ANNUAL REPORT & ACCOUNTS 2016

The 600 Group PLC

Contents

Chairman's statement

I am pleased to report that we have continued to implement structural changes in both our operating divisions to give the Group a greater opportunity to grow in existing and new markets from a reduced cost base.

The financial benefits of these actions began to be evident in the final few months of the 2016 financial year. The improvement in profitability was, however, delayed by a number of factors including the expanded integration programme for the TYKMA Electrox business and the costs associated with staff reductions in the UK. In addition, like many other companies in the sector, we were also affected by the challenging market conditions in the machine tool sector with a much weaker than expected performance in the UK and Europe.

The integration of the two laser businesses has reduced their overall cost base significantly and we have achieved further efficiencies by revising the supply chain and closing down the Electrox manufacturing operation in Letchworth, UK. We consolidated the two businesses onto a single site in Ohio, USA and whilst this proved to be more disruptive and expensive than we first envisaged it is now trading satisfactorily under David Grimes, who became a significant shareholder in the 600 Group following the acquisition of the remaining 20% of TYKMA not already owned in late March 2016.

The integration of TYKMA and Electrox has given the Industrial lasers division worldwide credibility and initial sales have already been made to a number of multi-national corporations. The joint TYKMA Electrox brand now provides laser solutions across a number of industrial laser applications including marking, engraving and micro-material processing.

The performance of our US and Australian machine tool businesses in the period matched their performance of last year which we consider to be quite an achievement considering the difficult state of the markets. However, business conditions in the UK and Europe were very fragile and we took the necessary steps to restructure our activities and reduce our cost base accordingly.

I'm pleased to report that following the appointment of Don Haselton as Managing Director for the machine tools division in August 2015 we have had a good initial response in establishing the Clausing brand of machine tools in the UK, European and Australian markets. Additional resources have been put into sales and marketing for the Colchester, Harrison, Clausing, Pratt Burnerd and Gamet brands and we expect to see continuing improvement in market penetration and revenues as a result of these initiatives.

Since the start of the new financial year our Australian machine tool business has experienced a significant increase in activity. We have expanded our distribution network in the Australian state of Victoria, along with new distributors in Thailand, Vietnam and Malaysia and strengthened our existing distribution relationships in Singapore and the Philippines. We expect these improvements in Australia and South East Asia to continue throughout the fiscal year.
The UK and European markets continue to be challenged by weak economic growth and depressed commodity prices. We have restructured the production operation to provide resources to strengthen the sales and marketing organization. We have seen improvements in market share for the Colchester and Harrison brands in addition to the introduction of the Clausing brand. We expect these improvements to also continue throughout the current fiscal year.

The US market has also been challenged by weak economic growth. The AMT (Association for Manufacturing Technology) reports Manufacturing Technology Orders on a monthly basis. This report shows a decrease in order activity of 17.5% in 2015 with an additional decrease of 16.4% through June 2016. The U.S. Presidential campaign has created further uncertainty. Despite these economic headwinds, the US machine tool business continues to increase market share. Utilisation of contract manufacturing has enabled Clausing to capitalise upon the successful introduction of US built drills with the addition of sawing products. US production of additional product lines is planned for the next few years.

We have signed an updated supply agreement with our important Taiwanese machine tool supplier and, in addition, entered into a supply and distribution agreement with an Indian manufacturer for supply of machine tools and manufacture and distribution under licence in India of our branded products. These important initiatives reduce risk, expand our product offering and increase market coverage of our brands.

Although it is very early to speculate on the effect that the UK leaving the EU may have in the coming year, we would ask shareholders to consider a number of important factors which we believe reduce the risks for the Group associated with this new trading environment. Over 60% of the Group's activity is currently conducted in the USA and these businesses are the main profit drivers of the Group. Furthermore, the dollar income we receive gives us a natural hedge against the majority of our purchases which are in dollars.

In the last year only 13% of Group sales were to EU countries and as I have outlined above we are firmly focused on developing new markets outside of this area particularly in South East Asia. Over 15% of our total revenues are derived from the supply of spares parts and services and this is not dependent on achieving new sales but simply servicing our existing client base. Lastly, the growth of our global industrial laser systems business is largely driven by legislative changes and the requirement for traceability both of which are increasing worldwide irrespective of the situation in the UK.

Chairman's statement

Financial Overview

Revenue from continuing operations was £45.3m (2015: £43.8m) a 3.4% increase on the previous year.

After taking account of interest, taxation, pensions credits and other special items, the Group profit for the financial year was £1.15m (2015: £2.35m).

Underlying profit (before special items) amounted to £1.54m (2015: £1.85m) resulting in underlying earnings of 1.69p per share (2015: 2.09p) and total earnings were 1.26p per share (2015: 2.66p).

At the end of the financial year, group net indebtedness stood at £13.89m (2015: £10.80m), and gearing was 34% (2015: 31%). In addition to the acquisition of the remaining 20% of TYKMA during the year we have invested in new facilities, products and working capital to support our strategic growth plans. At the end of the year the group had financial headroom on the then existing borrowing facilities of £3.30m and had complied with all financial covenants in place throughout the year.

I am pleased to report that following the disposal of the Letchworth premises we restructured our UK banking arrangement and new increased facilities were agreed with HSBC in the UK in August 2016 which will provide more flexible support for the Group going forward.

In the USA Bank of America have continued to be very supportive, providing facilities to fund the $1.8m cash element of the TYKMA 20% acquisition and renewal of ongoing working capital facilities for both TYKMA and Clausing.

Acquisitions

At the end of March 2016 we acquired the remaining 20% of TYKMA, the US based industrial laser business we had acquired 80% of in February 2015. The consideration for this was satisfied by the issue of 12m shares in the Group and $1.8m in cash. TYKMA has been fully integrated with Electrox, the 600 Group's original laser business, during the current financial year and the combined business now operates under the TYKMA Electrox brand.

Facilities

In the USA we successfully re-located the Clausing machine tools business to new purpose built leasehold premises in Kalamazoo, Michigan and TYKMA re-located, again to purpose built leasehold premises, in Chillicothe Ohio. These new sites are better located with excellent road links and significantly improved facilities. To the credit of our management teams and their planning there was no significant impact on trading during the period of the moves. At the beginning of July we completed the sale of our Letchworth long leasehold site for £2.0m, with the much reduced UK laser operation moving to a new leasehold site in Letchworth.

People

On behalf of the Board I would like to thank all our employees for their ongoing support, commitment and dedication to The 600 Group which has been so important in the last year and I look forward to working with them again in the coming year.

Dividends

The Board continues to believe that the retention of earnings for deployment in the business is the most appropriate use of available financial resources. Accordingly they do not recommend the payment of a dividend at the present time.

Outlook

Trading in the period since the FY16 financial year end has been in line with the Board's expectations. The 600 Group is in the process of leveraging our industry recognised brands through an increased worldwide distribution network to accelerate revenue growth. We expect that the actions taken to reduce overheads and become more efficient will yield better margins on increased sales in the future.

Paul Dupee
Chairman
31 August 2016

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, precision engineered components and the design, manufacture and distribution of industrial laser systems. The Group operates these businesses from locations in North America, Europe and Australia selling into more than 180 countries worldwide.

During the 53 week period ended 2 April 2016 31% of revenues came from the sale of metal turning machine tools, with a further 17% from other machine tools and 11% from the sale of precision engineered components. Sales of Industrial laser equipment amounted to 26% with the remaining 15% of revenues being from after sales support, spare parts and services from both divisions.

Group businesses serve customers across a 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 revenue is 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.

The Group benefits from a high degree of loyalty and repeat business via established distributors in many countries and territories. In the year ended 2 April 2016 the top 20 customers, of which 17 were distributors, contributed less than 26% 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)	2016 %	2015 %
United States of America	60	55
United Kingdom	19	18
Europe (excluding UK)	13	16
Rest of the World	8	11
Total	100	100

Macroeconomic and industry trends

Machine tools and precision engineered components

The worldwide machine tool industry is estimated at over $70bn in annual sales and is determined by the investment intentions of manufacturers, and is sensitive to changes in the economic and financial climate. Demand responds to economic trends and typically lags the main cycle of the economy.

Gardner Research identified the largest five producer countries of machine tools to be China, Germany, Japan, South Korea and Italy with the largest five countries ranked by consumption as China, USA, Germany, Japan and South Korea.

The global consumption of machine tools was reported as being negative at 10.3% in the latest Oxford Economics data for the year to December 2015 against a relatively flat 2014. In our most important markets USA was -15.6%, Germany -11.9% and UK -8.3%.

Industrial laser systems

Industry use of industrial lasers for material processing has continued to expand worldwide. Laser systems have now become a mainstream manufacturing process covering the areas of laser machining including cutting and drilling, marking, ablation and a host of other niche applications.

Industry spending for the entire global industrial laser market is reported to be $3.3bn and growing between 4% and 6% each year. The laser marking and micro-materials subset of the overall laser industry continues to grow due to enhanced techniques in the speed, cost and quality of the systems being implemented and legislative changes driving a requirement for greater traceability.

Results

Machine tools and precision engineered components

This division operates from Heckmondwike in the UK, Kalamazoo Michigan in the USA, and Sydney and Brisbane in Australia. It designs and develops metal processing machine tools sold under the brand names Colchester, Harrison and Clausing and designs and manufactures precision engineering components under the brand names Pratt Burnerd and Gamet. There is also a spares, accessories and service operation to support the significant number of machines sold over the Group's long history of supplying quality equipment. Sales are made worldwide, with direct sales operations in North America, Europe, and Australia and a network of distributors in all other key end-user markets.

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

	2016	2015
	£'000	*£'000*
Revenues	32,127	34,747
Operating profit	2,073	2,931
Operating margin	6.5%	8.4%

Revenues overall fell by 7.5% with a 16% fall in the UK and European business and 22% fall in Australia. Revenues and operating profit in our North American operations remained level with the prior year which we consider to be a significant achievement given a 15% industry-wide fall in US consumption. Although the Australian business had a difficult year and was forced to reduce overheads and preserve cash by operating on a four day week basis it has since the financial year end returned to full time working to cope with increased demand and has traded profitably so far this financial year. The Australian operation is also leading the expansion into the South East Asian markets and is responsible for signing up the new distributors in Malaysia, Thailand and Vietnam and it is clear there remains brand recognition in these markets with orders and quotations actively being undertaken.

The UK and European operation experienced difficult market conditions, particularly in Germany, where the weakness of the Euro added pricing pressure. In response to these difficult conditions direct and overhead costs were reduced and the mix of products manufactured in the UK revised during the second half of the financial year. The fall in volume was concentrated on the higher margin component product resulting in a disproportionate fall in operating margins. This was the principal reason for the division's poor overall performance.

Since his appointment as Divisional Managing Director of the machine tool division in August 2015 Don Haselton has been focusing on the introduction to the UK and Europe of the Clausing product range of drills, mills, saws and grinders which are now becoming a regular feature of the package of products we supply in the UK and Europe.

The Clausing range of products has been one of the key reasons behind the sustained growth in the North American operations and represent over 1/3 of their product sales compared to a figure of just 4% for the UK and European operation at present.

Industrial laser systems

Following the acquisition of 80% of TYKMA Inc. in early February 2015, both the TYKMA and Electrox operations were merged into a single industrial laser systems business under a unified management structure. The remaining 20% of TYKMA was purchased at the end of March 2016 just before the financial year end. The integration of the two businesses continued throughout the year with all manufacturing operations centered in a new purpose built facility in Chillicothe, Ohio USA. In the UK we took steps to expand our UK sales presence by signing a distribution agreement with Needham Coding based in Shropshire. This new relationship provides a customer centric operation and increased presence throughout the UK and Ireland and is in addition to the TYKMA Electrox sales and service center located in Letchworth Garden City.

As a result of these actions, operating efficiencies and savings (including those from supplier consolidation) are evidenced in the increased margins we saw towards the end of the financial year. In addition, the restructuring of our entire global sales structure resulted in reduced overall costs and sales operations coming under common leadership.

The worldwide industrial laser systems business now operates under the TYKMA Electrox brand. Industrial laser system solutions are sold for a variety of applications including marking, engraving and micro-material processing to a wide range of industries which includes small companies to large multi-national corporate customers.

The enlarged industrial laser systems division is headed up by David Grimes, the previous CEO of TYKMA, who became a substantial shareholder in the Group as a result of the purchase of the remaining 20% of TYKMA Inc. by the Group at the end of March 2016.

