47**	32
Sundry creditors	—	—
Accruals and deferred income	—	—
Other creditors	**20,749**	28,450

[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.

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

	2013	2012
	£000	£000
Shareholder loan	**2,163**	2,052
Bank loans	**2,808**	3,638
Deferred taxation	**15**	—
	4,986	5,690

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

	2013	2012
	£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		
63,926,253 ordinary shares of 1p each on issue at start of the period (2012: 57,933,679 ordinary shares)	**639**	579
19,663,171 ordinary shares of 1p each issued in institutional placing	**197**	58
666,667 ordinary shares of 1p each issued to N Rogers on subscription following bonus payment	**7**	
205,000 ordinary shares of 1p each under exercised warrants		2
84,256,091 ordinary shares of 1p each on issue at end of period (2012: 63,926,253 ordinary shares of 1p)	**843**	639
Deferred shares of 24p each:		
57,233,679 deferred shares of 24p each on issue at start and end of period	**13,736**	13,736
Total Allotted, called-up and fully paid at the end of period	**14,579**	14,375

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 an institutional placing of 19,663,171 shares and subscription for 666,667 shares by N Rogers took place in September 2012. This resulted in share capital increasing by £203,298. The corresponding share premium increase was £1,328,106 from which expenses of issue of £114,991 have been deducted.

During 2011 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 2011 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).

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 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)
Loss for the period	—	—	—	—	—	(658)
Share-based payment	—	—	—	—	—	99
Shareholder loan	—	—	—	6	—	—
On shares issued	1,213	—	—	—	—	—
At 30 March 2013	**16,858**	**236**	**2,500**	**173**	**(22)**	**(16,696)**

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 £658,000 (2012: loss of £15,108,000). 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 4 to the Consolidated financial statements.

11. CONTINGENT LIABILITIES

	2013 £000	2012 £000
Bank guarantees in respect of Group undertakings	**86**	86

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 2010. The Company is unable to identify its share of the underlying assets and liabilities of the fund. The surplus on the fund amounted to £19.46m at 30 March 2013. 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 (2012: £22,000).

13. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2013 £000	2012 £000
Retained (loss)/profit	**(559)**	(15,018)
Issued share capital/share premium	**1,417**	1,806
Equity reserve	**6**	7
Net increase/(reduction) in shareholders' funds	**864**	(13,205)
Opening shareholders' funds	**16,764**	29,969
Closing shareholders' funds	**17,628**	16,764

14. RELATED PARTY TRANSACTIONS

There are no related party transactions which require disclosure.