The 600 Group PLC
Annual Report and Accounts 2014

Contents

Chairman's statement

I am pleased to report much improved underlying earnings for the year ended 29 March 2014, further strengthening of our market position and product offering in each of our key business segments, and progress towards the implementation of a programme of accelerating growth of the Group's businesses by acquisition.

Strategy
Management aims to develop the Group's key strengths in machine tools and 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, efficient manufacturing and supply chains, and reliable distribution partners.

Financial Overview
Revenue from continuing operations was virtually unchanged at £41.71m (2013: £41.79m). Current year revenue would have increased by 0.7% to £42.18m at constant rates of exchange prevailing in the previous financial year.
Net operating profit from continuing operations (before special items and share based payment charge) increased by 141% to £2.35m (2013: £0.97m).

The charge for taxation in the year was £0.62m, representing an effective tax rate of 25% of profit before taxation. In the prior year, a net credit of £1.75m was recognised, arising on the recognition of deferred taxation recoverable in the US.
After taking account of interest, pensions, taxation, discontinued activities, special items and share based payment charge, the Group profit for the financial year was £1.85m (2013: £2.06m).
Underlying earnings (from continuing operations before special items, share based payment charge, pensions interest and shareholder loan amortisation) amounted to 1.90 pence per share (2013: 0.59p) and total earnings were 2.19 pence per share (2013: 2.75p).

At the end of the financial year, group net indebtedness stood at £5.31m (2013: £5.41m), and gearing was 23.5% (2013: 25.0%). The group had financial headroom on existing borrowing facilities of £2.72m and was in full compliance with all financial covenants.

Dividends
The board currently consider that the retention of earnings for redeployment in the business continues to be the most appropriate use of available financial resources in the short term, and accordingly do not recommend the payment of any dividend in respect of the current financial year.

A resolution will be put to shareholders at the forthcoming Annual General Meeting to apply to the Courts for a reorganisation of the Group's capital structure to facilitate the distribution of a proportion of profits should these circumstances alter in future.

Corporate Activity
On 11 September 2013, we announced that the Company had received an approach from Qingdao D&D Investment Group Co. Ltd ("D&D") that may or may not lead to a cash offer being made for the Company. The board engaged in extensive discussions with the management and principal shareholder of D&D to determine whether D&D were in a position to either confirm such an offer at a level likely to be acceptable to shareholders, or complete the purchase of all or part of the business and assets of the Group at an acceptable price.

On 12 February 2014, a further announcement was made confirming that D&D had failed to make progress and accordingly the directors of the Company had terminated these discussions. Throughout this process, every care was taken to avoid management from becoming distracted from the effective operation of Group businesses. Much of the negotiation and due diligence process was managed in house, and accordingly abortive deal costs were contained to an aggregate of £0.13m which are dealt with under Special Items during the year.

Inevitably, Group senior management resource which would otherwise have been engaged in the identification and negotiation of suitable acquisition opportunities was redeployed to manage the possible sale process throughout the second half of the financial year. This important activity recommenced on termination of discussions with D&D.

Chairman's statement

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 strive to run our businesses with honesty, integrity 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.

On behalf of the Board I would like to thank all our employees for their ongoing support, commitment and dedication to The 600 Group.

Current trading and outlook

Group order intake for the financial year was 13.7% ahead of the prior year, and has demonstrated increased momentum with quarter on quarter growth throughout the year. Trading and order intake in the first quarter of the current financial year are ahead of the corresponding period last year.

Market conditions are expected to continue to improve, with industry forecasts anticipating worldwide growth in machine tool consumption of 7%, led by North America (9%) and Europe (13%). The Australian market is also forecasting a sharp recovery from the low level of industrial investment experienced in 2013.

Accordingly, the board considers the prospects for further organic growth to be positive, whilst also evaluating opportunities to accelerate the development of group activities through carefully selected acquisitions.

Paul Dupee
Chairman
26 June 2014

Strategic Report

Our business

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.

Macroeconomic and industry trends

Machine tools are used to mould, cut, shape and fabricate materials in the process of manufacturing virtually all products in common use. The machine tool industry will experience a steady demand over time as long as there is a need for manufactured durable goods such as motor vehicles, aeroplanes, energy and extractive industrial equipment, and defence equipment.

The worldwide machine tool industry is determined by the investment intentions of manufacturers, and is therefore sensitive to changes in the economic and financial climate. Aggregate demand responds to economic trends and typically lags the main cycle of the economy, and has greater amplitude.

Gardner Research publishes an authoritative analysis of the machine tool industry entitled “World Machine-Tool Output & Consumption Survey”. The February 2014 issue identified the largest five producer countries of machine tools to be Germany, Japan, PRC, Italy and South Korea. The largest five countries ranked by the consumption of machine tools are PRC, USA, Germany, South Korea and Japan. The UK ranks eleventh as a producer nation, and sixteenth in order of consumption.

The same publication identified that the global consumption of machine tools reduced by approximately 9% during 2013, with significantly reduced consumption in PRC (12%), USA (9%), Japan (13%), India (33%) and most of Europe. The UK reduced by 9%. The extent of this global reduction had not previously been forecast.

The worldwide consumption of machine tools is forecast to grow by 7% in 2014, led by USA (16%), Germany (13%), and South Korea (14%). Europe is forecast to experience more modest growth during a sustained recovery, and consumption in the UK is forecast to grow by 14%.

The process of laser marking is used in a wide variety of industries for the permanent change of the surface characteristics of material (usually metal or plastic) for decorative or identification purposes. The industry has experienced growth above that experienced by the machine tool sector as a whole, due mainly to increased government and corporate regulations for traceability in the supply chain.

Industry trends in the use of industrial laser equipment are monitored by regular reports published in Industrial Laser Solutions (“ILS”). In the January/February 2014 edition, the market for laser marking equipment was identified to have experienced growth of 7% in 2013, and a further 7% increase was forecast in 2014.

Our aims and objectives

Our businesses have excellent products, and unrivalled brand heritage. We aim to report consistent year on year growth in annual revenues and profitability by increasing our market share, regardless of cyclical factors affecting our industry as a whole.

We will achieve this by:

- consistently delivering against lead times and quality standards that meet or exceed the requirements of our end-user customers,
- winning and retaining the right to be the producer of choice for our distributors by being easy to deal with,
- undertaking design-led cost reduction activity to maintain or improve our competitiveness,
- pursuing a dynamic approach to new product development,
- recruiting, retaining and developing a talented and committed workforce, and,
- fostering lasting relationships with our chosen supply chain partners.

Strategic Report

Machine tools and precision engineered components

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

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

	2014	**2013**	**2012**
	£ 000	*£ 000*	*£ 000*
Revenues	34,431	34,906	31,114
Operating profit	3,005	2,145	1,468
Operating margin	***8.7%***	***6.1%***	***4.7%***

Revenues reduced by 1.4% to £34.43m, although at constant rates of exchange the underlying activity level was only down 0.2%. Revenues in local currency in North American operations reduced by 5.7%, but profit margins increased due to improved product mix and reduced buying prices from third party suppliers.

European revenues increased by 21.4% as product availability, lead times and customer service all returned to normalised levels. There has been a marked increase in distributor confidence and signs of renewed vigour in marketing efforts to support our products. The site compression project at Heckmondwike was completed in September 2013, and has delivered substantial overhead cost savings on occupancy, energy and other related expenses. These actions have contributed to a significant improvement in efficiency and operating margin.

Revenue in local currency contracted by more than 33.8% in Australia, where market conditions were especially challenging due to political uncertainty, austerity measures, and major fluctuations in currency and interest rates. During the second half of the year, our staff accepted a need for short time working in order to weather these conditions, and the business secured a break even result for the year. Conditions improved during the final quarter, and Australia was able to return to normal working with effect from the start of the new financial year.

During the year, product development programmes were completed on the new EL range of Tornado CNC machines, and also the Pratt Burnerd Gripfast chuck, with both products manufactured at Heckmondwike. In North America, a range of drill products has been introduced that have been sourced locally, and have met with significant success. There are further development plans anticipated in the current financial year including the updating of the conventional range of centre lathes along with saws and mills sourced in North America.

Our Australian operation also made new inroads into developing markets in South East Asia, and aim to build on their success this year.

Strategic Report

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 year before special items were as follows:

	2014	**2013**	**2012**
	£ 000	*£ 000*	*£ 000*
Revenues	7,572	7,013	6,651
Operating profit	421	213	316
Operating margin	***5.6%***	***3.0%***	***4.8%***

Revenues increased by 8.0% to £7.57m including a 19.2% increase in the second half compared with the first. This coincided with the launch in September 2013 of new products, including the latest range of EMS workstations, which have been very well received. These offer greater flexibility, ergonomics and production efficiency for the end user, whilst facilitating shorter delivery lead times and reduced inventory commitment for our distributor network.

The launch was supported by increased marketing activity including an updated website, greater presence at key trade shows, and recruitment of additional sales resource.

Further product improvements were achieved as a consequence of redesign, utilising updated componentry and advanced manufacturing techniques. These changes ensure that our products are easier to build, and are based around standardised modular assemblies across the core range. In the current year, we aim to extend this activity to update the FLEXYZ and Dial Index products at the higher end of the range.

Operating margins increased to 5.6% of revenues, as the benefits of these activities began to flow. It remains our belief that there are further operational gearing opportunities in the business as we strive to fill ample available production capacity.

Routes to market and customers

By product category

Approximately 36% of Group revenues derived from the sale of metal turning machine tools, and a further 16% from other machine tools. The sale of precision engineered components for use in metal turning contributed approximately 16%, and laser marking equipment approximately 17%. The remainder of Group revenues, amounting to approximately 15%, derived from aftersales support in spare parts and services.

By industry sector (including customer concentration)

Group businesses serve customers across a very broad range of industry sectors, from niche markets for technical education of young engineering apprentices through to high volume production of automotive, aerospace and defence equipment. A high proportion of revenues are derived from sales via third party distribution channels, in respect of which it is more difficult to track the industry dispersion of end-user customers.

Strategic Report

The Group benefits from a high degree of loyalty and repeat business via established distributors in many countries and territories. In the year ended 29 March 2014 the largest single customer, a distributor, contributed approximately 5% of Group revenues. The top 20, of which 10 were distributors, contributed less than 30% of revenues.