Revenues in this division increased by 43% following the TYKMA contribution being included for a full year for the first time. Operating profit increased substantially but with only the last few months benefitting from the integration of the two companies. We expect this trend will continue to grow and show through in increased margins in the first few months of the current financial year.

Results for the financial year before special items were as follows:

	2016 *£ 000*	**2015** *£ 000*
Revenues	13,142	9,229
Operating profit	1,179	304
Operating margin	8.9%	3.3%

Group revenue

Revenue from continuing operations increased by 3.4% to £45.3m (2015: £43.8m) which although representing only a modest increase over last year was achieved despite the difficult market conditions experienced in the machine tools business in the UK and Europe where turnover fell by 16% and in Australia which suffered a 22% decline.

Costs and margins

Gross margins in the Industrial laser systems division improved as the year progressed and the benefits of the TYKMA Electrox business integration began to take effect. Margins in machine tools were however inevitably affected by the reduced volumes in the UK and European operation, particularly in the higher margin precision components.

Profit before taxation

Group profit before tax was £1.00m (2015: £3.68m) and the underlying profit figure before special items was £1.48m (2015: 2.02m).

Special items

During the financial year, the Group had a number of transactions, which in the opinion of the directors should be reported seperately for a better understanding of the underlying trading performance of the Group.

A credit of £0.94m (2015: £2.35m) is included in operating profit as a result of the work by the trustees of the UK pension scheme and the company in reducing pension liabilities. A number of transactions took place over the previous and current year including a pension increase exchange, commutation of small pensions and other flexible retirement options. This resulted in actuarial adjustments to the pension liabilities, which are processed through the Consolidated Income Statement.

In addition, as a result of the scheme being in surplus on an accounting basis, a credit of £1.17m (2015: £0.86m) is recorded in interest. No cash was paid to or received from the scheme in respect of these transactions.

As a result of the settlement of the contingent deferred consideration on the acquisition of the remaining 20% of TYKMA Inc. a credit is recorded within financial income of £2.03m. The acquisition occurred earlier than was originally envisaged under the put and call options in place and consequently the amount paid was less than that accrued based on the earnings of the combined industrial laser systems division over the next few years.

Costs incurred on the acquisition of the remaining 20% of TYKMA Inc. amounted to £0.2m. Redundancy and restructuring costs incurred on the integration of the Electrox and TYKMA businesses and the overhead and operating cost reduction in Head Office and UK machine tools business amounted to £1.72m.

During the integration process of TYKMA and Electrox it became clear that the capitalised cost of the software developed by Electrox was not going to be realised as originally envisaged ,would not be sold as a distinct product and that further work would be required to integrate the software with existing systems. As a result it has been decided to impair the value of the work so far and an impairment charge of £2.39m has been shown within special items.

In addition share option costs, amortisation of intangible assets and amortisation of loan note costs which are non-cash costs to the Group have been included in special items.

Taxation

The current year resulted in a small credit for taxation (2015: charge of £1.32m). Deferred taxation is provided on the pension credits of £2.11m at a rate of 35%, being the rate applicable to any refund from a pension scheme.

The UK businesses continue to benefit from the substantial previous tax losses and no taxation is payable in the UK. The US businesses are subject to taxation on their profits at a rate of 35%.

Net profit and earnings per share

The total profit attributable to equity holders of the parent for the current financial year amounted to £1.16m (2015: £2.33m).

Underlying earnings from continuing operations before special items and related taxation was 1.69p per share (2015: 2.09p) and basic earnings per share was 1.26p (2015: 2.66p)

Financial position and utilisation of resources

Cash flow

Cash generated from operations before working capital movements was £3.03m (2015: £3.02m). Working capital movement was largely due to a reduction in creditors of which part was professional costs relating to the original purchase of 80% of TYKMA towards the end of the prior financial year. £0.94m was expended on redundancy and restructuring costs which largely consisted of redundancy payments at Electrox, UK machine tools and head office, including to the previous CEO.

Interest paid has increased to £0.96m as a result of a full year of interest paid on the loan notes with the final tranche of £806k of loan notes issued in August 2015.

Capital expenditure included replacement machinery for the UK machine tools business and the fit out costs and plant, machinery and fixtures of the two new facilities in the USA; Clausing machine tools in Michigan and TYKMA in Ohio.

Net borrowings

Group net debt at 2 April 2016 stood at £13.89m (2015: £10.8m) comprising net bank and finance lease indebtedness of £6.2m (2015: £4.0m) and the amount outstanding on the new loan notes of £7.70m (2015: £6.78m). The amount outstanding is net of unamortised costs and amounts disclosed in equity reserve of £0.8m in the current financial year (2015: £0.7m).

New increased facilities were agreed with HSBC in the UK in August 2016 following the sale of the Letchworth property. A package of facilities to support the working capital of the UK machine tools business and a term loan secured on the remaining freehold site in Colchester have been put in place totaling £4.95m. In the USA Bank of America supported the 20% TYKMA acquisition in March 2016 with an additional term loan of $1.8m in addition to their existing term and working capital facilities. The Group has a mixture of term loans and revolving working capital facilities with maturities between 1 and 5 years. Headroom on bank facilities was £3.2m at the year-end (2015: £4.2m) and all financial covenants in place were met during the year.

During August 2015 the Group issued the remaining £806k of New 8% loan notes with a maturity of February 2020 to bring the total gross amount issued to the £8.5m agreed under the loan note programme. These loan notes also entitled holders to warrants of equal value to subscribe for new ordinary shares at 20p.

Gearing amounted to 34% of aggregate net assets (2015: 31%)

Going concern

In accordance with FRC guidelines, the Board has assessed the Group’s funding and liquidity position. 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 at 2 April 2016 was £40.94m (2015: £34.29m). This surplus has been calculated in accordance with the scheme rules and recognised accounting requirements.

As a result of liability reduction exercises undertaken by the UK scheme’s Trustees in conjunction with the company, a credit has been taken in the period in the Income Statement of £0.97m to reflect the actuarial reduction in scheme liabilities.

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 Trustees 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 at least the next funding valuation due as at 31 March 2016.

The formal Actuarial Technical Provisions calculation for 31 March 2016 is currently in progress but it is expected that a similar agreement will be reached with the Trustees following its completion.

At 2 April 2016, the subsequent performance of the scheme assets,changes in the underlying market conditions and the various liability reduction exercises, indicate that the estimated deficit on a Technical Provisions basis had reduced to £10.6m. On a full buy-out basis the estimated deficit had reduced to £44m by the end of March 2016.

The directors and the Trustees 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 slightly during the year due to changes in actuarial assumptions to £1.04m (2015: £1.10m.)

Electrox site

As a result of the merger of TYKMA and Electrox, and the centralisation of manufacturing in the USA, the long leasehold UK site in Letchworth became too large for the remaining sales and service operation which has moved to smaller leased premises. The sale of the existing site for a net £2.0m was completed on 11 July 2016 with proceeds used to reduce the UK senior bank debt. A reduction in valuation of £0.45m down to the net proceeds has been taken in the revaluation reserve at the year-end and the property has been classified as an asset held for sale within current assets in the Consolidated Statement of Financial Position.

Share capital and reserves

Share capital and share premium reflect the exercise of 2.75m of share options by Nigel Rogers in August 2015 and the issue of 12m shares at the end of March 2016 in part settlement of the consideration for the remaining 20% of TYKMA Inc.

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.

Strategic report

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

KPI	Benchmark Target	2016	2015	2014	2013	2012
Revenue (annual growth rate)	>10%	3.4%	5%	(0.2)%	11.2%	4.2%
Book-to-bill ratio	>110%	107%	97%	101.8%	89.4%	n/a
Order book (months)	2.0 - 3.0	1.5	1.4	1.9	2.0	3.9
Gross margin (% of revenue)	>33%	34%	32.9%	33.2%	31.7%	32.3%
EBIT margin (% of revenue)	>7.5%	5.2%	5.6%	5.6%	2.3%	0.6%
Working capital (% of revenue)	<25%	25.9%	23.3%	20.0%	21.5%	20.7%
Inventory turns	>3.5 x	2.6x	2.7x	3.3x	2.8x	2.8x
Receivables (days)	< 60	57	58	54	55	63

All figures are pre special items

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 they operate and contract 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.

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, TYKMA Inc. and 600 Australia Pty Limited are reported in United States dollars and Australian dollars respectively and translated into Sterling, and as a result the Group's Statement of Financial Position and trading results can be affected by movements in these currencies. Part of this exposure is naturally hedged by entering into borrowing 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. Alternative sources of supply in different geographic regions are also being pursued.

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.

Neil Carrick

Finance Director
31 August 2016

Report of the directors

Directors

Paul Dupee

Appointed to the Board as a non-executive Director on 2 February 2011, appointed Chairman on 14 September 2011 and appointed Executive Chairman on 30 April 2015. A private investor and currently Managing Partner of Haddeo Partners LLP.

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 a number of companies including Amiad Water Solutions Ltd (AIM Listed),,Hotel Urbano Viagens e Turismo SA, and a previous vice-chairman of KPMG LLP.

Stephen Fiamma*

Appointed to the Board as a non-executive Director on 13 May 2015. Until 2014 a partner in the tax practice of Allen & Overy LLP.

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

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Spark Advisory Partners

Report of the directors

The directors present their report to the members, together with the audited financial statements for the 53 week period ended 2 April 2016, 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 2016 are for the 53-week period ended 2 April 2016. The results for 2015 are for the 52-week period ended 28 March 2015.

ACTIVITIES OF THE GROUP

The Group is principally engaged in the manufacture and distribution of machine tools, precision engineered components and industrial laser systems. 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 Strategic 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 14 August 2016, 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 LLP	23,492,535	22.51
Mr D Grimes	7,500,000	7.19
Mr A Perloff and the Maland Pension Fund Trustees	6,800,000	6.52
Schroder Investment Management	3,671,320	3.52
CriSeren Investments Limited	3,178,379	3.05

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 18 March 2015 shareholders approved the issue of up to 43,950,000 new warrants to subscribe for ordinary shares at a price of 20p per share. Subscribers to the new loan notes issued in February, March and August 2015 were issued with warrants totalling 34,755,000. In addition 9,195,000 new warrants were issued as replacements for the same number of old warrants granted as part of the old shareholder loan arrangements to those old shareholder loan note holders who agreed to roll over their notes into the new loan issue. 2,400,000 old shareholder loan warrants remained in issue at the start of the financial year but expired on 27 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 9,235,796 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 17 September 2015. 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 11.

There are no directors retiring by rotation this year.

The beneficial interests of the directors in the share capital of the Company at 2April 2016 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.

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 certain 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
31 AUGUST 2016

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) including FRS101 Reduced Disclosure Framework.

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
31 AUGUST 2016

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, but the table of directors emoluments on page 17 does form part of the audited accounts.

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 E Fiamma (Committee Chairman)

S J Rutherford

D Zissman

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 and at 18p on 18 August 2015

BENEFITS IN KIND

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

Remuneration report

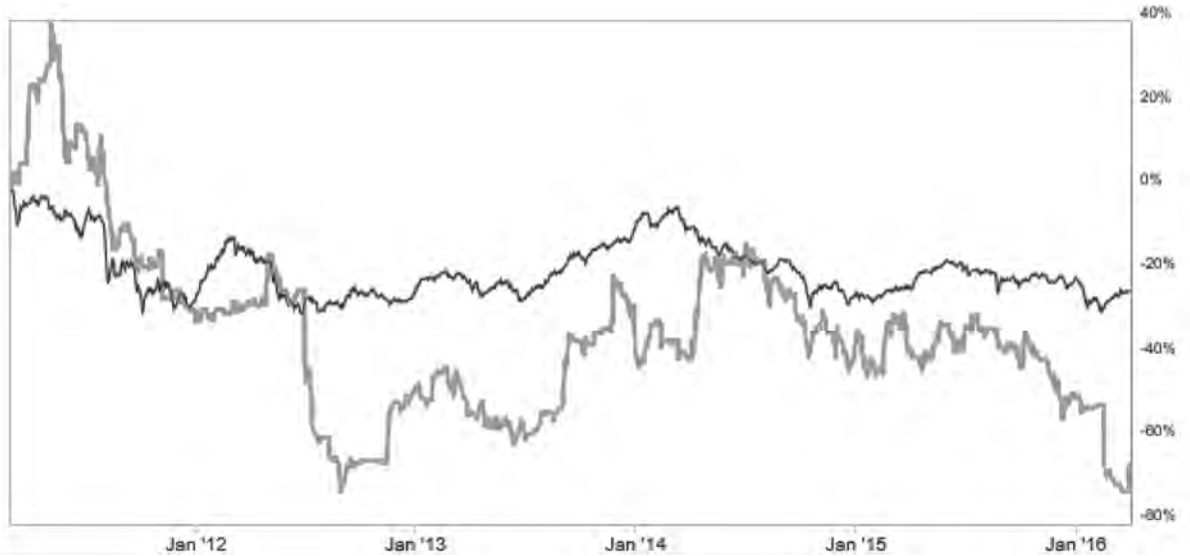
SERVICE CONTRACTS
Mr N R Carrick has a service contract dated 27 May 2016 with a notice period of twelve months. In the case of early termination, the Company would negotiate compensation on an individual basis taking into account salary and other benefits as set out in the audited part of this report and the twelve month notice period. In the event of a change of control the notice period will be extended to 24 months, reducing back to 12 months over a 12 month 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 have contracts of service terminable on 3 months' notice and are not eligible for pension benefits.

FIVE YEAR TOTAL SHAREHOLDER RETURN

This graph shows the Total Shareholder Return (TSR) of the Company (grey line) from 3 April 2011 to 2 April 2016 compared with the AIM Index (black line), 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 the most appropriate index against which the TSR of the Company should be measured.



RELATIVE PERFORMANCE OF FTSE AIM ALL SHARE INDEX TO 600 GROUP APRIL 2011 TO APRIL 2016

Remuneration report

DIRECTORS' INTERESTS IN SHARES

The interests of directors holding office at 2 April 2016 in the ordinary shares of the Company were as follows:

	At 2 April 2016 Number	At 28 March 2015 Number
P R Dupee	**23,492,535**	22,792,535
S J Rutherford	**20,000**	20,000
N R Carrick	**113,404**	113,404
D Zissman	**400,000**	300,000

P R Dupee's interest in the 23.5m 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 and Mr Carrick 250,000 warrants which can be used to either convert their loan notes into shares or to purchase shares for a cash consideration.

DIRECTORS' EMOLUMENTS

Audited

	Salary £	Fees £	Pension £	Bonus £	All benefits in kind £	**Total 2016 £**	Total 2015 £
P R Dupee	234,167	—	—	—	—	**234,167**	60,000
N F Rogers	16,667	—	—	—	1,627	**18,294**	201,585
N R Carrick	172,500	—	15,300	—	17,832	**205,632**	226,732
D Zissman	—	33,000	—	—	—	**33,000**	33,000
S J Rutherford	—	33,000	—	—	—	**33,000**	33,000
S E Fiamma	—	29,171	—	—	—	**29,171**	—
Total	**423,334**	**95,171**	**15,300**	—	**19,459**	**553,264**	554,317

Mr S Fiamma was appointed on 13 May 2015.
Mr N Rogers resigned on 30 April 2015 and a termination payment of £230,000 was paid to Mr Rogers at that time.

DIRECTORS' SHARE OPTIONS

Details of share options at 2 April 2016 and 28 March 2015 for each Director who held office during the year are as follows:

	Number of options at 28 March 2015	Granted	Exercised	Lapsed/ forfeited	**Number of options at 2 April 2016**
N Carrick	3,150,000	—	—	—	**3,150,000**
P Dupee	1,000,000	—	—	—	**1,000,000**
N Rogers	4,750,000	—	(2,750,000)	(2,000,000)	—
S Rutherford	500,000	—	—	—	**500,000**
D Zissman	500,000	—	—	—	**500,000**
S Fiamma	—	500,000	—	—	**500,000**

Options were all granted under the 600 Group PLC Deferred Share Plan and are exercisable between 3 and 10 years from date of grant..

4,500,000 options with an exercise price of 10p were granted on 19 November 2012, 5,400,000 options with an exercise price of 17p on 7 April 2014 and 500,000 options with an exercise price of 18p on 6 August 2015.

On 30 April 2015 Mr N Rogers resigned as a Director. 2,750,000 options with an exercise price of 10p were agreed to become immediately exercisable by Mr N Rogers and 2,000,000 options with an exercisable price of 17p were forfeit.

The charge to the Income Statement in respect of share based payments was £64,000 (2015: £131,000).

The share price at 2 April 2016 was 9.25p and the highest and lowest prices during the period were 18.875p and 7.375p respectively.

On behalf of the Board

NEIL CARRICK
DIRECTOR
31 AUGUST 2016

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 year ended 2 April 2016 set out on pages 20 to 82. 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) including FRS 101 Reduced Disclosure Framework.

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 2 April 2016 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the EU;
- the parent company financial statements have been properly prepared in accordance with UK Generally Accepted Accounting Practice;
- 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.

Nick Plumb **(Senior Statutory Auditor)**
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA
31 August 2016

Consolidated income statement
For the 53-week period ended 2 April 2016

	Notes	Before Special Items 53 weeks ended 2 April 2016 £000	Special Items 53 weeks ended 2 April 2016 £000	After Special Items 53 weeks ended 2 April 2016 £000	Before Special Items 52 weeks ended 28 March 2015 £000	Special Items 52 weeks ended 28 March 2015 £000	After Special Items 52 weeks ended 28 March 2015 £000
Continuing							
Revenue	1	**45,269**	-	**45,269**	**43,794**	**-**	**43,794**
Cost of sales		**(29,899)**	**(894)**	**(30,793)**	**(29,374)**	**-**	**(29,374)**
Gross profit		**15,370**	**(894)**	**14,476**	**14,420**	**-**	**14,420**
Net operating expenses	2,3	**(13,014)**	**(2,626)**	**(15,640)**	**(11,956)**	**958**	**(10,998)**
Operating profit/(loss)	3,4	**2,356**	**(3,520)**	**(1,164)**	**2,464**	**958**	**3,422**
Financial income	6	**10**	**1,171**	**1,181**	**2**	**857**	**859**
Financial expense	6	**(890)**	**(150)**	**(1,040)**	**(451)**	**(155)**	**(606)**
Contingent consideration settlement	3	-	**2,032**	**2,032**	-	-	-
Profit/(loss) before tax		**1,476**	**(467)**	**1,009**	**2,015**	**1,660**	**3,675**
Income tax credit/(charge)	7	**65**	**72**	**137**	**(166)**	**(1,159)**	**(1,325)**
Profit/(loss) for the period		**1,541**	**(395)**	**1,146**	**1,849**	**501**	**2,350**
Attributable to equity holders of the parent		**1,552**	**(395)**	**1,157**	**1,832**	**501**	**2,333**
Attributable to non controlling interests		**(11)**	**-**	**(11)**	**17**	**-**	**17**
		1,541	**(395)**	**1,146**	**1,849**	**501**	**2,350**
Basic earnings per share		**1.69p**	**(0.43)p**	**1.26p**	**2.09p**	**0.57p**	**2.66p**
Diluted earnings per share		**1.68p**	**(0.43)p**	**1.25p**	**2.03p**	**0.55p**	**2.58p**

Company Number 00196730

The accompanying accounting policies and notes on pages 25 to 63 form part of these Financial Statements.

Consolidated statement of comprehensive income
for the 53-week period ended 2 April 2016

	Notes	**53-week period ended 2April 2016 £000**	52-week period ended 28 March 2015 £000
Profit for the period		**1,146**	2,350
Other comprehensive income/(expense)			
Items that will not be reclassified to the Income Statement:			
Impact of changes to defined benefit asset limit	30	**4,436**	12,188
Deferred taxation	14	**(515)**	(4,296)
Total items that will not be reclassified to the Income Statement:		**3,921**	7,892
Items that are or may in the future be reclassified to the Income Statement:			
Foreign exchange translation differences		**286**	462
Fair valuation of assets held for sale		**(450)**	656
Fair valuation of investments		**(29)**	(622)
Total items that are or may in the future be reclassified to the Income Statement:		**(193)**	496
Other comprehensive income for the period, net of income tax		**3,728**	8,388
Total comprehensive income for the period		**4,874**	10,738
Attributable to:			
Equity holders of the Parent Company		**4,885**	10,721
Non controlling interests		**(11)**	17
Total recognised income		**4,874**	10,738

The accompanying accounting policies and notes on pages 25 to 63 form part of these Financial Statements.

Consolidated statement of financial position
As at 2 April 2016

Company Number 00196730

	Notes	As at 2 April 2016 £000	As at 28 March 2015 £000
Non-current assets			
Property, plant and equipment	11	**3,235**	5,159
Goodwill	12	**7,144**	7,144
Other Intangible assets	12	**322**	2,347
Investments	13	**496**	525
Deferred tax assets	14	**3,832**	3,022
Employee benefits	30	**40,937**	34,292
		55,966	52,489
Current assets			
Inventories	15	**11,271**	11,036
Trade and other receivables	16	**6,771**	7,070
Assets classified as held for sale	17	**1,999**	-
Cash and cash equivalents	18	**765**	902
		20,806	19,008
Total assets		**76,772**	71,497
Non-current liabilities			
Loans and other borrowings	19	**(11,376)**	(8,405)
Trade and other payables	20	**-**	(4,175)
Deferred tax liabilities	14	**(14,538)**	(13,358)
		(25,914)	(25,938)
Current liabilities			
Trade and other payables	20	**(6,318)**	(6,792)
Income tax payable		**-**	(135)
Provisions	21	**(425)**	(611)
Loans and other borrowings	19	**(3,275)**	(3,295)
		(10,018)	(10,833)
Total liabilities		**(35,932)**	(36,771)
Net assets		**40,840**	34,726
Shareholders' equity			
Called-up share capital	23	**1,044**	896
Share premium account		**1,013**	-
Revaluation reserve		**1,273**	1,494
Available for sale reserve		**(651)**	(622)
Equity reserve		**139**	124
Translation reserve		**1,714**	1,428
Retained earnings		**36,308**	31,270
		40,840	34,590
Non-controlling interests		**-**	136
Total equity		**40,840**	34,726

The financial statements on pages 25 to 63 were approved by the Board of Directors on 31 August 2016 and were signed on its behalf by:

NEIL CARRICK
GROUP FINANCE DIRECTOR
31 AUGUST 2016

Consolidated statement of changes in equity

Company Number 00196730

As at 2 April 2016

	Ordinary share capital £000	Share premium account £000	Revaluation reserve £000	Capital redemption reserve[1] £000	Available for sale reserve £000	Translation reserve £000	Equity reserve £000	Retained Earnings £000	Total £000	Non Controlling Interest £000	Total Equity £000
At 29 March 2014	**14,581**	**16,885**	**862**	**2,500**	**—**	**938**	**180**	**(13,401)**	**22,545**	**—**	**22,545**
At 30 March 2014	14,581	16,885	862	2,500		938	180	(13,401)	22,545	—	22,545
Profit for the period	—	—	—	—	—	—	—	2,333	2,333	17	2,350
Other comprehensive income:											
Foreign currency translation	—	—	(24)	—	—	490	—	(4)	462	—	462
Net defined benefit asset mvmt	—	—	—	—	—	—	—	12,188	12,188	—	12,188
Fair value of Investments	—	—	—	—	(622)	—	—	—	(622)	—	(622)
Revaluation of properties	—	—	656	—	—	—	—	—	656	—	656
Deferred tax	—	—	—	—	—	—	—	(4,296)	(4,296)	—	(4,296)
Total comprehensive income	—	—	632	—	(622)	490	—	10,221	10,721	17	10,738
Transactions with owners:											
Share capital subscribed for	51	1,094	—	—	—	—	—	—	1,145	—	1,145
Cancellation in period	(13,736)	(17,979)	—	(2,500)	—	—	—	34,215	—	—	—
Equity element of shareholder loan issued in period	—	—	—	—	—	—	(56)	104	48	—	48
Credit for share-based payments	—	—	—	—	—	—	—	131	131	—	131
Total transactions with owners	(13,685)	(16,885)	—	**(2,500)**	**—**	**—**	(56)	34,450	1,324	—	1,324
Non controlling interest	—	—	—	—	—	—	—	—	—	119	119
At 28 March 2015	**896**	—	**1,494**	—	**(622)**	**1,428**	**124**	**31,270**	**34,590**	**136**	**34,726**
At 29 March 2015	896	—	1,494	—	(622)	1,428	124	31,270	34,590	136	34,726
Profit for the period	—	—	—	—	—	—	—	1,157	1,157	(11)	1,146
Other comprehensive income:											
Foreign currency translation	—	—	—	—	—	286	—	—	286	—	286
Net defined benefit asset mvmt	—	—	—	—	—	—	—	4,436	4,436	—	4,436
Fair valuation of Investments	—	—	—	—	(29)	—	—	—	(29)	—	(29)
Fair valuation of assets held for sale	—	—	(450)	—	—	—	—	—	(450)	—	(450)
Transfer on revalued properties	—	—	229	—	—	—	—	(229)	—	—	—
Deferred tax	—	—	—	—	—	—	—	(515)	(515)	—	(515)
Total comprehensive income	—	—	(221)	—	(29)	286	—	4,849	4,885	(11)	4,874
Transactions with owners:											
Share capital subscribed for	148	1,013	—	—	—	—	—	—	1,161	—	1,161
Equity element of shareholder loan issued in period	—	—	—	—	—	—	15	—	15	—	15
Acquisition of NCI	—	—	—	—	—	—	—	125	125	(125)	—
Credit for share-based payments	—	—	—	—	—	—	—	64	64	—	64
Total transactions with owners	148	1,013	—	—	—	—	15	189	1,365	(125)	1,240
At 2 April 2016	**1,044**	**1,013**	**1,273**	—	**(651)**	**1,714**	**139**	**36,308**	**40,840**	**—**	**40,840**

The accompanying accounting policies and notes on pages 25 to 63 form part of these Financial Statements.