By geographical territory of destination

Revenues are generated across many diverse geographical territories, with the principal markets in:

Percentage of worldwide revenues (by destination)	**2014 %**	**2013 %**
United States of America	54	55
United Kingdom	20	15
Europe (excluding UK)	15	15
Rest of the World	11	15
Total	100	100

During the financial year, market conditions were relatively buoyant in the UK, at an early stage of recovery in North America and Europe, and suffered a sharp downturn in Australia.

Key performance indicators (KPI's)

The Group monitors performance against key financial objectives that the directors judge to be effective in measuring the delivery of strategic aims, and managing and controlling the business. These focus at Group level on profit, together with its associated earnings per share, forward order book and cash generation.

At individual business unit level, KPI's also include working capital control, and customer related performance measures such as on-time delivery, minimisation of warranty concerns, and measured levels of overall customer satisfaction.

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.

The Group's recent performance against financial KPI's is set out as follows:

KPI	**Benchmark Target**	**2014**	**2013**	**2012**
Revenue (annual growth rate)	>10%	-0.2%	11.2%	4.2%
Book-to-bill ratio	>110%	101.8%	89.4%	n/a
Order book (months)	2.0 - 3.0	1.9	2.0	3.9
Gross margin (%of revenue)	>33%	33.2%	31.7%	32.3%
EBIT margin (% of revenue)	>7.5%	5.6%	2.3%	0.6%
Working capital (% of revenue)	<25%	20.0%	21.5%	20.7%
Inventory turns	>3.5 x	3.3x	2.8x	2.8x
Receivables (days)	< 60	54	55	63

Strategic Report

Key business risks

The board of directors has identified the main categories of business risk in relation to the implementation of the Group's strategic aims and objectives, and has considered reasonable steps to prevent, mitigate or manage these risks.

The principal areas noted during this review are summarised as follows:

Macro-economic – the Group's businesses are active in markets which can be cyclical in nature as the overall level of market demand is dependent upon capital investment intentions. Economic or financial market conditions determine global demand and could adversely affect our customers, distributors, operations, suppliers, and other parties with whom we transact. The directors seek to ensure that our overall risk is mitigated by avoiding excessive concentration of exposure to any given geographical or industry segment, or to any individual customer. Market conditions, lead indicators and industry forecasts are monitored for any early warning signs of changes in overall market demand, and measures to exploit opportunities or manage elevated risks are taken as appropriate.

Production and supply chain – the continuity of the Group's business activities is dependent upon the cost effective supply of products for sale from our own facilities, and those of our key vendors. Supply can be disrupted by a variety of factors including raw material shortages, labour disputes and unplanned machine down time. In particular, the directors are mindful that a small number of key manufacturing outsource partners are located in relatively close proximity to each other in Taiwan.

Taiwan is ranked by Gardner Research as the seventh largest producer nation of machine tools, with global production valued at almost US$5 billion. Taiwanese suppliers represent approximately one third of the total cost of sales for the Group. Group businesses mitigate against such risk by carefully selecting high quality vendors, and maintaining long term constructive and open relationships. The effectiveness of such mitigation would be limited, however, in certain catastrophic circumstances (for example, extreme weather or seismic activity in the vicinity), against which the Group carries appropriate insurance.

Laws and regulations – Group businesses may unknowingly fail to comply with all relevant laws and regulations in the countries in which it operates and contracts business. There is a risk of breach of legal, safety, environmental or ethical standards which can be more difficult to identify, comprehend, or monitor in certain territories than others. The directors have taken all reasonable steps to ensure that operations are conducted to high ethical, environmental and health and safety standards. Controls are in place to keep regulatory and other requirements under careful review, and scrutinise any identified instances of elevated risk.

Information Technology ("IT") – The Groups IT systems and the information they contain are subject to security risks including the unexpected loss of continuity from virus or other issues, and the deliberate breach of security controls for commercial gain or mischief. Any such occurrences could have a significant detrimental effect on the Group's business activities. These risks are mitigated by the utilisation of physical and embedded security systems, regular back-ups and comprehensive disaster recovery plans.

Results

Revenue and order intake

Revenue from continuing operations decreased by 0.2% to £41.71m (2013: £41.79m). There was an underlying increase in revenue of 0.7%, which was offset by the effect of translation into Sterling of revenues generated by Group operations in North America and Australia at less favourable rates of exchange than those prevailing in the previous financial year.

Order intake during the year amounted to £42.47m at a book-to-bill ratio of 101.8%. This was a marked improvement on the previous financial year, in which order intake was £37.37m at a book-to-bill ratio of 89.4%. The year-end order book stood at £7.02m, slightly ahead of the corresponding figure of £6.87m last year.

Costs and margins (before special items)

Gross margins increased by 150 basis points to 33.2% (2013: 31.7%), primarily as a result of management initiatives to reduce direct costs through modifications to product specification, renegotiation of sources of supply, and greater throughput of products against a relatively fixed production cost base.

Group operating expenses reduced by almost 6% to £11.64m (2013: £12.36m), as a result of the full year effect of reductions achieved during the implementation of the strategic review in 2012 including the savings in the second half of the year from the site compression in Heckmondwike. Additional savings were made in the second half of the year in the Australian operation in response to market conditions.

Operating margins in the Machine Tools segment of the business increased from 6.1% to 8.7%, and in Laser Marking from 3.0% to 5.6%. Unallocated group costs were 2.5% of group revenue (2013: 3.3%), and hence the overall Group margin increased from 2.3% to 5.6% of revenue.

Strategic Report

Development expenditure

During the financial year the Group incurred aggregate expenditure on the development of new products and software of £0.57m, of which £0.06m was expensed as incurred, and £0.51m was capitalised and will be amortised over the estimated economic life of the associated products. The corresponding amounts in the previous financial year were £nil of revenue expense, and £0.53m of capitalised costs.

The amortisation charge to income in the current year in respect of development expenditure previously capitalised was £0.03m (2013: £0.09m).

Profit before taxation

Group operating profit before special items and share based payment costs amounted to £2.35m; an increase of 141% on the corresponding figure last year of £0.97m.

Net financial income was £0.31m (2013: £0.04m) comprising net financial expense in respect of bank and other borrowings of £0.39m (2013: £0.47m) and net financial income relating to pensions and the amortisation of shareholder loan costs of £0.69m (2013: £0.50m).

Profit before taxation, special items and share based payment cost was £2.66m (£2013: £1.01m).

Special items and share based based payment cost

During the financial year the Company incurred expenditure which was, in the opinion of the directors, non-recurring in nature. This amounted to £0.13m, which related to the professional costs associated with the possible bid approach.

In the previous financial year, the Company incurred special items resulting in a net credit of £0.80m before taxation, comprising costs relating to re-organisation, redundancy and inventory impairments of £1.60m and a credit in respect of pensions curtailment gain amounting to £2.40m.

It is considered unlikely that the Company will incur any non-recurring items in the current financial year.

Share based payment charges do not represent a cash cost to the Company and amounted to £0.06m (2013 £0.10m)

Taxation

The current year charge for taxation amounted to £0.62m representing 25% of the profit before taxation. In the prior year, the credit for taxation of £1.50m (before special items) comprised a normalised charge of approximately 34% of profit before taxation, and a credit of £1.75m relating to the recognition for the first time of deferred taxation in respect of prior years' losses and timing differences in North America.

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.

Net profit and earnings per share

The total profit attributable to equity holders of the parent for the current financial year amounted to £1.85m (2013: £2.06m). Underlying earnings from continuing operations before pension and equity adjustments, special items and share based payment charge and US deferred tax prior years credit were 1.90 pence per share (2013: 0.59 pence).

Total earnings amounted to 2.19 pence per share (2013: 2.75 pence).

Strategic Report

Financial position and utilisation of resources

Cash flow

Cash generated from operations before working capital movements was £2.71m (2013: £1.10m) The working capital movement included a £1.14m reduction in the level of stockholding as a result of better controls across all operating businesses. Trade and other payables decreased by £1.24m as trading terms with creditors returned to normal levels.

£0.37m was paid during the period in relation to the settlement of an onerous lease exited following the 2012 Strategic Review, with a further £0.15m to be paid in FY15. The net cash ouflow from working capital and provision movements was £0.73m (2013: outflow of £2.82m).

Taxation paid of £0.50m during the year all related to the US operations where previous losses have now all been utilised. Plant and equipment purchases during the year amounted to £0.55m against the depreciation charge of £0.47m.

Development expenditure on the laser marking new products and software of £0.51m were capitalised during the year but will begin full amortisation in the next financial year following completion of the projects.

Net borrowings

Group net debt at 29 March 2014 stood at £5.31m (2013: £5.41m) comprising net bank and finance lease indebtedness of £3.02m (2013: £3.25m) and the amount outstanding on shareholder loans of £2.50m net of unamortised costs of £0.21m in the current financial year, and £0.34m in the prior year.

Headroom on bank facilities was £2.72m at the year-end (2013: £3.20m) and all financial covenants had been met in full.
In May 2014, the Group's primary UK banking facilities were increased and extended, resulting in aggregate facilities worldwide of £6.75m, the majority of which is committed until no earlier than May 2017.

Shareholder loans amounting to £2.50m are due to be refinanced in August 2015, either through extension for a further period, repayment from other cash resources within the Group, or exercise of associated share warrants at a price of 20 pence per share expiring in August 2015.

Aggregate borrowings comprised a multiple of approximately 1.68 times the EBITDA for the year (2013: 3.21 times) and gearing amounted to 23.5% of aggregate net assets (2013: 25.0%), or 53.3% (2013: 54.7%) after excluding the net surplus on the UK pension fund.

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.

Retirement Benefits

The accounting surplus on the UK final salary scheme is arrived at on a best estimate basis and included on the Group Statement of Financial Position as the scheme rules allow the requirements on surplus recognition within IFRIC 14 to be applied. The accounting surplus at 29 March 2014 was £19.90m (2013: £19.46m). In accordance with the current legislation on taxation of pension surplus returns to a company, deferred taxation has been provided for on the pension entries at 35% as opposed to the normal 20% rate.

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

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

At 29 March 2014, the subsequent performance of the scheme assets and changes in the underlying market conditions in respect of the fund liabilities indicate that the deficit on a Technical Provisions basis had reduced to £14.7m and on a buy-out basis to £35.5m.