Consolidated cash flow statement
For the 53-week period ended 2 April 2016

	Notes	53-week period ended 2April 2016 £000	52-week period ended 28March 2015 £000
Cash flows from operating activities			
Profit for the period		**1,146**	2,350
Adjustments for:			
Amortisation of development expenditure		**122**	133
Depreciation		**548**	450
Net financial income		**(141)**	(253)
Net pension credit		**(940)**	(2,347)
Other Special Items		**2,363**	1,231
Equity share option expense		**64**	131
Income tax (credit)/expense		**(137)**	1,325
Operating cash flow before changes in working capital and provisions		**3,025**	3,020
Decrease in trade and other receivables		**463**	203
Decrease/(increase) in inventories		**106**	(1,051)
Decrease in trade and other payables		**(1,682)**	(1,626)
Restructuring and redundancy expenditure		**(807)**	(170)
Employee benefits contributions		**(130)**	—
Cash generated in operations		**975**	376
Interest paid		**(964)**	(414)
Income tax paid		**(3)**	(205)
Net cash flows from operating activities		**8**	(243)
Cash flows from investing activities			
Interest received		**10**	2
Proceeds from sale of property, plant and equipment		—	460
Purchase of TYKMA Inc.		**(1,378)**	(3,802)
Investment in Prophotonix		—	(1,147)
Purchase of property, plant and equipment		**(1,522)**	(944)
Development expenditure capitalised		**(297)**	(299)
Refinancing expenditure		—	(487)
Net cash flows from investing activities		**(3,187)**	(6,217)
Cash flows from financing activities			
Proceeds from issue of ordinary shares		**275**	1,145
Proceeds from issue of Loan Notes		**806**	7,694
Net Repayment of external borrowing		**1,883**	(2,505)
Net Finance lease income/(expenditure)		**67**	(107)
Net cash flows from financing activities		**3,031**	6,227
Net decrease in cash and cash equivalents	24	**(148)**	(233)
Cash and cash equivalents at the beginning of the period		**902**	1,149
Effect of exchange rate fluctuations on cash held		**11**	(14)
Cash and cash equivalents at the end of the period	18	**765**	902

The accompanying accounting policies and notes on pages 25 to 63 form part of these Financial Statements.

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 2016 are for the 53-week period ended 2 April 2016. The results for 2015 are for the 52-week period ended 28 March 2015. 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. The Company has elected to prepare its parent company financial statements in accordance with FRS 101; these are presented on pages 64 to 82.

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

There have been no 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:	
IFRS 9 Financial Instruments (not yet adopted by the EU)	1 January 2018
IFRS 15 Revenue from Contracts with Customers (not yet adopted by the EU)	1 January 2018

The Group is currently reviewing the potential impact of the above standards. Preliminary indications are that the impact would not be significant. The same is true of the following new or amended standards:

IFRS 14 Regulatory Deferral Accounts; Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11); Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38); Defined Benefit Plans: Employee Contributions (Amendments to IAS 19); Annual Improvements to IFRSs 2010-2012 Cycle; and Annual Improvements to IFRSs 2011-2013 Cycle.

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.

New increased facilities were agreed in the UK in August 2016 with HSBC following the sale of the Letchworth property. A package of facilities to support the working capital of the UK machine tools business and a term loan on the remaining freehold site in Colchester have been put in place totalling £4.95m. In the USA Bank of America supported the 20% TYKMA acquisition in March 2016 with an additional term loan of $1.8m in addition to their existing term and working capital facilities. The Group has a mixture of term loans and revolving working capital facilities with maturities between 1 and 5 years. Headroom on bank facilities was £3.2m at the year-end (2015: £4.2m) and all financial covenants in place were met during the year. 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 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.

Group accounting policies

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 reset the translation reserve to £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.

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.

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 and amortisation of intangible assets acquired and non cash pension transactions are separately identified.

Special Items include exceptional costs relating to reorganisation, redundancy, restructuring, acquisition costs, impairment of development expenditure and inventory, and pension scheme costs and credits.

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 20%.

INVESTMENTS

Investments in quoted shares are classified as Available for sale and measured at fair value. Movements in fair value are recorded in the Available for sale reserve until the shares are sold, in which case the Available for sale reserve is recycled to the income statement.

Group accounting policies

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 2015 the Group's properties were revalued. The valuations were performed by independent valuers, Sanderson Weatherall, and the valuations were determined by market rate for sale with vacant possession. Revalued amounts are reflected in the balance sheet with resulting credits taken to revaluation reserve and debits, after reversing previous credits, taken to the consolidated income statement. 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 CLASSIFIED AS 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 acquiree: plus if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree: 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. This was cancelled during the period following shareholder approval and a High Court process in 2015 and subsequent additions relate to shares issued during the year ended 2 April 2016.

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. This was cancelled during the previous period following shareholder approval and a High Court process.

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 loan notes which include convertible warrants, the value of which is recognised in equity.

Notes relating to the consolidated financial statements
For the 53-week period ended 2 April 2016

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.

The Executive Directors consider there to be two continuing operating segments being machine tools and precision engineered components and industrial laser systems.

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			
53 Weeks ended 2 April 2016	**Machine tools & precision engineered components**	**Industrial laser systems**	**Head Office & unallocated**	**Total**
Segmental analysis of revenue	**£000**	**£000**	**£000**	**£000**
Revenue from external customers	**32,127**	**13,142**	—	**45,269**
Inter-segment revenue	—	—	—	—
Total segment revenue	**32,127**	**13,142**	—	**45,269**
Less: inter-segment revenue	—	—	—	—
Total revenue	**32,127**	**13,142**	—	**45,269**
Segmental analysis of operating profit/(loss) before Special Items	**2,073**	**1,179**	**(896)**	**2,356**
Special Items	**282**	**(3,212)**	**(590)**	**(3,520)**
Group profit/(loss) from operations	**2,355**	**(2,033)**	**(1,486)**	**(1,164)**
Other segmental information:				
Reportable segment assets	**26,630**	**5,970**	**44,172**	**76,772**
Reportable segment liabilities	**(22,078)**	**(3,048)**	**(10,806)**	**(35,932)**
Fixed asset additions	**605**	**1,214**	—	**1,819**
Depreciation and amortisation	**293**	**457**	—	**750**

1. SEGMENT INFORMATION (CONTINUED)

52 Weeks ended 28 March 2015	Machine tools & precision engineered components	Industrial laser systems	Head Office & unallocated	Total
Segmental analysis of revenue	£000	£000	£000	£000
Revenue from external customers	34,747	9,047	—	43,794
Inter-segment revenue	—	182	—	182
Total segment revenue	34,747	9,229	—	43,976
Less: inter-segment revenue	—	(182)	—	(182)
Total revenue	34,747	9,047	—	43,794
Segmental analysis of operating profit/(loss) before Special Items	2,931	304	(771)	2,464
Special Items	1,965	(772)	(235)	958
Group profit/(loss) from operations	4,896	(468)	(1,006)	3,422
Other segmental information:				
Reportable segment assets	29,443	6,622	35,432	71,497
Reportable segment liabilities	(19,614)	(2,619)	(14,538)	(36,771)
Fixed asset additions	919	353	—	1,272
Depreciation and amortisation	305	278	—	583

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	**2016**		2015	
	£000	**%**	£000	%
Gross sales revenue:				
UK	**14,851**	**32.8**	20,806	47.5
North America	**28,936**	**63.9**	21,083	48.1
Australasia	**1,482**	**3.3**	1,905	4.4
Total Revenue	**45,269**	**100.0**	43,794	100.0

1. SEGMENT INFORMATION (CONTINUED)

Segmental analysis by destination:

	2016		2015	
	£000	**%**	£000	%
Gross sales revenue:				
UK	**8,498**	**18.8**	8,043	18.4
Other European	**5,905**	**13.0**	7,045	16.1
North America	**27,291**	**60.3**	24,087	55.0
Africa	**162**	**0.4**	187	0.4
Australasia	**1,438**	**3.2**	1,709	3.9
Central America	**163**	**0.4**	148	0.3
Middle East	**733**	**1.6**	893	2.1
Far East	**1,079**	**2.3**	1,682	3.8
	45,269	**100.0**	43,794	100.0

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

2. NET OPERATING EXPENSES

	2016	2015
	£000	£000
– administration expenses	**13,061**	8,099
– distribution costs	**2,579**	2,899
Total net operating expenses	**15,640**	10,998

3. SPECIAL ITEMS

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

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

	2016 £000	2015 £000
Items included in operating profit:		
Pensions credit	**(940)**	(2,347)
Property valuation adjustment	**—**	462
Redundancy and reorganisation	**1,729**	434
Impairment of intangible assets	**2,390**	—
Acquisition costs	**197**	335
Share option costs	**64**	131
Amortisation of intangible assets acquired	**80**	27
	3,520	(958)
Items included in financial (income)/expense:		
Pensions interest on surplus	**(1,171)**	(857)
Amortisation of loan note expenses	**150**	155
	(1,021)	(702)
Items included in contingent consideration settlement:		
TYKMA deferred consideration settlement	**(2,032)**	—
	(2,032)	—

During the year the Group incurred further costs with regard to the acquisition of TYKMA Inc. Property disposals in both the UK and US and the revaluation of properties led to losses. Reorganisation and restructuring costs were principally related to the integration of TYKMA Inc. and the Electrox Laser marking division.

The pension credit relates to liability reduction exercises undertaken by the trustees of the main scheme including pensions increase exchange.

During the prior 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.

The contingent consideration settlement of £2.03m related to the acquisition of the final 20% of TYKMA Inc.

4. OPERATING PROFIT/(LOSS)

Operating profit/(loss) is after charging/(crediting) :	2016	2015
	£000	£000
– depreciation of assets held under finance leases	26	34
– amortisation of development expenditure and trademarks	202	133
– research and development expensed as incurred	-	297
– hire of plant	7	6
– other operating lease rentals	240	108
– loss on sale of property, plant and equipment	-	3
Special Items		
–Acquisition costs,reorganisation and restructuring, inventory and property write-downs, property disposals and abortive transaction costs (note 3)	3,520	(958)
Auditor's remuneration:		
– audit of these financial statements	70	77
– amounts receivable by auditor and its associates in respect of:		
– auditing of accounts of subsidiaries of the company pursuant to legislation (including that of countries and territories outside of Great Britain)	27	55
– other services relating to taxation	24	15
– other services pursuant to such legislation	-	8

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

	2016	2015
	£000	£000
Staff costs:		
– wages and salaries	7,258	8,292
– social security costs	983	1,142
– pension charges relating to defined contribution schemes	373	415
– pension charges relating to defined benefit schemes	12	16
– equity share options expense (included in Special Items)	64	131
	8,690	9,996

In addition to the above staff costs, redundancy costs of £586,000 were incurred during the year (2015: £84,000). 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:

	2016 Number	2015 Number
Management and administration	**52**	39
Production	**98**	97
Sales	**84**	76
Total	**234**	212

6. FINANCIAL INCOME AND EXPENSE

	2016 £000	2015 £000
Bank and other interest	**10**	2
Interest on pensions surplus	**1,171**	857
Financial income	**1,181**	859
Bank overdraft and loan interest	**(155)**	(174)
Shareholder loan interest	**—**	(238)
Other loan interest	**(721)**	(22)
Other finance charges	**(3)**	—
Finance charges on finance leases	**(11)**	(17)
Amortisation of shareholder loan expenses	**(150)**	(155)
Financial expense	**(1,040)**	(606)

7. TAXATION

	2016 £000	2015 £000
Current tax:		
Corporation tax at 20% (2015: 21%):		
– current period	**—**	—
Overseas taxation:		
– current period	**53**	(339)
Total current tax charge	**53**	(339)
Deferred taxation:		
– current period	**79**	(1,060)
– prior period	**5**	74
Total deferred taxation credit/(charge) (Note 14)	**84**	(986)
Taxation charged to the income statement	**137**	(1,325)

TAX RECONCILIATION
The tax charge assessed for the period is lower than the standard rate of corporation tax in the UK of 20% (2015: higher than standard rate of 21%). The differences are explained below:

	2016		2015	
	£000	%	£000	%
Profit before tax	**1,009**		3,675	
Profit before tax multiplied by the standard rate of corporation tax in the UK of 20% (2015: 21%)	**202**	**20.0**	772	21.0
Effects of:				
–income not taxable and/or expenses not deductible	**(205)**	**(20.3)**	252	6.9
– overseas tax rates	**19**	**1.9**	114	3.1
– pension fund surplus taxed at higher rate	**321**	**31.8**	454	12.3
– property disposals	**(52)**	**(5.2)**	-	-
– state taxes	**75**	**7.4**		
– deferred tax prior period adjustment	**(5)**	**(0.5)**	(74)	(2.0)
– (unrecognised losses utilised)/tax not recognised on losses	**(600)**	**(59.5)**	(193)	(5.2)
– impact of rate change	**108**	**10.7**	-	-
Taxation charged to the income statement	**(137)**	**(13.6)**	1,325	36.1

The corporation tax rate reduced to 20% from 1 April 2015

Deferred taxation balances are analysed in note 14.

8. DIVIDENDS
No dividend was paid in the period (2015: no dividend paid).

9. EARNINGS PER SHARE

The calculation of the basic earnings per share of 1.26p (2015: 2.66p) is based on the earnings for the financial period attributable to the Parent Company's shareholders of a profit of £1,157,000 (2015: £2,333,000) and on the weighted average number of shares in issue during the period of 91,684,103 (2015: 87,771,514). At 2 April 2016, there were 6,150,000 (2015: 9,900,000) potentially dilutive shares on option with a weighted average effect of 583,333 (2015: 2,783,270) shares giving a diluted profit per share of 1.25p (2015: 2.58p)

	2016	2015
Weighted average number of shares		
Issued shares at start of period	**89,607,957**	84,430,346
Effect of shares issued in the year	**2,076,146**	3,341,168
Weighted average number of shares at end of period	**91,684,103**	87,771,514

	£000	£000
Total post tax earnings	**1,146**	2,350
Share Option Costs	**64**	131
Pensions Interest	**(1,171)**	(857)
Amortisation of Shareholder loan expenses	**150**	155
Pensions credit	**(940)**	(2,347)
Credit on settling deferred consideration	**(2,032)**	—
Impairment of intangible assets	**2,390**	—
Amortisation of intangible assets acquired	**80**	27
Property sales and revaluation	**—**	462
Other special items	**1,729**	434
Acquisition costs	**197**	335
Associated Taxation	**(72)**	1,159
Underlying Earnings before tax	**1,476**	2,015
Underlying Earnings after tax	**1,541**	1,849
Underlying EPS	**1.69p**	2.09p

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 senior executives and directors on 19 November 2012 at 10p per share, on 7 April 2014 at 17p per share and at 18p on 6 August 2015. These options are exercisable between 3 and 10 years from the grant date. The schemes are equity-settled.

SHARE-BASED EXPENSE

The Group recognised a total charge of £64,000 (2015: £131,000) in relation to equity-settled share-based payment transactions.

	2016	2015
	DSP	DSP
The number and weighted average exercise prices of share options		
Number of options outstanding at beginning of period	**9,900,000**	4,500,000
Number of options granted in period	**1,000,000**	5,400,000
Number of options forfeited/lapsed in period	**(2,000,000)**	—
Number of options exercised in period	**(2,750,000)**	—
Number of options outstanding at end of period	**6,150,000**	9,900,000
Number of options exercisable at end of period	**1,750,000**	—

On 19 November 2012 4,500,000 options with an exercise price of 10p were granted. On 7 April 2014 5,400,000 options with an exercise price of 17p were granted and on 6 August 2015 1,000,000 shares with an exercise price of 18p were granted. All options are exercisable between 3 and 10 years from the date of grant.

On 30 April 2015 Mr N Rogers resigned as a director. 2,750,000 options with an exercise price of 10p were agreed to become immediately exercisable by Mr N Rogers and 2,000,000 options with an exercisable price of 17p were forfeit.

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:

	2015	2014	2013
	Grant	Grant	Grant
	£000	£000	£000
Fair value	**£0.04**	£0.05	£0.04
Share price at grant	**£0.18**	£0.17	£0.13
Exercise price	**18p**	17p	10p
Dividend yield	**0%**	0%	0%
Expected volatility	**50%**	25%	50%
Expected life	**3.0 years**	3.0 years	3.0 years
Risk-free interest rate	**1.36%**	4.08%	4.08%
Number of shares under option	**1,000,000**	3,400,000	1,750,000

Notes relating to the consolidated financial statements
For the 53-week period ended 2 April 2016

11. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings			Fixtures, fittings,	
	Freehold	Leasehold	Plant and machinery	tools and equipment	Total
	£000	£000	£000	£000	£000
Cost or valuation					
At 29 March 2015	1,186	2,676	10,994	2,074	16,930
Exchange differences	22	6	40	92	160
Transfer to assets classified as held for resale	—	(2,556)	—	—	(2,556)
Additions during period	—	383	758	382	1,523
Disposals during period	—	(120)	(1,445)	(166)	(1,731)
At 2 April 2016	**1,208**	**389**	**10,347**	**2,382**	**14,326**
At professional valuation	1,208	389	—	—	1,597
At cost	—	—	10,347	2,382	12,729
	1,208	**389**	**10,347**	**2,382**	**14,326**
Depreciation					
At 29 March 2015	16	78	10,099	1,578	11,771
Exchange differences	—	(1)	36	72	107
Transfer to assets classified as held for resale	—	(107)	—	—	(107)
Charge for period	18	61	314	155	548
Disposals during period	—	(25)	(1,168)	(35)	(1,228)
At 2 April 2016	**34**	**6**	**9,281**	**1,770**	**11,091**
Net book value					
At 2 April 2016	**1,174**	**383**	**1,066**	**612**	**3,235**
At 28 March 2015	1,170	2,598	895	496	5,159

During March 2016 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 Letchworth Garden City long leasehold property was being actively marketed at the year-end and as result this property was transferred to assets classified as held for resale.

11. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The net book value of property, plant and equipment includes £156,028 (2015: £172,814) of assets held under finance leases. The depreciation charged in the period against assets held under finance leases was £26,092 (2015: £34,266).

During March 2015 the Group's properties were revalued. The valuations were performed by independent valuers and the valuations were determined by market rate for sale with vacant possession.
Various properties with a net book value of £3,555,000 (2015: £3,777,000) 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 29 March 2014	969	2,406	18,627	2,019	24,021
Exchange differences	(14)	1	56	126	169
Revaluation	(269)	647	—	—	378
Acquisitions during period	—	117	19	670	806
Additions during period	782	—	126	65	973
Disposals during period	(282)	(495)	(7,834)	(806)	(9,417)
At 28 March 2015	**1,186**	**2,676**	**10,994**	**2,074**	**16,930**
At professional valuation	1,186	2,558	—	—	3,744
At cost	—	118	10,994	2,074	13,186
	1,186	**2,676**	**10,994**	**2,074**	**16,930**
Depreciation					
At 29 March 2014	147	124	17,484	1,918	19,673
Exchange differences	18	—	56	115	189
Acquisitions during period	—	20	18	299	337
Charge for period	19	38	342	51	450
Disposals during period	(168)	(104)	(7,801)	(805)	(8,878)
At 28 March 2015	**16**	**78**	**10,099**	**1,578**	**11,771**
Net book value					
At 28 March 2015	**1,170**	**2,598**	**895**	**496**	**5,159**
At 29 March 2014	822	2,282	1,143	101	4,348

12. GOODWILL AND OTHER INTANGIBLE ASSETS

	Goodwill £000	Trademarks £000	Development Expenditure £000	Total £000
Cost				
At 28 March 2015	7,144	445	2,271	9,860
Additions	—	32	264	296
Disposals	—	(94)	—	(94)
Impairment	—	—	(2,500)	(2,500)
Foreign exchange	—	22	—	22
At 2 April 2016	**7,144**	**405**	**35**	**7,584**
Amortisation and impairment				
At 28 March 2015	—	71	298	369
Amortisation	—	92	110	202
Disposals	—	(60)	(292)	(352)
Impairment	—	—	(110)	(110)
Foreign exchange	—	9	—	9
At 2 April 2016	—	**112**	**6**	**118**
Net book value				
At 2 April 2016	**7,144**	**293**	**29**	**7,466**
At 28 March 2015	7,144	374	1,973	9,491

The additions to Development Expenditure of £264k in the period and £299k in the prior period related primarily to internal development. The goodwill related to the acquisition of TYKMA Inc and more details on this can be found in note 32.

	Goodwill £000	Trademarks £000	Development Expenditure £000	Total £000
Cost				
At 29 March 2014	—	—	1,973	1,973
Acquisitions	7,144	231	—	7,375
Additions	—	1	298	299
Fair value adjustment	—	207	—	207
Foreign exchange	—	6	—	6
At 28 March 2015	**7,144**	**445**	**2,271**	**9,860**
Amortisation and impairment				
At 29 March 2014	—	—	193	193
Acquisitions	—	42	—	42
Amortisation	—	28	105	133
Foreign exchange	—	1	—	1
At 28 March 2015	—	**71**	**298**	**369**
Net book value				
At 28 March 2015	**7,144**	**374**	**1,973**	**9,491**
At 29 March 2014	—	—	1,780	1,780

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

	2016 £000	2015 £000
Operating expenses	**202**	**133**

12. GOODWILL AND OTHER INTANGIBLE ASSETS (CONTINUED)

IMPAIRMENT OF GOODWILL
Goodwill of £7.1m arose on the acquisition of TYKMA Inc.and its carrying value has been tested for impairment at the year-end with no provisions deemed necessary.

13. INVESTMENTS

	Shares In listed investments £000	**Total £000**
Cost:		
At 28 March 2015	1,147	1,147
Additions in the period	—	—
Disposals in the period	—	—
At 2 April 2016	**1,147**	**1,147**
Provisions:		
At 28 March 2015	622	622
Impairment in the period	29	29
At 2 April 2016	**651**	**651**
Net book values		
At 2 April 2016	**496**	**496**
At 28 March 2015	525	525

On 3 August 2014 the Company acquired 26.3% of the ordinary share capital of ProPhotonix Limited through the issue of ordinary shares in the Company representing 5.5% of the enlarged share capital of 600 Group Plc. The share exchange was carried out following presentations with three London-based institutional investors, each of whom indicated support for the exchange.

ProPhotonix Limited is AIM listed, although registered in Delaware, and designs and manufactures LED arrays and laser diode modules in the UK and Ireland. It has a strong base of technology and applications knowledge, applicable to high growth sectors including niche industrial, security and medical markets. We continue to engage with the board of Prophotonix in constructive dialogue to promote closer co-operation.

The initial investment of £1.15m was adjusted down to a fair value of £0.50m at 2 April 2016 (2015: £0.53m). The £0.03m write down was taken to the Statement of comprehensive income and expense.

During the year 600 Group Inc acquired the remaining 20% of the shares of TYKMA Inc. Further details can be found in note 32 of the Group accounts.