The directors and the Trustee work together on a collaborative basis to continue to monitor investment performance and market conditions closely, to mitigate the risk of mis-matching assets and liabilities to a tactically appropriate level, and to pursue opportunities to secure a full or partial buy-out of UK pension liabilities when conditions permit.
The US retiree health scheme and pension fund deficits reduced during the year due to changes in actuarial assumptions to £0.91m (2013: £1.36m.)

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 translated into Sterling, 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 on to 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.

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.

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. 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 29 March 2014, which should be read in conjunction with the Chairman's Statement on the affairs of the Group (pages 1 to 2), and the Strategic Report (pages 3 to 10) . 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 2014 are for the 52-week period ended 29 March 2014. The results for 2013 are for the 52-week period ended 30 March 2013.

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 20.

BUSINESS REVIEW

A balanced and comprehensive analysis of development and performance of the Group is contained in the Chairman's Statement and the Stategic Report on pages 1 to 10. 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.

RESEARCH AND DEVELOPMENT

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

INTERESTS IN SHARE CAPITAL

At 5 June 2014, 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	26.98
Mr A Perloff and the Maland Pension Fund Trustees	6,100,000	7.22
Henderson Volantis Capital	3,901,197	4.62
Schroder Investment Management	3,671,320	4.35
CriSeren Investments Limited	3,548,811	4.20

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 have been exercised for cash leaving 11,595,000 warrants outstanding which expire in August 2015.

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 8,449,189 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 23 September 2013. 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 10.

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 29 March 2014 are shown in the Remuneration Report on pages 15 to 18.

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

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.

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 2014

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Strategic Report, the Directors' 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 2014

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.

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

• a review of 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. 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.

LONG-TERM INCENTIVE PLANS

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 were granted on 19 November 2012 which are exercisable at 10p between three and ten years after grant date and further options excercisable at 17p were issued on 7 April 2014.

BENEFITS IN KIND

Executive Directors' benefits include a car allowance and medical insurance for self and family.

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.

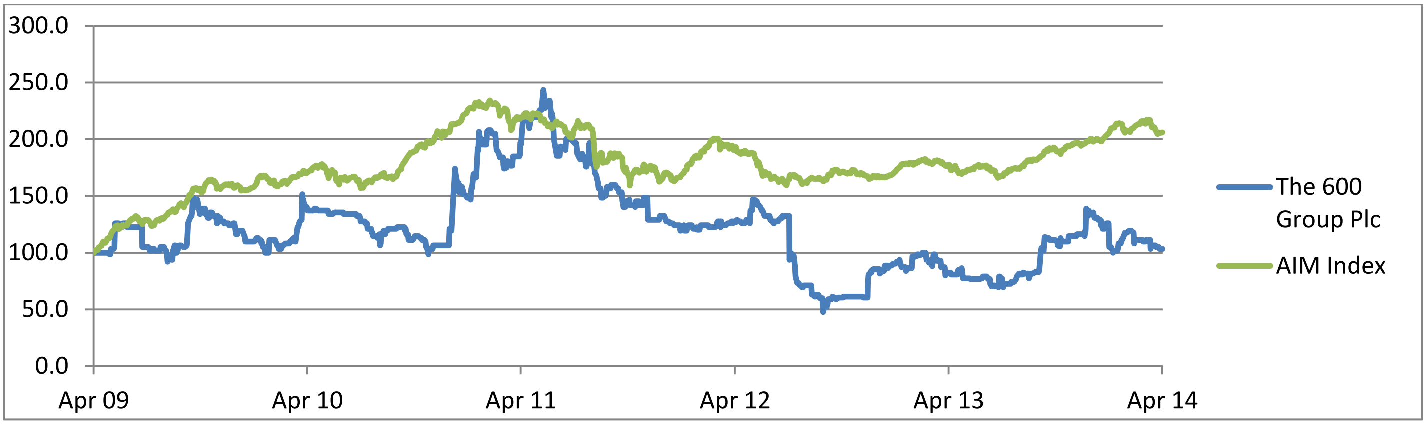
NON-EXECUTIVE DIRECTORS' REMUNERATION

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 and are not eligible for pension benefits.

FIVE YEAR TOTAL SHAREHOLDER RETURN

This graph shows the Total Shareholder Return (TSR) of the Company from 1 April 2009 to 29 March 2014 compared with the AIM Index, rebased to 100. The TSR is defined as share price growth plus dividends reinvested. As the Company has been a constituent of this index since 14 July 2011, the Board considers that this is now the most appropriate index against which the TSR of the Company should be measured.



DIRECTORS' INTERESTS IN SHARES

The interests of Directors holding office at 29 March 2014 in the ordinary shares of the Company were as follows:

	At 29 March 2014 Number	At 30 March 2013 Number
P R Dupee	**22,792,535**	22,792,535
N F Rogers	**1,209,728**	1,036,667
S J Rutherford	**20,000**	20,000
N R Carrick	**62,734**	—
D Zissman	**150,000**	150,000

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.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.

On 7 April 2014 D Zissman increased his shareholding with the purchase of 150,000 ordinary shares taking his holding to 300,000 ordinary shares.

DIRECTORS' EMOLUMENTS

	Salary £	Fees £	Pension £	Bonus Shares[1] £	Bonus Cash £	All benefits in kind £	**Total 2014 £**	Total 2013 £
P R Dupee	—	60,000	—	—	—	—	**60,000**	60,000
N F Rogers	200,000	—	—	60,000	40,000	1,387	**301,387**	380,537
N R Carrick	145,000	—	13,050	21,750	43,500	12,987	**236,287**	229,903
D Zissman	—	33,000	—	—	—	—	**33,000**	33,000
S J Rutherford	—	33,000	—	—	—	—	**33,000**	33,000
Total	345,000	126,000	13,050	81,750	83,500	14,374	**663,674**	736,440

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

Remuneration report

DIRECTORS' SHARE OPTIONS

Details of share options at 29 March 2014 and 30 March 2013 for each Director who held office during the year are as follows:

	Number of options at 30 March 2013	Granted	Exercised	Lapsed/ forfeited	**Number of options at 29 March 2014**
N R Carrick	1,750,000[1]	—	—	—	**1,750,000**
N F Rogers	2,750,000[1]	—	—	—	**2,750,000**

[1] 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.

The charge to the Income Statement in respect of share based payments was £57,000 (2013: £100,000).

On 7 April 2014 5,400,000 options with an exercise price of 17p were granted under the 600 Group PLC Deferred Share Plan exercisable between 3 and 10 years from the date of grant. 2,000,000 options were granted to Mr N Rogers, 1,400,000 options to Mr N Carrick, 1,000,000 to Mr P Dupee, 500,000 to Mr D Zissman and 500,000 to Mr S Rutherford.

The share price at 29 March 2014 was 16p and the highest and lowest prices during the period were 21.5p and 10.75p, respectively.

On behalf of the Board

NEIL CARRICK
DIRECTOR
26 JUNE 2014

Independent auditor's report

To the members of The 600 Group PLC

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 52 weeks ended 29 March 2014 set out on pages 20 to 69. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 14, 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 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 Financial Reporting Council'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 29 March 2014 and of the group's profit for the 52 weeks 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;
- 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 Strategic Report and 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 LLP, Statutory Auditor
Chartered Accountants
1 The Embankment
Neville Street
Leeds
LS1 4DW
26 June 2014

Consolidated income statement

For the 52-week period ended 29 March 2014

	Note	Before Special items^ & share-based payments 52 weeks ended 29 March 2014 £'000	Special items^ & share-based payments 52 weeks ended 29 March 2014 £'000	After Special items^ & share-based payments 52 weeks ended 29 March 2014 £'000	As restated * Before Special items^ & share-based payments 52 weeks ended 30 March 2013 £'000	As restated * Special items^ & share-based payments 52 weeks ended 30 March 2013 £'000	As restated * After Special items^ & share-based payments 52 weeks ended 30 March 2013 £'000
Continuing							
Revenue	1	**41,707**	**-**	**41,707**	41,788	-	41,788
Cost of sales		**(27,850)**	**-**	**(27,850)**	(28,538)	(600)	(29,138)
Gross profit		**13,857**	**-**	**13,857**	13,250	(600)	12,650
Other operating income	2	**134**	**-**	**134**	79	-	79
Net operating expenses	2	**(11,643)**	**(185)**	**(11,828)**	(12,356)	1,298	(11,058)
Operating profit/(loss)	4	**2,348**	**(185)**	**2,163**	973	698	1,671
Bank and other interest		**7**		**7**	7		7
Interest on pension surplus		**827**		**827**	618		618
Financial income	6	**834**	-	**834**	625	-	625
Bank and other interest		**(388)**		**(388)**	(469)		(469)
Amortisation of shareholder loan expenses		**(134)**		**(134)**	(117)		(117)
Financial expense	6	**(522)**	-	**(522)**	(586)	-	(586)
Profit/(loss) before tax		**2,660**	**(185)**	**2,475**	1,012	698	1,710
Income tax (charge)/credit	7	**(623)**	**-**	**(623)**	1,496	(850)	646
Profit/(loss) for the period from continuing operations		**2,037**	**(185)**	**1,852**	2,508	(152)	2,356
Post tax loss of discontinued operations	1	**-**	**-**	**-**	(295)	-	(295)
Total profit/(loss) for the financial year attributable to Equity holders of the parent		**2,037**	**(185)**	**1,852**	2,213	(152)	2,061

^Special items comprise costs incurred on the abortive acquisition of the Group during the year. Prior year special items related to exceptional costs and credits relating to reorganisation, redundancy, inventory and intangibles impairments, property disposals, refinancing and pension scheme closure. (see note 3)

* Comparative figures have been restated to reflect changes in accounting for interest on pension surplus under IAS 19 (revised) 'Employee Benefits' and related deferred tax movements.