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

ENGLAND& WALES:
600 UK Limited*; The 600 Group (Overseas) Limited*; Electrox Laser Limited; Pratt Burnerd International Limited; Electrox Limited; The Colchester Lathe Company Limited; Crawford Collets Limited; 600 Machine Tools Limited; 600 Controls Limited; Pratt Gamet Limited; Gamet Bearings Limited; T S Harrison & Sons Limited; The Richmond Machine Tool Company Limited; 600 Lathes Limited; 600 SPV1 Limited*; 600 SPV2 Limited*; Coborn Insurance Company Limited and The 600 Group Pension Trustees Limited*.
US:
600 Group Inc
Clausing Industrial, Inc
TYKMA Inc
REST OF THE WORLD:
600 Machinery Australia (Pty) – (Australia)
600 Group Equipment Limited - (Canada)

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.

14. DEFERRED TAX ASSETS AND LIABILITIES

RECOGNISED DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2016	2015	**2016**	2015	**2016**	2015
	£000	£000	**£000**	£000	**£000**	£000
Accelerated capital allowances	**1,236**	819	**—**	—	**1,236**	819
Short-term timing differences	**347**	316	**—**	—	**347**	316
Tax losses	**1,505**	1,187	**—**	—	**1,505**	1,187
Overseas tax losses	**744**	700	**—**	—	**744**	700
Employee benefits	—	—	**(14,296)**	(12,013)	**(14,296)**	(12,013)
Revaluations and rolled over gains	—	—	**(242)**	(1,246)	**(242)**	(1,246)
Research and development	—	—	**—**	(99)	**—**	(99)
Net tax assets/(liabilities)	**3,832**	3,022	**(14,538)**	(13,358)	**(10,706)**	(10,336)

Notes relating to the consolidated financial statements
For the 53-week period ended 2 April 2016

14. DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

MOVEMENT IN DEFERRED TAX DURING THE PERIOD

	As at 29 March 2015 £000	Income statement £000	Acquisitions £000	Statement of comprehensive income £000	Exchange Fluctuations £000	**As at 2April 2016 £000**
Accelerated capital allowances	819	417	—	—	—	**1,236**
Short-term timing differences	316	19	—	—	12	**347**
Tax losses	1,187	318	—	—	—	**1,505**
Overseas tax losses	700	11	—	—	33	**744**
Employee benefits	(12,013)	(796)	—	(1,503)	16	**(14,296)**
Revaluations and rolled over gains	(1,246)	16	—	988	—	**(242)**
Research and development	(99)	99	—	—	—	**—**
	(10,336)	84	—	(515)	61	**(10,706)**

MOVEMENT IN DEFERRED TAX DURING THE PRIOR PERIOD

	As at 30 March 2014 £000	Income statement £000	Acquisitions £000	Statement of comprehensive income £000	Exchange Fluctuations £000	**As at 28 March 2015 £000**
Accelerated capital allowances	689	306	(176)	—	—	**819**
Short-term timing differences	301	(9)	—	—	24	**316**
Tax losses	1,137	50	—	—	—	**1,187**
Overseas tax losses	596	31	—	—	73	**700**
Employee benefits	(6,653)	(1,103)	—	(4,296)	39	**(12,013)**
Revaluations and rolled over gains	(985)	(261)	—	—	—	**(1,246)**
Research and development	(99)	—	—	—	—	**(99)**
	(5,014)	(986)	(176)	(4,296)	136	**(10,336)**

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%

The rate of UK corporation tax reduced to 20% in April 2015. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective from 1 April 2020) were substantially enacted on 26 October 2015. The deferred tax assets and liabilities at the balance sheet date have been calculated based on these rates.

US deferred tax is provided at 35%.

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:

	2016 £000	2015 £000
Advance corporation tax recoverable	**1,670**	1,670
Tax losses	**4,626**	4,295

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

15. INVENTORIES

	2016	2015
	£000	£000
Raw materials and consumables	**546**	311
Work in progress	**955**	760
Finished goods and goods for resale	**9,770**	9,965
	11,271	11,036

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 increased by £46,000 (2015: increased by £424,000). Following the impairment provisions, inventories are valued at fair value less costs to sell rather than at historical cost.

16. TRADE AND OTHER RECEIVABLES

	2016	2015
	£000	£000
Trade receivables	**5,534**	6,074
Other debtors	**189**	160
Other prepayments and accrued income	**1,048**	836
	6,771	7,070

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

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

	2016	2015
	£000	£000
At start of year	**135**	252
Exchange differences on opening balances	**3**	15
Utilised in the period	**(19)**	(171)
Charged in the period	**88**	39
At end of year	**207**	135

16. TRADE AND OTHER RECEIVABLES (CONTINUED)

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

	2016 £000	2015 £000
Current (not overdue)	**4,456**	5,159
Overdue:		
– 0–3 months overdue	**968**	698
– 3–6 months overdue	**208**	233
– 6–12 months overdue	**30**	7
– more than 12 months overdue	**79**	112
Total gross trade receivables before provision	**5,741**	6,209

As at 2 April 2016, 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.

17. ASSETS CLASSIFIED AS HELD FOR SALE

	2016 £000	2015 £000
Transferred from property plant and equipment - cost	**2,556**	—
Transferred from property plant and equipment - depreciation	**(107)**	—
Impairment	**(450)**	—
	1,999	—

The above leasehold property was written down to its net realisable value at the year-end with the £0.45m reduction in its carrying value taken to the revaluation reserve, removing a previous valuation uplift on the same property.

On 11 July 2016 the sale of the Letchworth property was completed for net proceeds of £2.0m.

18. CASH AND CASH EQUIVALENTS

	2016 £000	2015 £000
Cash at bank	**665**	802
Short-term deposits	**100**	100
Cash and cash equivalents per statement of financial position and per cash flow statement	**765**	902

19. LOANS AND OTHER BORROWINGS

CURRENT:	2016 £000	2015 £000
Bank loans	**3,114**	3,096
Other loans	—	110
Obligations under finance leases (note 22)	**161**	89
	3,275	3,295

19. LOANS AND OTHER BORROWINGS (CONTINUED)

NON-CURRENT:	2016 £000	2015 £000
Bank loans	**3,596**	1,539
8% Loan Notes	**7,699**	6,783
Obligations under finance leases (note 22)	**81**	83
	11,376	8,405

The £8.5m of Loan Notes in place at the year-end were issued in three tranches in February, March and August 2015 with 43.95m convertible warrants attached to them. 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 £139,000 is shown in equity reserve and the balance after deduction of associated costs of £662,000, is shown in non current borrowings. Costs are amortised to the income statement over the term of the loan.

A Term Loan of £927,000 included within Bank loans was scheduled to be repaid on a quarterly basis with payments of £153,846 on 30 June 2016 through to 30 November 2017. A further Term Loan of £612,000, also included within Bank loans, was scheduled to be repaid on a quarterly basis with payments of £18,000 on 30 June 2016 through to 30 June 2019 and a final payment of £378,000 on 31 May 2019. £1,300,000 included within non–current borrowings related to a RCF facility with a termination date of 31 May 2017.Following the disposal of the Letchworth property in July 2016 these borrowings with Santander were reduced by the net proceeds of £2m and on the change of bank to HSBC in August 2016 the balance of all these facilities were repaid and replaced by facilities from HSBC.

US Dollar denominated loans of £1,984,000 are repaid on a monthly basis through to April 2021.

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.

20. TRADE AND OTHER PAYABLES

	2016 £000	2015 £000
Current liabilities:		
Payments received on account	**28**	27
Trade payables	**3,286**	3,294
Social security and other taxes	**210**	205
Other creditors	**1,221**	1,551
Accruals and deferred income	**1,573**	1,715
	6,318	6,792

Non-current liabilities:		
Contingent deferred consideration	—	4,175
	—	4,175

The contingent deferred consideration of £4.175m related to the TYKMA Inc acquisition (note 31).This amount was settled in March 2016 for £2,143,000 and the subsequent credit shown in the income statement within special items.

Notes relating to the consolidated financial statements
For the 53-week period ended 2 April 2016

21. PROVISIONS

	Other £000	Warranties £000	Total £000
Provision carried forward at 28 March 2015	556	55	611
Exchange differences	17	1	18
(Credited)/Charged to income statement	39	3	42
Utilised in the period	(230)	(16)	(246)
Provision carried forward at 2 April 2016	**382**	**43**	**425**

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.

Other provisions of £382,000 relate largely to the fair value provision for the TYKMA Inc acquisition and further details on this can be found in note 31.

22. OBLIGATIONS UNDER FINANCE LEASES

The maturity of obligations under finance leases is as follows:

	2016 £000	2015 £000
Falling due:		
– within one year	**128**	95
– within two to five years	**124**	89
– less future finance charges	**(10)**	(12)
	242	172
Amounts falling due within one year	**161**	89
Amounts falling due after one year	**81**	83
	242	172

23. SHARE CAPITAL

	2016 £000	2015 £000
Allotted, called-up and fully paid:		
Ordinary shares of 1p each		
89,607,957 ordinary shares of 1p each on issue at start of the period (2015: 84,491,886 ordinary shares)	**896**	845
2,750,000 ordinary shares of 1p each issued to N Rogers (2015 – 190,450 ordinary shares of 1p each issued to N Rogers and N Carrick)	**28**	2
12,000,000 ordinary shares of 1p each issued in acquisition of remaining 20% of TYKMA Inc (2015 – 4,925,621 ordinary shares of 1p each issued in ProPhotonix Limited share acquisition)	**120**	49
104,357,957 ordinary shares of 1p each on issue at end of period (2015: 89,607,957 ordinary shares of 1p)	**1,044**	896
Deferred shares of 24p each:		
57,233,679 deferred shares of 24p each on issue at start of period	—	13,736
Cancellation of deferred shares of 24p	—	(13,736)
Nil deferred shares of 24p on issue at end of period (2015 – nil)	—	—
Total Allotted, called-up and fully paid at the end of period	**1,044**	896

23. SHARE CAPITAL (CONTINUED)

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 2,750,000 ordinary shares of 1p each were issued to N Rogers in July 2015 pursuant to the exercise of share options. This resulted in share capital increasing by £27,500 with a corresponding share premium increase of £247,500. In addition, the Company issued 12,000,000 ordinary shares of 1p each as consideration for the purchase of the remaining 20% of shares in TYKMA Inc.

During the prior year 139,780 and 50,670 ordinary shares of 1p each were issued to N Rogers and N Carrick respectively in June 2014. This resulted in share capital increasing by £1,905 with a corresponding share premium increase of £41,423. In addition, the Company issued 4,925,621 ordinary shares of 1p each as consideration for the purchase of 22,042,143 ordinary shares in ProPhotonix Limited.

During the prior year the deferred shares of 24p each were cancelled by the company without compensation following approval by the shareholders at the AGM on 17 September 2014.

On 28 August 2015 the Company raised an additional £0.806m through the issue of loan notes. In the prior year on 16 February 2015 and 18 March 2015 the Company raised £6.739m and £0.955m respectively through the issue of loan notes. The loan notes have 5 year maturity and carry a coupon of 8% payable quarterly in arrears. The subscribers for loan notes are also entitled to receive warrants with an expiry date of 14 February 2020 to subscribe for 43.95m ordinary shares of 1p each in the Company at a price of 20p per Ordinary Share. The issue of the warrants occurred after approval was granted by the shareholders at a general meeting on 18 March 2015. 43.95m warrants remained outstanding at the year-end.

In the prior year in February 2015 the first tranche of proceeds from the issue of loan notes was used to repay in full a £2.5m related party loan. The warrants attached to this £2.5m loan allowed 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). At the prior year-end 2.4m warrants remained and these all expired on 27 August 2015 (2015:2.4m warrants remained outstanding).