	Note	Before Special items^ & share-based payments 2014	Special items^ & share-based payments 2014	After Special items^ & share-based payments 2014	Before Special items^ & share-based payments 2013	Special items^ & share-based payments 2013	After Special items^ & share-based payments 2013
Basic earnings/(loss) per share	9						
- continuing		**2.41p**	**(0.22)p**	**2.19p**	3.34p	(0.20)p	3.14p
- discontinued		**-**	**-**	**-**	(0.39)p	**-**	(0.39)p
- Total		**2.41p**	**(0.22)p**	**2.19p**	2.95p	(0.20)p	2.75p
Diluted earnings/(loss) per share	9						
- continuing		**2.37p**	**(0.22)p**	**2.15p**	3.27p	(0.20)p	3.07p
- discontinued		**-**	**-**	**-**	(0.38)p	**-**	(0.38)p
- Total		**2.37p**	**(0.22)p**	**2.15p**	2.89p	(0.20)p	2.69p

Consolidated statement of comprehensive income
for the 52-week period ended 29 March 2014

	Notes	52-week period ended 29 March 2014 £000	Restated 52-week period ended 30 March 2013 £000
Profit for the period		**1,852**	2,061
Other comprehensive income/(expense)			
Items that will not be reclassified to the Income Statement:			
Remeasurement of the net defined benefit assets	28	**(229)**	4,291
Impact of changes to defined benefit asset limit	28	**-**	12,940
Impact of transfer to assets held for sale		**-**	(616)
Deferred taxation	13	**139**	(5,730)
Total items that will not be reclassified to the Income Statement:		**(90)**	10,885
Items that are or may in the future be reclassified to the Income Statement:			
Foreign exchange translation differences		**2**	**-**
Total items that are or may in the future be reclassified to the Income Statement:		**2**	**-**
Other comprehensive income/(expense) for the period, net of income tax		**(88)**	10,885
Total comprehensive income/(expense) for the period		**1,764**	12,946
Attributable to:			
Equity holders of the Parent Company		**1,764**	12,946
Total recognised (expense)/income		**1,764**	12,946

Consolidated statement of financial position

Company Number 00196730

As at 29 March 2014

	Notes	As at 29 March 2014 £000	As at 30 March 2013 £000
Non-current assets			
Property, plant and equipment	11	**4,348**	4,500
Intangible assets	12	**1,780**	1,297
Deferred tax assets	13	**2,723**	3,120
Employee benefits	28	**19,019**	18,105
		27,870	27,022
Current assets			
Inventories	14	**8,505**	10,273
Trade and other receivables	15	**6,209**	6,183
Cash and cash equivalents	16	**1,149**	1,025
		15,863	17,481
Total assets		**43,733**	44,503
Non-current liabilities			
Loans and other borrowings	17	**(2,475)**	(5,100)
Deferred tax liabilities	13	**(7,737)**	(7,597)
		(10,212)	(12,697)
Current liabilities			
Trade and other payables	18	**(6,425)**	(6,973)
Income tax payable		**(140)**	(535)
Provisions	19	**(429)**	(1,309)
Loans and other borrowings	17	**(3,982)**	(1,332)
		(10,976)	(10,149)
Total liabilities		**(21,188)**	(22,846)
Net assets		**22,545**	21,657
Shareholders' equity			
Called-up share capital	21	**14,581**	14,579
Share premium account		**16,885**	16,858
Revaluation reserve		**862**	909
Capital redemption reserve		**2,500**	2,500
Equity reserve		**180**	173
Translation reserve		**938**	1,860
Retained earnings		**(13,401)**	(15,222)
Total equity		**22,545**	21,657

The financial statements on pages 20 to 68 were approved by the Board of Directors on 26 June 2014 and were signed on its behalf by:

NEIL CARRICK
GROUP FINANCE DIRECTOR
26 JUNE 2014

Consolidated statement of changes in equity

As at 29 March 2014

	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 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 (restated)	—	—	—	—	—	—	2,061	2,061
Other comprehensive income:								
Foreign currency translation	—	—	26	—	373	—	—	399
Net actuarial losses on employee benefit schemes (restated)	—	—	—	—	—	—	4,291	4,291
Impact of assets disposed of	—	—	(197)	—	—	—	(616)	(813)
Impact of changes to defined benefit asset limit	—	—	—	—	—	—	12,940	12,940
Deferred tax (restated)	—	—	—	—	—	—	(5,730)	(5,730)
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**
At 31 March 2013	14,579	16,858	909	2,500	1,860	173	(15,222)	21,657
Profit for the period	—	—	—	—	—	—	1,852	1,852
Other comprehensive income:								
Foreign currency translation	—	—	(90)	—	(922)	—	2	(1,010)
Remeasurement of the net defined benefit assets	—	—	—	—	—	—	(229)	(229)
Revaluation of properties	—	—	43	—	—	—	—	43
Deferred tax	—	—	—	—	—	—	139	139
Total comprehensive income	—	—	(47)	—	(922)	—	1,764	795
Transactions with owners:								
Share capital subscribed for	2	27	—	—	—	—	—	29
Shareholder loan issue with convertible warrants	—	—	—	—	—	7	—	7
Credit for share-based payments	—	—	—	—	—	—	57	57
Total transactions with owners	2	27	—	—	—	7	57	93
At 29 March 2014	**14,581**	**16,885**	**862**	**2,500**	**938**	**180**	**(13,401)**	**22,545**

[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 29 March 2014

	Notes	**52-week period ended 29 March 2014 £000**	Restated 52-week period ended 30March 2013 £000
Cash flows from operating activities			
Profit for the period		**1,852**	2,061
Adjustments for:			
Amortisation of development expenditure		**28**	87
Depreciation		**467**	627
Net financial income		**(312)**	(39)
Net pension credit		—	(2,429)
Other Special Items		—	1,631
Equity share option expense		**57**	100
Discontinued operations		—	(295)
Income tax expense		**623**	(646)
Operating cash flow before changes in working capital and provisions		**2,715**	1,097
(Increase)/decrease in trade and other receivables		**(255)**	346
Decrease in inventories		**1,143**	104
Decrease in trade and other payables		**(1,243)**	(2,701)
Restructuring and redundancy expenditure		**(371)**	(572)
Cash generated/(used) in operations		**1,989**	(1,726)
Interest paid		**(290)**	(469)
Income tax paid		**(496)**	(40)
Net cash flows from operating activities		**1,203**	(2,235)
Cash flows from investing activities			
Interest received		**7**	7
Proceeds from sale of property, plant and equipment		**42**	2,710
Proceeds from sale of subsidiary undertakings		—	1,708
Purchase of property, plant and equipment		**(545)**	(129)
Development expenditure capitalised		**(511)**	(532)
Refinancing expenditure		—	(286)
Net cash flows from investing activities		**(1,007)**	3,478
Cash flows from financing activities			
Proceeds from issue of ordinary shares		**29**	1,416
Net Repayment of external borrowing		**(72)**	(1,383)
Net Finance lease expenditure		**58**	(173)
Net cash flows from financing activities		**15**	(140)
Net increase in cash and cash equivalents	22	**211**	1,103
Cash and cash equivalents at the beginning of the period		**1,025**	(117)
Effect of exchange rate fluctuations on cash held		**(87)**	39
Cash and cash equivalents at the end of the period	16	**1,149**	1,025

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 2014 are for the 52-week period ended 29 March 2014. The results for 2013 are for the 52-week period ended 30 March 2013. 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.

The application of these standards and interpretations has required change to accounting for the expected return on pension assets at a rate above that of the interest on pension obligations which has been replaced by a net figure based upon the discount rate applied to the net defined benefit asset or liability as required by the amendment to IAS 19. Comparative figures have been adjusted accordingly and the pensions financial income of £11.57m and pensions financial expense of £8.07m have been replaced by a single figure of pensions financial income of £0.62m. The net related deferred taxation of £1.01m has also been adjusted and this and the net interest of £3.5m have been shown in the restated Statement of Comprehensive Income. Consequently the Statement of Financial Position remains unchanged.

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 Company has elected to prepare its Parent Company financial statements in accordance with UK GAAP; these are presented on pages 61 to 68.

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.

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 to 2 and the Strategic Report on pages 3 to 10.

The Group refinanced in May 2014 with Santander PLC who provided a Term Loan facility of £2m with scheduled repayments through to November 2017 and a Revolving Credit facility of £1.3m until 31 May 2017 on normal commercial terms and covenants in the same form. Security over the UK assets which is shared with Haddeo and the UK Pension Trustees remains in place. Overseas bank overdrafts in place around the Group are not due for review until after the next 12 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 Haddeo loan of £2.5m is due for repayment in August 2015. The Group has held discussions with Santander PLC, Haddeo and its overseas banks and no matters have been drawn to its attention to suggest the renewal of, or provision of, similar working capital or loan 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 or title passes 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 other than in respect of storage for customers' 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 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 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.

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 share based payments are separately identified.

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 in prior year include the results for the businesses in South Africa and Poland which was disposed of during that 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 net asset or liability of the scheme – calculated by reference to the net scheme asset or liability and discount rate at the beginning of the period..

Within the statement of comprehensive income

• actuarial gains and losses arising on the assets and liabilities of the scheme.

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 rate used is 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 29 March 2014. 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.

Group accounting policies

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 23.

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.

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 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.

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

	Continuing					
52 Weeks ended 29 March 2014	**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	**34,431**	**7,276**	**—**	**41,707**	**—**	**41,707**
Inter-segment revenue	**—**	**296**	**—**	**296**	**—**	**296**
Total segment revenue	**34,431**	**7,572**	**—**	**42,003**	**—**	**42,003**
Less: inter-segment revenue	**—**	**(296)**	**—**	**(296)**	**—**	**(296)**
Total revenue	**34,431**	**7,276**	**—**	**41,707**	**—**	**41,707**
Segmental analysis of operating Profit/(loss) before Special Items	**3,005**	**421**	**(1,078)**	**2,348**	**—**	**2,348**
Special Items	**—**	**—**	**(185)**	**(185)**	**—**	**(185)**
Group profit from operations	**3,005**	**421**	**(1,263)**	**2,163**	**—**	**2,163**
Other segmental information:						
Reportable segment assets	**37,454**	**6,153**	**126**	**43,733**		
Reportable segment liabilities	**(13,007)**	**(1,522)**	**(6,659)**	**(21,188)**		
Fixed asset additions	**412**	**643**	**—**	**1,055**		
Depreciation and amortisation	**308**	**159**	**28**	**495**		

Notes relating to the consolidated financial statements
For the 52-week period ended 29 March 2014

1. SEGMENT INFORMATION (CONTINUED)

52-weeks ended 30 March 2013	Continuing: Machine Tools & Precision Engineered Components	Continuing: Laser Marking	Continuing: Head Office & unallocated	Continuing: Total	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 (Loss)/profit from operations	754	220	697	1,671	(500)	1,171
Other segmental information:						
Reportable segment assets	18,006	4,374	22,123	44,503		
Reportable segment liabilities	(7,166)	(1,187)	(14,493)	(22,846)		
Fixed asset additions	72	589	—	661		
Depreciation and amortisation	491	195	28	714		

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	**2014**		2013	
	£000	**%**	£000	%
Gross sales revenue:				
UK	**20,803**	**49.9**	18,076	39.8
North America	**18,703**	**44.8**	19,994	44.0
Australasia	**2,201**	**5.3**	3,718	8.2
Continuing Revenue	**41,707**	**100.0**	41,788	92.0
Discontinued	—	—	3,658	8.0
Total Revenue	**41,707**	**100.0**	45,446	100.0

1. SEGMENT INFORMATION (CONTINUED)

Segmental analysis by destination:

	2014		2013	
	£000	**%**	£000	%
Gross sales revenue:				
UK	**8,223**	**19.7**	6,581	14.5
Other European	**6,486**	**15.6**	6,662	14.7
North America	**22,360**	**53.6**	22,691	49.9
Africa	**315**	**0.8**	79	0.2
Australasia	**2,057**	**4.9**	3,765	8.3
Central America	**112**	**0.3**	142	0.3
Middle East	**914**	**2.2**	729	1.6
Far East	**1,240**	**2.9**	1,139	2.5
Continuing Revenue	**41,707**	**100.0**	41,788	92.0
Discontinued	—	—	3,658	8.0
	41,707	**100.0**	45,446	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 results of these discontinued operations are as follows:

	2014			2013
	£000			£000
	Total	South Africa	Poland	Total
Results of the discontinued operations				
Revenue	—	3,042	616	3,658
Expenses	—	(3,002)	(1,156)	(4,158)
Loss before tax from discontinued operations	—	40	(540)	(500)
Taxation	—	—	—	—
Profit/(Loss) from operating activities after tax	—	40	(540)	(500)
Profit/(Loss) from sale of discontinued activities	—	—	205	205
Loss for the period	—	40	(335)	(295)

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

2. OTHER OPERATING INCOME/OPERATING EXPENSES

	2014	2013
	£000	£000
Other operating income	**134**	79
Operating expenses:		
– administration expenses	**8,929**	8,068
– distribution costs	**2,899**	2,990
Total operating expenses	**11,828**	11,058

3. SPECIAL ITEMS AND SHARE-BASED PAYMENTS COST

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

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

	2014	2013
	£000	£000
Cost of sales		
Inventory impairments	**—**	246
Redundancies	**—**	354
Operating costs		
Abortive transaction costs	**128**	—
Refinancing	**—**	295
Reorganisation and restructuring costs	**—**	760
Property disposals	**—**	(23)
Pension curtailment credit	**—**	(2,429)
Restructuring costs	**128**	(797)
Share-based payments	**57**	99

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

In prior years, reorganisation and restructuring costs related to legal disputes and costs incurred in the UK with regard to site closures.

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

Inventory impairments related 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 related to the costs of the share placing and bank facility restructuring in September 2012.

Notes relating to the consolidated financial statements
For the 52-week period ended 29 March 2014

4. OPERATING PROFIT/(LOSS)

Operating profit/(loss) is after charging/(crediting) :	2014	2013
	£000	£000
– depreciation of assets held under finance leases	33	25
– amortisation of development expenditure	28	87
– research and development expensed as incurred	56	—
– hire of plant	10	11
– other operating lease rentals	86	12
– loss on sale of property, plant and equipment	3	1
– rents receivable	—	(52)
– profit on sale of property, plant and equipment	—	(2)
Special Items		
–Abortive transaction costs, Reorganisation, redundancy, pensions, inventory and intangibles impairment (note 3)	185	(797)
Auditor's remuneration:		
– audit of these financial statements	77	88
– 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	42
– other services relating to taxation	17	36
– other services pursuant to such legislation	45	66

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

	2014	2013
	£000	£000
Staff costs:		
– wages and salaries	7,819	8,193
– social security costs	1,113	1,219
– pension charges relating to defined contribution schemes	394	227
– pension charges relating to defined benefit schemes	18	234
– equity share options expense (included in Special Items)	57	100
	9,401	9,973

In addition to the above staff costs, redundancy costs of £nil were incurred during the year (2013 - £354,000). Director's emoluments including disclosure of the highest paid director are included in the Director's Emoluments table contained within the Remuneration report.

5. PERSONNEL EXPENSES (CONTINUED)

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

	2014	2013
	Number	Number
Management and administration	**39**	44
Production	**97**	105
Sales	**76**	79
Continuing	**212**	228
Discontinued	**—**	109
Total	**212**	337

Details of Directors' emoluments and share option schemes are given in the Directors' Remuneration Report on pages 15 to 18.

6. FINANCIAL INCOME AND EXPENSE

		Restated
	2014	2013
	£000	£000
Interest income	**7**	7
Interest on pensions surplus	**827**	618
Financial income	**834**	625
Bank overdraft and loan interest	**(169)**	(185)
Shareholder loan interest	**(200)**	(200)
Other loan interest	**—**	(23)
Other finance charges	**(1)**	—
Finance charges on finance leases	**(18)**	(61)
Amortisation of shareholder loan expenses	**(134)**	(117)
Financial expense	**(522)**	(586)

7. TAXATION

		Restated
	2014	2013
	£000	£000
Current tax:		
Corporation tax at 23% (2013: 24%):		
– current period	**—**	—
Overseas taxation:		
– current period	**(62)**	(499)
Total current tax charge	**(62)**	(499)
Deferred taxation:		
– current period	**(400)**	(569)
– prior period	**(161)**	1,714
Total deferred taxation charge (Note 13)	**(561)**	1,145
Taxation charged to the income statement	**(623)**	646

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 23% (2013: 24%). The differences are explained below:

	2014		Restated 2013	
	£000	%	£000	%
Profit before tax	**2,475**		1,710	
Profit before tax multiplied by the standard rate of corporation tax in the UK of 23% (2013: 24%)	**583**	**23.6**	410	24.0
Effects of:				
– expenses not deductible	**138**	**5.6**	109	6.4
– overseas tax rates	**48**	**1.9**	182	10.6
– pension fund surplus taxed at higher rate	**100**	**4.0**	340	19.9
– property disposals	**-**	**-**	(656)	(38.4)
– deferred tax prior period adjustment	**161**	**6.5**	(1,714)	(100.2)
– (unrecognised losses utilised)/tax not recognised on losses	**(520)**	**(21.0)**	725	42.4
– impact of rate change	**113**	**4.6**	(42)	(2.5)
Taxation charged/(credited) to the income statement	**623**	**25.2**	(646)	(37.7)

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 £113,000 increase 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.

Deferred taxation balances are analysed in note 13.

8. DIVIDENDS

No dividend was paid in period (2013: no dividend paid).

9. EARNINGS PER SHARE

The calculation of the basic earnings per share of 2.19p (2013: 2.75p) is based on the earnings for the financial period attributable to the Parent Company's shareholders of a profit of £1,852,000 (2013: £2,061,000) and on the weighted average number of shares in issue during the period of 84,430,346 (2013: 74,997,407). At 29 March 2014, there were 4,500,000 (2013: 4,500,000) potentially dilutive shares on option with a weighted average effect of 1,553,045 (2013: 1,615,068) shares giving a diluted profit per share of 2.15p (2013 2.69p)

	2014	2013
Weighted average number of shares		
Issued shares at start of period	**84,256,091**	63,926,253
Effect of shares issued in the year	**174,255**	11,071,154
Weighted average number of shares at end of period	**84,430,346**	74,997,407

	£000	£000
Total post tax earnings	**1,852**	2,061
Discontinued Operations	**-**	295
Special Items and Share Based Payment Costs	**185**	152
Pensions Interest	**(827)**	(618)
Amortisation of Shareholder loan expenses	**134**	117
Associated Taxation	**258**	188
Prior year US deferred tax – first time recognition of losses	**-**	(1,753)
Underlying Earnings	**1,602**	442
Underlying EPS	**1.90p**	0.59p

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10. EMPLOYEE SHARE OPTION SCHEMES
The Group has granted share options to employees under The 600 Group PLC Deferred Share Plan 2011.

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 £57,000 (2013: £99,000) in relation to equity-settled share-based payment transactions.

	2014	2013
	DSP	DSP
The number and weighted average exercise prices of share options		
Number of options outstanding at beginning of period	**4,500,000**	502,576
Number of options granted in period	**-**	4,500,000
Number of options forfeited/lapsed in period	**-**	(502,576)
Number of options exercised in period	**—**	—
Number of options outstanding at end of period	**4,500,000**	4,500,000
Number of options exercisable at end of period	—	—

On 7 April 2014 5,400,000 options with an exercise price of 17p were granted under the 600 Group PLC Deferred Share Plan excercisable between 3 and 10 years from the date of grant. 2,000,000 options were granted to Mr N Rogers, 1,400,000 options to Mr N Carrick, 1,000,000 to Mr P Dupee, 500,000 to Mr D Zissman and 500,000 to Mr S Rutherford.

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 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:

	2014	2013
	DSP	DSP
	£000	£000
Fair value	**£0.04**	£0.04
Share price at grant	**£0.13**	£0.13
Exercise price	**10p**	10p
Dividend yield	**0%**	0%
Expected volatility	**50%**	50%
Expected life	**3.0 years**	3.0 years
Risk-free interest rate	**4.08%**	4.08%
Number of shares under option	**4,500,000**	4,500,000

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 30 March 2013	1,124	2,427	19,890	2,158	25,599
Exchange differences	(186)	—	(108)	(115)	(409)
Revaluation	31	—	—	—	31
Additions during period	—	11	464	69	544
Disposals during period	—	(32)	(1,619)	(93)	(1,744)
At 29 March 2014	**969**	**2,406**	**18,627**	**2,019**	**24,021**
At professional valuation	969	2,395	—	—	3,364
At cost	—	11	18,627	2,019	20,657
	969	**2,406**	**18,627**	**2,019**	**24,021**
Depreciation					
At 30 March 2013	169	112	18,734	2,084	21,099
Exchange differences	(16)	—	(74)	(110)	(200)
Revaluation	(13)	—	—	—	(13)
Charge for period	7	27	395	38	467
Disposals during period	—	(15)	(1,571)	(94)	(1,680)
At 29 March 2014	**147**	**124**	**17,484**	**1,918**	**19,673**
Net book value					
At 29 March 2014	**822**	**2,282**	**1,143**	**101**	**4,348**
At 30 March 2013	955	2,315	1,156	74	4,500

The net book value of property, plant and equipment includes £268,991 (2013: £129,700) of assets held under finance leases. The depreciation charged in the period against assets held under finance leases was £32,655 (2013: £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 29 March 2014.