24. RECONCILIATION OF NET CASH FLOW TO NET DEBT

	2016	2015
	£000	£000
Decrease in cash and cash equivalents	**(148)**	(233)
Increase in debt and finance leases	**(2,757)**	(5,200)
Increase in net debt from cash flows	**(2,905)**	(5,433)
Net debt at beginning of period	**(10,798)**	(5,308)
Shareholder loan issue costs amortisation	**(110)**	701
Cash and debt through acquisitions	—	(697)
Exchange effects on net funds	**(73)**	(61)
Net debt at end of period	**(13,886)**	(10,798)

25. ANALYSIS OF NET DEBT

	At 29 March 2015 £000	Exchange movement £000	Other £000	Cash flows £000	At 2 April 2016 £000
Cash at bank and in hand	**802**	11	—	(148)	**665**
Term deposits (included within cash and cash equivalents on the balance sheet)	**100**	—	—	—	**100**
	902	11	—	(148)	**765**
Debt due within one year	**(3,206)**	(82)	—	174	**(3,114)**
Debt due after one year	**(1,539)**	—	—	(2,057)	**(3,596)**
Loan notes due after one year	**(6,783)**	—	(110)	(806)	**(7,699)**
Finance leases	**(172)**	(2)	—	(68)	**(242)**
Total	**(10,798)**	(73)	(110)	(2,905)	**(13,886)**

26. FINANCIAL INSTRUMENTS

OVERVIEW

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

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

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

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

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

The Group actively manages and monitors capital across the different businesses within the Group. Targets in relation to return on capital are considered as part of the annual budgeting process. £8.5m was raised through the issue of loan notes which had 43.95m warrants attached to them. These warrants allow the holders to either convert the loan into 20p shares or to purchase 20p shares for a cash consideration.

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 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.

FAIR VALUE OF FINANCIAL INSTRUMENTS

Non-current asset investments

The fair value of investments is based on management's assessment of share value where the investment is not a traded security.

Trade and other payables and receivables

The fair value of these items are considered to be their carrying value as the impact of discounting future cash flows has been assessed as not material.

Cash and cash equivalents

The fair value of cash and cash equivalents is estimated as its carrying value where the cash is repayable on demand. Where it is not repayable on demand then the fair value is estimated at the present value of future cash flows, discounted at the market rate of interest at the balance sheet date.

Long-term and short-term borrowings

The fair value of bank loans and other loans is based on the terms the Group has agreed for its variable rate debt.

Short-term deposits

The fair value of short-term deposits is considered to be the carrying value as the balances are held in floating rate accounts where the interest rate is reset to market rates.

Fair value hierarchy

The following hierarchy classifies each class of financial asset or liability depending on the valuation technique applied in determining its fair value:-

Level 1: The fair value is calculated based on quoted prices traded in active markets for identical assets or liabilities.
Level 2: The fair value is based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of forward foreign exchange and commodity contracts is determined using quoted forward exchange rates and commodity prices at the reported date and yield curves derived from quoted interest rates matching the maturities of the forward contracts.
Level 3: The fair value is based on inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The shares in the listed investment of Prophotonix plc is a level 1 fair value estimate, based on the quoted price of this AIM company. The warrants attached to the loan notes are a level 2 fair value estimate. The contingent consideration for TYKMA Inc. was based upon a level 3 fair value estimate.

There have been no transfers between categories in the current or preceding period.

The fair values of all financial instruments, throughout the reporting periods, approximate to their carrying values.

26. FINANCIAL INSTRUMENTS (CONTINUED)

CREDIT RISK

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

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

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

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

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

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

	2016	2015
	£000	£000
Trade receivables	**5,534**	6,074
Cash and cash equivalents	**765**	902
	6,299	6,976

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

	2016	2015
	£000	£000
UK	**2,278**	3,199
North America	**3,012**	2,797
Australasia	**244**	78
	5,534	6,074

26. FINANCIAL INSTRUMENTS (CONTINUED)

LIQUIDITY RISK

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

Due to banking facilities being held with different banks in USA and Australia certain restrictions on the repatriation of funds to the UK may be imposed by the local bank.

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

The following are the contractual maturities of financial liabilities:

	2016 Carrying Amount £000	**Contractual cash flows £000**	**Less than 1 year £000**	**1–2 years £000**	**2–5 years £000**
Trade finance	**646**	**646**	**646**	**—**	**—**
Bank loan	**6,064**	**6,064**	**2,468**	**2,248**	**1,348**
8% loan notes	**7,699**	**8,500**	**—**	**—**	**8,500**
Finance lease obligations	**242**	**242**	**161**	**57**	**24**
Interest bearing financial liabilities	**14,651**	**15,452**	**3,275**	**2,305**	**9,827**
Trade and other payables	**6,318**	**6,318**	**6,318**	**—**	**—**
Financial liabilities	**20,969**	**21,770**	**9,593**	**2,305**	**9,827**

	2015 Carrying Amount £000	Contractual cash flows £000	Less than 1 year £000	1–2 years £000	2–5 years £000
Bank overdrafts	644	644	644	—	—
Bank loan	3,991	3,991	2,452	687	852
Other loan	110	110	110	—	—
8% loan notes	6,783	7,694	—	—	7,694
Finance lease obligations	172	172	55	65	52
Interest bearing financial liabilities	11,700	12,611	3,261	752	8,598
Trade and other payables	10,967	10,967	6,792	—	4,175
Financial liabilities	22,667	23,578	10,053	752	12,773

MARKET RISK

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

26. FINANCIAL INSTRUMENTS (CONTINUED)

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

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

	2016		2015	
	US Dollars $000	**Euro €000**	US Dollars $000	Euro €000
Trade receivables	**4,312**	**191**	2,797	227
Trade payables	**(1,607)**	**(292)**	(777)	(249)
Balance sheet exposure	**2,705**	**(101)**	2,020	(22)

The following exchange rates applied during the year:

	2016		2015	
	Average rate	**Year end spot rate**	Average rate	Year end spot rate
US Dollar	**1.499**	**1.419**	1.609	1.488
Euro	**1.360**	**1.251**	1.282	1.366

	Net assets in foreign currency	**Change if appreciated/ Depreciated by 25% against local Currency**
US Dollar	**4,406**	**1,101**

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

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

26. FINANCIAL INSTRUMENTS (CONTINUED)

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

	10% increase Effect on profit before tax	Effect on shareholders' equity	10 % decrease Effect on profit before tax	Effect on shareholders' equity
2April2016				
US$	**(923)**	**441**	**923**	**(441)**
AUD	**(27)**	**226**	**27**	**(226)**
28 March 2015				
US$	90	911	(90)	(911)
AUD	17	132	(17)	(132)

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	**(3,172)**	**(32)**
AUS Dollar	**134**	**1**
CAD Dollar	**(1)**	**—**

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 2 April 2016, 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 £0.06m (2015: charge of £0.03m). A reduction of 100 basis points would have the equal and opposite effect. There is no further impact on shareholders' equity.

26. FINANCIAL INSTRUMENTS (CONTINUED)

HEDGING OF FLUCTUATIONS IN FOREIGN CURRENCY

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

The Group uses on occasion forward exchange contracts to hedge its commercial foreign currency risk. The Group does not apply a policy of hedge accounting. 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 2 April 2016 was a liability of £nil (Note 18) (2015: 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 2 April 2016 and 28 March 2015 was:

	2016				2015			
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	**484**	**100**	**2,344**	**2,928**	335	100	3,672	4,107
US Dollars	**—**	**—**	**3,144**	**3,144**	215	—	3,305	3,520
Australian Dollars	**181**	**—**	**253**	**434**	142	—	93	235
Euros	**—**	**—**	**—**	**—**	108	—	—	108
Canadian Dollars	**—**	**—**	**—**	**—**	2	—	—	2
	665	**100**	**5,741**	**6,506**	802	100	7,070	7,972

There is no interest received on floating rate financial assets.

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

26. FINANCIAL INSTRUMENTS (CONTINUED)

FINANCIAL LIABILITIES

Financial liabilities comprise short-term loans, overdrafts, trade payables, obligations under finance leases, other creditors more than one year, forward exchange contract liabilities and other provisions for liabilities and charges (excluding accrued post-retirement health care accrual and deferred tax provision). The profile of the Group's financial liabilities at 2 April 2016 and 28 March 2015 was:

	2016				2015			
	Floating rate financial liabilities	**Fixed rate Financial Liabilities**	**Financial liabilities on which no interest is paid**	**Total**	Floating rate financial liabilities	Fixed rate financial liabilities	Financial liabilities on which no interest is paid	Total
Currency	**£000**	**£000**	**£000**	**£000**	£000	£000	£000	£000
Sterling	**3,485**	**7,787**	**3,437**	**14,709**	3,042	6,881	4,505	14,428
US Dollars	**3,178**	**70**	**2,580**	**5,828**	1,703	—	6,264	7,967
Australian Dollars	**47**	**83**	**302**	**432**	—	74	198	272
	6,710	**7,940**	**6,319**	**20,969**	4,745	6,955	10,967	22,667

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

BORROWING FACILITIES

At 2April 2016 and 28 March 2015 the Group had undrawn committed borrowing facilities as follows:

	2016	2015
	'000	'000
UK	**£529**	£1,406
US	**$3,365**	$1,949
Australia	**AUD$900**	AUD$900

FAIR VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

	2016	2015
	£000	£000
Trade receivables	**6,771**	7,070
Cash and cash equivalents	**765**	902
Bank overdrafts	**(646)**	(644)
Bank loan	**(4,871)**	(2,452)
Other loans	**(7,699)**	(6,893)
Finance lease obligations	**(242)**	(172)
Trade payables	**(4,861)**	(5,009)
	(10,783)	(7,198)

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

27. CONTINGENT LIABILITIES

	2016 £000	2015 £000
Third-party guarantees	**92**	92

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

28. CAPITAL COMMITMENTS

	2016 £000	2015 £000
Capital expenditure contracted for but not provided in the accounts	**—**	—

29. OPERATING LEASE COMMITMENTS

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

	2016 £000	2015 £000
Land and buildings		
Within one year	**237**	291
More than one year and less than five years	**861**	901
Over five years	**394**	551
	1,492	1,743
Other		
Within one year	**49**	59
More than one year and less than five years	**60**	23
	109	82

30. EMPLOYEE BENEFITS

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

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

UK

In relation to the fund in the UK, the Group's funding policy is to ensure that assets are sufficient to cover accrued service liabilities allowing for projected pay increases. The most recent triennial full valuation was carried out as at 31 March 2013.

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 2016. The disclosures for the US schemes that follow refer to the US defined benefit scheme and the retirement healthcare benefit scheme.

30. EMPLOYEE BENEFITS (CONTINUED)

MORTALITY RATES

The mortality assumptions for the UK scheme are based on standard mortality tables which allow for future mortality improvements. The assumptions are that a member who retires in 2016 at age 65 will live on average for a further 21.6 years (2015: 21.6 years) after retirement if male and for a further 23.6 years (2015: 23.6 years) after retirement if female.

For a member who is currently aged 45 retiring in 2036 at age 65, the assumptions are that they will live on average for a further 22.7 years (2015: 22.7 years) after retirement if they are male and for a further 24.6 years (2015: 24.6 years) after retirement if they are female.

The mortality rates for the US scheme are based on the RP-2014 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:

	2016 UK scheme % p.a.	2015 UK scheme % p.a.
Inflation under RPI	2.85	2.85
Inflation under CPI	1.85	1.85
0Rate of general long-term increase in salaries	n/a	n/a
Rate of increase for CARE benefit while an active member	n/a	n/a
Rate of increase to pensions in payment – LPI 5%	2.80	2.80
Rate of increase to pensions in payment – LPI 2.5%	2.05	2.10
Discount rate for scheme liabilities	3.60	3.30

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 3.38% (2015: 3.24%) and for the US medical scheme was 3.38% (2015: 3.24%).

	Expected return on assets UK scheme					
	Long-term rate of return expected at 2April 2016 % p.a.	**Value at 2April 2016 £m**	Long-term rate of return expected at 28 March 2015 % p.a.	Value at 28 March 2015 £m	Long-term rate of return expected at 29 March 2014 % p.a.	Value at 29 March 2014 £m
Equities	**3.60**	**52.70**	3.30	52.80	4.50	40.10
Property	**3.60**	**9.80**	3.30	9.90	4.50	21.20
LDI funds	**3.60**	**72.40**	3.30	83.30	4.50	69.60
Government bonds	**3.60**	**n/a**	3.30	n/a	4.50	n/a
Corporate bonds	**3.60**	**23.20**	3.30	23.20	4.50	14.60
Absolute Return	**3.60**	**44.30**	3.30	44.80	4.50	31.20
Other	**3.60**	**17.00**	3.30	15.20	4.50	19.00
Combined	**3.60**	**219.40**	3.30	229.20	4.50	195.70

The assumed long-term rate of return on each asset class is equal to the discount rate applied to liabilities. The assets held within the US scheme amount to £0.808m (2015: £0.846m) and are held mainly in bonds.