Various UK properties with a net book value of £391,000 (2013: £410,000) are charged as security for borrowing facilities.

	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 the 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

Notes relating to the consolidated financial statements

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12. INTANGIBLE ASSETS

	Goodwill £000	Development Expenditure £000	Total £000
Cost			
At 30 March 2013	1,514	1,772	3,286
Additions	—	511	511
Written off	(1,514)	(310)	(1,824)
At 29 March 2014	**—**	**1,973**	**1,973**
Amortisation and impairment			
At 30 March 2013	1,514	475	1,989
Amortisation	—	28	28
Written off	(1,514)	(310)	(1,824)
At 31 March 2014	**—**	**193**	**193**
Net book value			
At 31 March 2014	**—**	**1,780**	**1,780**
At 30 March 2013	—	1,297	1,297

The additions to Development Expenditure of £511k in the period and £532k in the prior period related primarily to internal development.

	Goodwill £000	Development Expenditure £000	Total £000
Cost			
At 31 March 2012	1,514	1,240	2,754
Additions	—	532	532
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

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

	2014 £000	2013 £000
Operating expenses	**28**	**87**

IMPAIRMENT OF GOODWILL

Goodwill of £1.51m arose on acquisitions before the date of transition to adopted IFRS and was 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	
	2014	2013	**2014**	2013	**2014**	2013
	£000	£000	**£000**	£000	**£000**	£000
Accelerated capital allowances	**689**	725	**—**	—	**689**	725
Short-term timing differences	**301**	438	**—**	—	**301**	438
Tax losses	**1,137**	1,308	**—**	—	**1,137**	1,308
Overseas tax losses	**596**	649	**—**	—	**596**	649
Employee benefits	—	—	**(6,653)**	(6,350)	**(6,653)**	(6,350)
Revaluations and rolled over gains	—	—	**(985)**	(1,133)	**(985)**	(1,133)
Research and development	—	—	**(99)**	(114)	**(99)**	(114)
Net tax assets/(liabilities)	**2,723**	3,120	**(7,737)**	(7,597)	**(5,014)**	(4,477)

MOVEMENT IN DEFERRED TAX DURING THE PERIOD

	As at 30 March 2013 £000	Income statement £000	Eliminated On disposal £000	Statement of comprehensive income £000	Exchange Fluctuations £000	**As at 31 March 2014 £000**
Accelerated capital allowances	725	(36)	—	—	—	**689**
Short-term timing differences	438	(115)	—	—	(22)	**301**
Tax losses	1,308	(171)	—	—	—	**1,137**
Overseas tax losses	649	4	—	—	(57)	**596**
Employee benefits	(6,350)	(406)	—	139	(36)	**(6,653)**
Revaluations and rolled over gains	(1,133)	148	—	—	—	**(985)**
Research and development	(114)	15	—	—	—	**(99)**
	(4,477)	(561)	—	139	(115)	**(5,014)**

MOVEMENT IN DEFERRED TAX DURING THE PRIOR PERIOD

	As at 31 March 2012 £000	Restated Income statement £000	Eliminated On disposal £000	Restated 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	—	(643)	—	(5,730)	23	**(6,350)**
Revaluations and rolled over gains	(1,226)	93	—	—	—	**(1,133)**
Research and development	(139)	25	—	—	—	**(114)**
	513	1,077	(405)	(5,730)	68	**(4,477)**

Deferred taxation at 35% is applied to pension assets, being the rate applicable to refunds from a scheme, as opposed to the normal rate of 20%

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.

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:

	2014	2013
	£000	£000
Advance corporation tax recoverable	**1,670**	1,670
Tax losses	**4,234**	6,782

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

14. INVENTORIES

	2014	2013
	£000	£000
Raw materials and consumables	**646**	706
Work in progress	**872**	680
Finished goods and goods for resale	**6,987**	8,887
	8,505	10,273

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 £1,228,000 (2013: decreased by £1,991,000). Following the impairment provisions, inventories are valued at fair value less costs to sell rather than at historical cost.

15. TRADE AND OTHER RECEIVABLES

	2014	2013
	£000	£000
Trade receivables	**5,248**	5,502
Other debtors	**197**	263
Other prepayments and accrued income	**764**	418
	6,209	6,183

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

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15. TRADE AND OTHER RECEIVABLES CONTINUED

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

	2013	2013
	£000	£000
At start of year	**480**	428
Exchange differences on opening balances	**(18)**	9
Utilised in the period	**(272)**	(71)
Charged in the period	**62**	117
Receivables written off during the year as uncollectable	**—**	(3)
At end of year	**252**	480

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

	2014	2013
	£000	£000
Current (not overdue and no provision held)	**4,043**	4,149
Overdue but no provision held:		
– 0–3 months overdue	**1,235**	1,176
– 3–6 months overdue	**134**	578
– 6–12 months overdue	**51**	151
– more than 12 months overdue	**37**	12
Total gross trade receivables before provision	**5,500**	6,066

As at 29 March 2014, trade receivables that were neither past due nor impaired related to a number of independent customers for whom there is no recent history of default.

The other classes of debtors do not contain impaired assets.

16. CASH AND CASH EQUIVALENTS

	2014 £000	2013 £000
Cash at bank	**1,049**	925
Short-term deposits	**100**	100
Cash and cash equivalents per statement of financial position and per cash flow statement	**1,149**	1,025

17. LOANS AND OTHER BORROWINGS

CURRENT:	2014 £000	2013 £000
Trade finance	**455**	-
Bank loans	**3,426**	1,208
Obligations under finance leases (note 20)	**101**	124
	3,982	1,332

NON-CURRENT:	2014 £000	2013 £000
Bank loans	**-**	2,808
Shareholder loan	**2,289**	2,163
Obligations under finance leases (note 20)	**186**	129
	2,475	5,100

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.11.6m warrants remain outstanding. 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 £143,000 are also netted off the loan carrying value which at the period-end is £2,289,000.

The Term Loan of £469,000 included within Bank loans will be repaid on a quarterly basis with payments of £160,000 on 31 March 2014 and 30 June 2014 and a final payment of £149,000 on 30 September 2014. The revolving credit facility of £2,500,000 included within Bank Loans is repayable in June 2014 and is now classified as current.

Subsequent to the year end the Term Loan and Revolving facility were replaced by a new facility with Santander.

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.

18. TRADE AND OTHER PAYABLES

	2014 £000	2013 £000
Payments received on account	**13**	86
Trade payables	**3,136**	4,034
Social security and other taxes	**206**	206
Other creditors	**1,624**	1,279
Accruals and deferred income	**1,446**	1,368
	6,425	6,973

19. PROVISIONS

	Other £000	Warranties £000	Total £000
Provision carried forward at 30 March 2013	1,214	95	1,309
Exchange differences	—	(13)	(13)
Charged to income statement	—	20	20
Utilised in the period	(883)	(4)	(887)
Provision carried forward at 29 March 2014	**331**	**98**	**429**

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. Part of the provision utilised during the year is in respect of payments made on settlement of an onerous lease exited during the Group strategic review in 2012. A further £150,000 is due to be paid during the 2015 financial year. The timing of other outflows is not clear due to the uncertainty around the timescales of the various legal processes.

20. OBLIGATIONS UNDER FINANCE LEASES

The maturity of obligations under finance leases is as follows:

	2014 £000	2013 £000
Falling due:		
– within one year	**110**	124
– within two to five years	**197**	139
– less future finance charges	**(20)**	(10)
	287	253
Amounts falling due within one year	**101**	124
Amounts falling due after one year	**186**	129
	287	253

21. SHARE CAPITAL

	2014 £000	2013 £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		
84,256,091 ordinary shares of 1p each on issue at start of the period (2013: 63,926,253 ordinary shares)	**843**	639
235,795 ordinary shares of 1p each issued to N Rogers and N Carrick on subscription following bonus payment	**2**	—
19,663,171 ordinary shares of 1p each issued in institutional placing	—	197
666,667 ordinary shares of 1p each issued to N Rogers on subscription following bonus payment	—	7
84,491,886 ordinary shares of 1p each on issue at end of period (2013: 84,256,091 ordinary shares of 1p)	**845**	843
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	**14,581**	14,579

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 current year 173,061 and 62,734 ordinary shares were issued to N Rogers and N Carrick respectively in June 2013. This resulted in share capital increasing by £2,358 with a corresponding share premium increase of £26,527.

During the prior 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) 11.6m warrants remain outstanding.11.6m warrants remain outstanding.

22. RECONCILIATION OF NET CASH FLOW TO NET DEBT

	2014 £000	2013 £000
Increase in cash and cash equivalents	**211**	1,103
Decrease in debt and finance leases	**14**	1,556
Decrease in net debt from cash flows	**225**	2,659
Net debt at beginning of period	**(5,407)**	(7,994)
Shareholder loan deferred cost amortisation	**(126)**	(111)
Exchange effects on net funds	—	39
Net debt at end of period	**(5,308)**	(5,407)

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23. ANALYSIS OF NET DEBT

	At 30 March 2013 £000	Exchange movement £000	Other £000	Cash flows £000	At 29 March 2014 £000
Cash at bank and in hand	**925**	(87)	—	211	**1,049**
Term deposits (included within cash and cash equivalents on the balance sheet)	**100**	—	—	—	**100**
	1,025	(87)	—	211	**1,149**
Debt due within one year	**(1,208)**	63	(2,500)	(236)	**(3,881)**
Debt due after one year	**(2,808)**	—	2,500	308	**—**
Shareholder loan	**(2,163)**	—	(126)	—	**(2,289)**
Finance leases	**(253)**	24	—	(58)	**(287)**
Total	**(5,407)**	—	(126)	225	**(5,308)**

24. 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 leaving 11.6m warrants outstanding which are due to expire in August 2015.

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.

24. 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:

	2014	2013
	£000	£000
Trade receivables	**5,248**	5,502
Cash and cash equivalents	**693**	1,025
	5,941	6,527

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

	2013	2013
	£000	£000
UK	**3,058**	3,627
Other European countries	**-**	-
North America	**1,921**	1,837
Australasia	**269**	121
	5,248	5,585

24. 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:

	2014 carrying amount £000	Contractual cash flows £000	Less than 1 year £000	1–2 years £000	2–5 years £000
Bank overdrafts	**455**	**455**	**455**	**—**	**—**
Bank loan	**3,426**	**3,426**	**3,426**	**—**	**—**
Shareholder loan	**2,289**	**2,289**	**—**	**2,289**	**—**
Finance lease obligations	**287**	**287**	**101**	**106**	**80**
Interest bearing financial liabilities	**6,457**	**6,457**	**3,982**	**2,395**	**80**
Trade and other payables	**6,425**	**6,425**	**6,425**	**—**	**—**
Financial liabilities	**12,882**	**12,882**	**10,407**	**2,395**	**80**

	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**

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.

24. 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:

	2014			2013		
	PLN	**US Dollars**	**Euro**	PLN	US Dollars	Euro
	PLN000	**$000**	**€000**	PLN000	$000	€000
Trade receivables	**—**	**1,921**	**95**	276	1,837	95
Trade payables	**—**	**(181)**	**(1,142)**	(1,479)	(472)	(1,142)
Balance sheet exposure	**—**	**1,740**	**(1,047)**	(1,203)	(1,365)	(1,047)

The following exchange rates applied during the year:

	2014		2013	
	Average rate	**Year end spot rate**	Average rate	Year end spot rate
US Dollar	**1.592**	**1.664**	1.579	1.519
Euro	**1.187**	**1.210**	1.223	1.183

	Net assets in foreign currency	**Change if appreciated/ Depreciated by 25% against local Currency**
US Dollar	**7,168**	**1,792**

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.

24. 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
29 March 2014				
US$	**66**	**717**	**(66)**	**(717)**
AUD	**(7)**	**158**	**7**	**(158)**
30 March 2013				
US$	110	715	(110)	(715)
AUD	21	195	(21)	(195)

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	**(457)**	**(5)**
AUS Dollar	**231**	**2**
CAD Dollar	**4**	**—**

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 29 March 2014, 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 charge of £0.03m (2013: charge of £0.05m). A reduction of 100 basis points would have the equal and opposite effect. There is no further impact on shareholders' equity.

24. 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 29 March 2014 and 30 March 2013 was:

	2014				2013			
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	**814**	**100**	**3,499**	**4,413**	469	100	3,790	4,359
US Dollars	—	—	**2,408**	**2,408**	—	—	2,197	2,197
Australian Dollars	**231**	—	**302**	**533**	456	—	196	652
Euros	—	—	—	—	—	—	—	—
Polish Zloty	—	—	—	—	—	—	—	—
Canadian Dollars	**4**	—	—	**4**	—	—	—	—
	1,049	**100**	**6,209**	**7,358**	925	100	6,183	7,208

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

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

Sterling fixed-rate financial assets are centrally controlled. At 29 March 2014 the weighted average interest rate on these deposits was 1.0% (2013: 1.0%).

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

24. 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:

	2014				2013			
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	**3,424**	**2,464**	**3,475**	**9.363**	3,289	2,286	4,439	10,014
US Dollars	**457**	—	**763**	**1,220**	728	—	799	1,527
South African Rand	—	—	—	—	—	—	—	—
Australian Dollars	—	**112**	**287**	**399**	—	130	198	328
Canadian Dollars	—	—	—	—	—	—	—	—
	3,881	**2,576**	**4,525**	**10,982**	4,017	2,416	5,436	11,869

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

BORROWING FACILITIES

At 29 March 2014 and 30 March 2013 the Group had undrawn committed borrowing facilities as follows:

	2014 '000	2013 '000
UK	**£860**	£1,652
US	**$1,739**	$1,395
Australia	**AUD$900**	AUD$900

FAIR VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

	2014 £000	2013 £000
Trade receivables	**6,209**	6,183
Cash and cash equivalents	**1,149**	1,025
Bank overdrafts	**(455)**	—
Bank loan	**(3,426)**	(4,016)
Other loans	**(2,289)**	(2,163)
Finance lease obligations	**(287)**	(253)
Trade payables	**(4,525)**	(5,436)
Fair value of derivative contracts	**—**	—
	(3,624)	(4,661)

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.

25. CONTINGENT LIABILITIES

	2014 £000	2013 £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.

26. CAPITAL COMMITMENTS

	2014 £000	2013 £000
Capital expenditure contracted for but not provided in the accounts	**—**	170

27. OPERATING LEASE COMMITMENTS

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

	2014 £000	2013 £000
Land and buildings		
Within one year	**321**	311
More than one year and less than five years	**1,030**	1,139
Over five years	**709**	887
	2,060	2,337
Other		
Within one year	**31**	13
More than one year and less than five years	**36**	19
	67	32

28. 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 2013.

During the prior 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 prior year 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 31 March 2014. The disclosures for the US schemes that follow refer to the US defined benefit scheme and the retirement healthcare benefit scheme.

28. 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 (2013: 21.6 years) after retirement if male and for a further 23.6 years (2013: 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 (2013: 22.7 years) after retirement if they are male and for a further 24.6 years (2013: 24.6 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:

	2014 UK scheme % p.a.	2013 UK scheme % p.a.
Inflation under RPI	3.2	3.5
Inflation under CPI	2.0	2.3
Rate of general long-term increase in salaries	n/a	5.0
Rate of increase for CARE benefit while an active member	n/a	3.35
Rate of increase to pensions in payment – LPI 5%	3.10	3.33
Rate of increase to pensions in payment – LPI 2.5%	2.15	2.2
Discount rate for scheme liabilities	4.5	4.2

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 3.92% (2013: 3.53%) and for the US medical scheme was 3.92% (2013: 3.53%).

	Expected return on assets UK scheme					
	Long-term rate of return expected at 29 March 2014 % p.a.	**Value at 29 March 2014 £m**	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
Equities	**4.50**	**40.10**	4.20	51.30	8.00	53.61
Property	**4.50**	**21.20**	4.20	19.30	8.00	19.39
LDI funds	**4.50**	**69.60**	4.20	76.80	3.50	70.69
Government bonds	**4.50**	**n/a**	4.20	n/a	3.50	n/a
Corporate bonds	**4.50**	**14.60**	4.20	14.30	4.70	40.97
Absolute Return	**4.50**	**31.20**	4.20	29.80		
Other	**4.50**	**19.00**	4.20	11.80	3.50	3.12
Combined	**4.50**	**195.70**	4.20	203.30	6.30	187.78

The accounting for pensions under IAS 19 changed in the current year in that there is no longer 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 £0.791m (2012: £0.914m) and are held mainly in bonds.

28. 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 29 March 2014 and 30 March 2013 were:

2014	**2014**			2013		
	US schemes £000	**UK scheme £000**	**Total £000**	US schemes £000	UK scheme £000	Total £000
Assets	**791**	**195,700**	**196,491**	914	203,300	204,214
Liabilities	**(1,706)**	**(175,803)**	**(177,509)**	(2,269)	(183,840)	(186,109)
(Deficit)/surplus	**(915)**	**19,897**	**18,982**	(1,355)	19,460	18,105

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:

	2014			2013		
	US schemes £000	**UK scheme £000**	**Total £000**	US schemes £000	UK scheme £000	Total £000
Included within operating profit:						
– current service cost	**11**	**—**	**11**	27	308	335
– curtailment credit (Special Items)	**—**	**—**	**—**	—	(2,429)	(2,429)
Included within financial income:						
–Interest on pension surplus	**(30)**	**(797)**	**(827)**	(43)	(575)	(618)

Notes relating to the consolidated financial statements
For the 52-week period ended 29 March 2014

28. EMPLOYEE BENEFITS (CONTINUED)

IAS 19 CONTINUED

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

	2014			2013		
	US schemes £000	**UK scheme £000**	**Total £000**	US schemes £000	UK scheme £000	Total £000
Actual return on scheme assets	**12**	**2,543**	**2,555**	47	25,291	25,338
Expected return on scheme assets	**(28)**	**(8,300)**	**(8,328)**	(45)	(11,527)	(11,572)
	(16)	**(5,757)**	**(5,773)**	2	13,764	13,766
Change in irrecoverable surplus – limit on paragraph 58 (b) of IAS 19	**—**	**—**	**—**	—	12,940	12,940
Experience gain/(loss) on liabilities/change in assumptions	**184**	**5,360**	**5,544**	766	(13,126)	(12,360)
Net gain/(loss) before exchange	**168**	**(397)**	**(229)**	768	13,578	14,346
Exchange differences	—	**—**	—	—	—	—
Amounts recognised during the period	**168**	**(397)**	**(229)**	768	13,578	14,346
Balance brought forward	**1,007**	**13,112**	**14,119**	239	(466)	(227)
Balance carried forward	**1,175**	**12,715**	**13,890**	1,007	13,112	14,119

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

	2014			2013		
	US Schemes £000	**UK scheme £000**	**Total £000**	US schemes £000	UK scheme £000	Total £000
Opening defined benefit obligation	**2,269**	**183,840**	**186,109**	2,897	174,840	177,737
Exchange differences	**(182)**	**—**	**(182)**	155	—	155
Current service cost	**11**	**—**	**11**	27	308	335
Past service cost credit	**—**	**—**	—	—	—	—
Curtailment credit	**—**	**—**	**—**	—	(2,429)	(2,429)
Interest cost	**63**	**7,482**	**7,545**	86	7,981	8,067
Benefits paid	**(116)**	**(10,175)**	**(10,291)**	(130)	(10,201)	(10,331)
Actuarial (gains)/losses	**(339)**	**(5,360)**	**(5,699)**	(766)	13,126	12,360
Contributions by scheme participants	**—**	**16**	**16**	—	215	215
Closing defined benefit obligations	**1,706**	**175,803**	**177,509**	2,269	183,840	186,109

Notes relating to the consolidated financial statements
For the 52-week period ended 29 March 2014

28. EMPLOYEE BENEFITS (CONTINUED)

IAS 19 CONTINUED

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

	2014			2013		
	US schemes £000	**UK scheme £000**	**Total £000**	US schemes £000	UK scheme £000	Total £000
Opening fair value of scheme assets	**914**	**203,300**	**204,214**	885	187,780	188,665
Exchange differences	**(77)**	**—**	**(77)**	47	—	47
Expected return	**30**	**8,300**	**8,330**	44	11,527	11,571
Actuarial gains/(losses)	**(16)**	**(5,757)**	**(5,773)**	2	13,764	13,766
Contribution by scheme participants	**—**	**16**	**16**	—	215	215
Contributions by employer	**—**	**16**	**16**	—	215	215
Benefits paid	**(60)**	**(10,175)**	**(10,235)**	(64)	(10,201)	(10,265)
Closing fair value of schemes' assets	**791**	**195,700**	**196,491**	914	203,300	204,214

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

	2014			2013		
	US Schemes £000	**UK Scheme £000**	**Total £000**	US schemes £000	UK scheme £000	Total £000
Present value of defined benefit obligation	**(1,706)**	**(175,803)**	**(177,509)**	(2,269)	(183,840)	(186,109)
Fair value of scheme assets	**791**	**195,700**	**196,491**	914	203,300	204,214
(Deficit)/surplus in the scheme	**(915)**	**19,897**	**18,982**	(1,355)	19,460	18,105
Experience adjustments on the scheme liabilities	**325**	**5,360**	**5,685**	56	(13,126)	(13,070)
Experience adjustments on scheme assets	**(15)**	**(5,757)**	**(5,772)**	2	13,764	13,766
Exchange differences	**105**	**—**	**105**	(108)	—	(108)

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:

	29 March 2014 £000	30March 2013 £000	31 March 2012 £000	2 April 2011 £000	3 April 2010 £000
Fair value of scheme assets	**196,491**	204,214	188,665	173,952	172,820
Defined benefit obligation	**(177,509)**	(186,109)	(177,737)	(171,671)	(176,957)
Surplus/(Deficit) in schemes	**18,982**	18,105	10,928	2,281	(4,137)
Unrecognised asset due to limit in paragraph 58 (b) of IAS 19	**—**	**—**	(12,940)	(4,130)	—
Surplus /(Deficit) in schemes	**18,982**	18,105	(2,012)	(1,849)	(4,137)

	2014 £000	2013 £000	2012 £000	2011 £000	2010 £000
History of experience gains and losses					
Experience gains/(losses) on scheme assets	**(5,772)**	13,766	(13,758)	(23)	16,275
Experience (losses)/gains on scheme liabilities[1]	**5,685**	1,404	(6,731)	2,259	(19,323)

[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.

29. 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 25 to 30.

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.

30. 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 £nil to the UK pension scheme during the current period (2013 - £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 (2013 - nil) and no payments were overdue at the period-end.

Company balance sheet
For the 52-week period ended 29 March 2014

	Notes	**As at 29 March 2014 £000**	As at 30 March 2013 £000
Fixed assets			
Tangible assets	4	**392**	1,142
Investments	5	**8,713**	8,713
		9,105	9,855
Current assets			
Debtors	6	**25,584**	33,508
Cash at bank and in hand		**156**	-
		25,740	33,508
Current liabilities			
Creditors: amounts falling due within one year	7	**(15,008)**	(20,749)
Net current assets		**10,732**	12,759
Total assets less current liabilities		**19,837**	22,614
Creditors: amounts falling due after more than one year	8	**(2,465)**	(4,986)
Net assets		**17,372**	17,628
Capital and reserves			
Called-up share capital	9	**14,581**	14,579
Share premium account	10	**16,885**	16,858
Revaluation reserve	10	**236**	236
Capital redemption reserve	10	**2,500**	2,500
Equity reserve	10	**180**	173
Translation reserve	10	**(22)**	(22)
Profit and loss account	10	**(16,988)**	(16,696)
Equity shareholders' funds	13	**17,372**	17,628

The financial statements on pages 61 to 68 were approved by the Board of Directors on 26 June 2014 and were signed on its behalf by:

NEIL CARRICK
GROUP FINANCE DIRECTOR
26 JUNE 2014

REGISTERED OFFICE
1 Union Works
Union Street
Heckmondwike
West Yorkshire
WF16 0HL

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 2014 are for the 52-week period ended 29 March 2014. The results for 2013 are for the 52-week period ended 30 March 2013.

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 25 to 30.

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.

INVESTMENTS

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

FINANCIAL INSTRUMENTS: MEASUREMENT

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

DIVIDENDS

Dividends 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

	2014	2013
	£000	£000
Staff costs:		
– wages and salaries	**678**	643
– social security costs	**61**	69
– pension charges	**17**	24
– equity share options (credit)/expense	**57**	99
	813	835

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

	2014	2013
	Number	Number
Machine tools and equipment	**4**	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 15 to 18.

2. EMPLOYEE SHARE OPTION SCHEMES

The Group has granted share options to employees under The 600 Group PLC Deferred Share Plan 2011.

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 £57,000 (2013: £99,000) in relation to equity-settled share-based payment transactions.

	2014	2013
	DSP	DSP
The number and weighted average exercise prices of share options		
Number of options outstanding at beginning of period	**4,500,000**	502,576
Number of options granted in period	**-**	4,500,000
Number of options forfeited/lapsed in period	**-**	(502,576)
Number of options exercised in period	**—**	—
Number of options outstanding at end of period	**4,500,000**	4,500,000
Number of options exercisable at end of period	—	—

On 7 April 2014 5,400,000 options with an exercise price of 17p were granted under the 600 Group PLC Deferred Share Plan excercisable between 3 and 10 years from the date of grant. 2,000,000 options were granted to Mr N Rogers, 1,400,000 options to Mr N Carrick, 1,000,000 to Mr P Dupee, 500,000 to Mr D Zissman and 500,000 to Mr S Rutherford.

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:

	2014 DSP £000	2013 DSP £000
Fair value	**£0.04**	£0.04
Share price at grant	**£0.13**	£0.13
Exercise price	**10p**	10pil
Dividend yield	**0%**	0%
Expected volatility	**50%**	50%
Expected life	**3.0 years**	3.0 years
Risk-free interest rate	**4.08%**	4.08%
Number of shares under option	**4,500,000**	4,500,000

3. DIVIDENDS

No dividend was paid in period (2013: 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 30 March 2013	1,217	92	94	1,403
Disposals	—	(92)	—	(92)
Transfers to group companies	(722)	—	—	(722)
At 29 March 2014	**495**	**—**	**94**	**589**
At professional valuation	495	—	—	495
At cost	—	—	94	94
	495	**—**	**94**	**589**
Depreciation				
At 30 March 2013	78	92	91	261
Disposals	—	(92)	—	(92)
Charge for period	26	—	2	28
At 29 March 2014	**104**	**—**	**93**	**197**
Net book value				
At 29 March 2014	**391**	**—**	**1**	**392**
At 30 March 2013	1,139	—	3	1,142

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 29 March 2014. Revalued amounts are reflected in the balance sheet with the resulting credit taken to revaluation reserve.

Notes relating to the company financial statements

Various UK properties are charged as security for borrowing facilities.

5. INVESTMENTS

	Shares In Group Undertakings £000
Cost:	
At 30 March 2013	40,423
Additions in the period	—
At 29 March 2014	**40,423**
Provisions	
At 30 March 2013	31,710
Impairment in the period	—
At 29 March 2014	**31,710**
Net book values	
At 29 March 2014	**8,713**
At 30 March 2013	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

	2014 £000	2013 £000
Amounts owed by subsidiary undertakings[1]	**24,710**	33,242
Deferred tax	**809**	—
Other debtors	**65**	266
Other prepayments and accrued income	**—**	—
	25,584	33,508

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

Notes relating to the company financial statements

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014	2013
	£000	£000
Bank overdraft	**—**	78
Bank loans	**2,969**	480
Trade creditors	**460**	479
Amounts owed to subsidiary undertakings[1]	**10,632**	18,663
Corporation tax	**68**	47
Sundry creditors	**621**	563
Accruals and deferred income	**258**	439
Other creditors	**15,008**	20,749

[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

	2014	2013
	£000	£000
Shareholder loan	**2,289**	2,163
Bank loans	**—**	2,808
Deferred taxation	**176**	15
	2,465	4,986

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 borrowing costs relating to the loan of £281,000 are also netted off the loan carrying value which at the period-end is £2,290,000.

The Term Loan of £469,000 included within Bank loans will be repaid on a quarterly basis with payments of £160,000 on 31 March 2014 and 30 June 2014 and a final payment of £149,000 on 30 September 2014. The revolving credit facility of £2,500,000 included within Bank Loans is repayable in June 2014 and is now classified as current.

In May 2014 the Group refinanced with Santander – details are included in the basis of preparation in the notes to the Group accounts.

9. SHARE CAPITAL

	2014 £000	2013 £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		
84,256,091 ordinary shares of 1p each on issue at start of the period (2013: 63,926,253 ordinary shares)	**843**	639
235,795 ordinary shares of 1p each issued to N Rogers and N Carrick on subscription following bonus payment	**2**	—
19,663,171 ordinary shares of 1p each issued in institutional placing	—	197
666,667 ordinary shares of 1p each issued to N Rogers on subscription following bonus payament	—	7
84,491,886 ordinary shares of 1p each on issue at end of period (2013: 84,256,091 ordinary shares of 1p)	**845**	843
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	**14,581**	14,579

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 current year 173,061 and 62,734 ordinary shares were issued to N Rogers and N Carrick respectively in June 2013. This resulted in share capital increasing by £2,358 with a corresponding share premium increase of £26,527.

During the prior 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). 11.6m warrants remain outstanding which expire in August 2015.

Notes relating to the company financial statements

10. RESERVES

	Share premium account £000	Revaluation reserve £000	Capital redemption reserve £000	Equity reserve £000	Translation reserve £000	Profit and loss Account £000
At 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)
Profit for the period	—	—	—	—	—	(349)
Share-based payment	—	—	—	—	—	57
Shareholder loan	—	—	—	7	—	—
On shares issued	27	—	—	—	—	—
At 29 March 2014	**16,885**	**236**	**2,500**	**180**	**(22)**	**(16,988)**

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 profit in the period of £7,390,000 (2013: loss of £658,000). 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

	2014 **£000**	2013 £000
Bank guarantees in respect of Group undertakings	**86**	86

12. PENSION

The Company makes contributions to defined contribution schemes for certain employees. The pension contribution charge for the Company amounted to £15,000 (2013: £22,000).

13. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2014 **£000**	2013 £000
Retained (loss)/profit	**(349)**	(658)
Share-based payment cost	**57**	99
Issued share capital/share premium	**29**	1,417
Equity reserve	**7**	6
Net increase/(reduction) in shareholders' funds	**(256)**	864
Opening shareholders' funds	**17,628**	16,764
Closing shareholders' funds	**17,372**	17,628

14. RELATED PARTY TRANSACTIONS

There are no related party transactions which require disclosure.