30. EMPLOYEE BENEFITS (CONTINUED)

IAS 19 CONTINUED

Assumed healthcare cost trend rates have a significant effect on the amounts recognised in the income statement. From 1 November 2010 future changes in healthcare costs re the US retirement healthcare benefit scheme will be borne by the participants rather than the company.

The assets and liabilities of the schemes at 2 April 2016 and 28 March 2015 were:

	2016			2015		
	US schemes £000	**UK scheme £000**	**Total £000**	US schemes £000	UK scheme £000	Total £000
Assets	**808**	**219,400**	**220,208**	846	229,200	230,046
Liabilities	**(1,844)**	**(177,427)**	**(179,271)**	(1,969)	(193,785)	(195,754)
(Deficit)/surplus	**(1,036)**	**41,973**	**40,937**	(1,123)	35,415	34,292

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:

	2016			2015		
	US schemes £000	**UK scheme £000**	**Total £000**	US schemes £000	UK scheme £000	Total £000
Included within operating profit:						
– current service cost	**12**	**—**	**12**	12	—	12
– past service credit (Special Items)	**—**	**—**	**—**	—	(2,347)	(2,347)
– settlements (Special Items)	**—**	**(973)**	**(973)**	—	—	—
Included within financial income:						
–Interest on pension surplus	**33**	**(1,171)**	**(1,138)**	38	(895)	(857)

Notes relating to the consolidated financial statements
For the 53-week period ended 2 April 2016

30. EMPLOYEE BENEFITS (CONTINUED)
IAS 19 CONTINUED
Amounts recognised in the statement of comprehensive income are as follows:

	2016			2015		
	US schemes £000	**UK scheme £000**	**Total £000**	US Schemes £000	UK scheme £000	Total £000
Actual return on scheme assets	**(4)**	**4,422**	**4,418**	25	44,891	44,916
Expected return on scheme assets	**(26)**	**(7,331)**	**(7,357)**	(34)	(8,553)	(8,587)
	(30)	**(2,909)**	**(2,939)**	(9)	36,338	36,329
Experience gain/(loss) on liabilities/change in assumptions	**172**	**7,203**	**7,375**	(79)	(24,062)	(24,141)
Amounts recognised during the period	**142**	**4,294**	**4,436**	(88)	12,276	12,188
Balance brought forward	**1,087**	**24,991**	**26,078**	1,175	12,715	13,890
Balance carried forward	**1,229**	**29,285**	**30,514**	1,087	24,991	26,078

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

	2016			2015		
	US Schemes £000	**UK scheme £000**	**Total £000**	US schemes £000	UK scheme £000	Total £000
Opening defined benefit obligation	**1,969**	**193,785**	**195,754**	1,706	175,803	177,509
Exchange differences	**85**	**—**	**85**	206	—	206
Current service cost	**12**	**—**	**12**	12	—	12
Past service cost credit	**—**	**—**	**—**	—	(2,347)	(2,347)
Interest cost	**59**	**6,160**	**6,219**	69	7,658	7,727
Benefits paid	**(109)**	**(14,342)**	**(14,451)**	(103)	(11,391)	(11,494)
Settlements	**—**	**(973)**	**(973)**	—	—	—
Actuarial (gains)/losses	**(172)**	**(7,203)**	**(7,375)**	79	24,062	24,141
Contributions by scheme participants	**—**	**—**	**—**	—	—	—
Closing defined benefit obligations	**1,844**	**177,427**	**179,271**	1,969	193,785	195,754

30. EMPLOYEE BENEFITS (CONTINUED)

IAS 19 CONTINUED

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

	2016			2015		
	US schemes £000	**UK scheme £000**	**Total £000**	US schemes £000	UK scheme £000	Total £000
Opening fair value of scheme assets	**846**	**229,200**	**230,046**	791	195,700	196,491
Exchange differences	**37**	**—**	**37**	90	—	90
Expected return	**26**	**7,331**	**7,357**	31	8,553	8,584
Actuarial gains/(losses)	**(30)**	**(2,909)**	**(2,939)**	(9)	36,338	36,329
Contribution by scheme participants	**—**	**—**	**—**	—	—	—
Contributions by employer	**—**	**120**	**120**	—	—	—
Benefits paid	**(71)**	**(14,342)**	**(14,413)**	(57)	(11,391)	(11,448)
Closing fair value of schemes' assets	**808**	**219,400**	**220,208**	846	229,200	230,046

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

	2016			2015		
	US Schemes £000	**UK Scheme £000**	**Total £000**	US schemes £000	UK scheme £000	Total £000
Present value of defined benefit obligation	**(1,844)**	**(177,427)**	**(179,271)**	(1,969)	(193,785)	(199,754)
Fair value of scheme assets	**808**	**219,400**	**220,208**	846	229,200	230,046
(Deficit)/surplus in the scheme	**(1,036)**	**41,973**	**40,937**	(1,123)	35,415	34,292
Experience adjustments on the scheme liabilities	**(172)**	**(7,203)**	**(7,375)**	79	(24,062)	(23,983)
Experience adjustments on scheme assets	**(30)**	**(2,909)**	**(2,939)**	(9)	36,338	36,329
Exchange differences	**(48)**	**—**	**(48)**	(116)	—	(116)

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:

	2April 2016 £000	28March 2015 £000	29 March 2014 £000	30March 2013 £000	31March 2012 £000
Fair value of scheme assets	**220,208**	230,046	196,491	204,214	188,665
Defined benefit obligation	**(179,271)**	(195,754)	(177,509)	(186,109)	(177,737)
Surplus/(Deficit) in schemes	**40,937**	34,292	18,982	18,105	10,928
Unrecognised asset due to limit in paragraph 58 (b) of IAS 19	**—**	—	—	—	(12,940)
Surplus /(Deficit) in schemes	**40,937**	34,292	18,982	18,105	(2,012)

	2016 £000	2015 £000	2014 £000	2013 £000	2012 £000
History of experience gains and losses					
Experience (losses)/ gains on scheme assets	**(2,939)**	36,329	(5,772)	13,766	(13,758)
Experience gains/ (losses) on scheme liabilities	**7,375**	(24,141)	5,685	1,404	(6,731)

31. ACCOUNTING ESTIMATES AND JUDGEMENTS

Management discussed with the Audit Committee the development, selection and disclosures of the Group's accounting policies and estimates and the application of these policies and estimates. The accounting policies are set out 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 14 contains details of the Group's deferred taxation. Liabilities recognised are determined by the likelihood of settlement and the likelihood that assets are received are based on assumptions of future actions. The recognition of deferred taxation assets is particularly subjective and may be undermined by adverse economic decisions.

INVENTORY VALUATION

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

DEVELOPMENT EXPENDITURE

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

32. ACQUISITION

There were no acquisitions in the current year. During the prior year the group acquired 80% of the issued share capital of TYKMA Inc., a US laser marking company. There have been no changes in the year to the fair value of net assets acquired, and therefore no change in the goodwill arising of £7,144,000.

The acquisition of TYKMA Inc. included contingent consideration relating to put and call options between the group and the vendor which had a fair value at March 2015 of £4.1m. During the year the fair value was remeasured to £2.1m and was settled at this amount. The settlement comprised of US$1.8m and the issue of 12m ordinary shares in the Group with a value at that time of £0.9m. The fair value gain of £2,032,000 has been included as a special item given its size and nature.

33. RELATED PARTY TRANSACTIONS

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

Mr P Dupee is the managing partner of Haddeo Partners LLP who have received £65,000 in interest payments during the financial year in respect of their respective holding of the Shareholder Loans and loan notes. At the year-end Haddeo Partners LLP held £810,000 of loan notes. In addition, the wife of Mr N Carrick, the Group Finance Director, also held £50,000 of loan notes. Further details on the loan notes can be found in note 19.

Mr D Grimes, the Divisional Managing Director of Industrial Laser Systems, is party to a trust which owns the property rented by TYKMA Inc. in the US and which received $72,000 rent during the period.

As part of the consideration for remaining 20% in TYKMA Inc. David Grimes became a beneficial holder of 7,500,000 ordinary shares in the Group representing 7.19% of the issued share capital at 2 April 2016.

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 £120,000 to the UK pension scheme during the current period (2015: £nil) and no contributions were overdue at the period-end. The monthly payments of £10,000 were paid by the Group to the UK pension scheme from April 2015 onwards in respect of an augmentation to benefits made in 2008/09 of £510,971. No deficit reduction payments are currently required. In the US no employer contributions were made to the US pension scheme during the current period (2015:£nil) and no payments were overdue at the period-end.

Company income statement
For the 53-week period ended 2 April 2016

	Notes	**Before Special Items 53 weeks ended 2 April 2016 £000**	**Special Items 53 weeks ended 2 April 2016 £000**	**After Special Items 53 weeks ended 2 April 2016 £000**	Before Special Items 52 weeks ended 28 March 2015 £000	Special Items 52 weeks ended 28 March 2015 £000	After Special Items 52 weeks ended 28 March 2015 £000
Other operating income		**2,924**	-	**2,924**	618	-	618
Administrative expenses		**(431)**	**(518)**	**(949)**	(614)	(517)	(1,131)
Operating profit	1	**2,493**	**(518)**	**1,975**	4	(517)	(513)
Financial income		**464**	-	**464**	2	-	2
Financial expense		**(776)**	**(150)**	**(926)**	(388)	(135)	(523)
Income from shares in subsidiaries		**5,670**	-	**5,670**	5,184	-	5,184
Profit before tax		**7,851**	**(668)**	**7,183**	4,802	(652)	4,150
Income tax charge		**(35)**	**-**	**(35)**	-	-	-
Profit for the period from continuing operations		**7,816**	**(668)**	**7,148**	4,802	(652)	4,150

Company Number 00196730

The accompanying accounting policies and notes on pages 69 to 82 form part of these Financial Statements.

Company statement of comprehensive income
For the 53-week period ended 2 April 2016

	Notes	53-week period ended 2 April 2016 £000	52-week period ended 28 March 2015 £000
Profit for the period		**7,148**	4,150
Other comprehensive income/(expense)			
Items that will not be reclassified to the Income Statement:		**-**	-
Total items that will not be reclassified to the Income Statement:		**-**	-
Items that are or may in the future be reclassified to the Income Statement:			
Fair valuation of assets held for resale		**(450)**	656
Fair valuation of investments		**(29)**	(622)
Group property transfer		**-**	419
Total items that are or may in the future be reclassified to the Income Statement:		**(479)**	453
Other comprehensive income/(expense) for the period, net of income tax		**(479)**	453
Total comprehensive income for the period		**6,669**	4,603

Company Number 00196730

The accompanying accounting policies and notes on pages 69 to 82 form part of these Financial Statements.

Company statement of financial position
As at 2April 2016

Company Number 00196730

	Notes	As at 2April 2016 £000	As at 28 March 2015 £000
Non-current assets			
Property, plant and equipment	5	**-**	2,500
Investments	6	**9,199**	9,228
		9,199	11,728
Current assets			
Trade and other receivables	7	**30,772**	23,147
Assets classified as held for resale	8	**1,999**	-
Cash and cash equivalents		**252**	-
		33,023	23,147
Total assets		**42,222**	34,875
Non-current liabilities			
Trade and other payables	9	**(9,487)**	(7,886)
		(9,487)	(7,886)
Current liabilities			
Trade and other payables	9	**(1,527)**	(3,690)
		(1,527)	(3,690)
Total liabilites		**(11,014)**	(11,576)
Net assets		**31,208**	23,299
Shareholders' equity			
Called-up share capital	10	**1,044**	896
Share premium account		**1,013**	-
Revaluation reserve		**711**	1,311
Available for sale reserve		**(651)**	(622)
Equity reserve		**139**	124
Profit and loss account		**28,952**	21,590
		31,208	23,299

The financial statements on pages 64 to 82 were approved by the Board of Directors on 31 August 2016 and were signed on its behalf by:

NEIL CARRICK
GROUP FINANCE DIRECTOR
31 AUGUST 2016

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

Company statement of changes in equity

Company Number 00196730

As at 2April 2016

	Ordinary share capital £000	Share premium account £000	Revaluation reserve £000	Available for sale reserve £000	Capital redemption reserve[1] £000	Equity reserve £000	Retained Earnings £000	Total £000
At 29 March 2014	**14,581**	**16,885**	**236**	**—**	**2,500**	**180**	**(17,010)**	**17,372**
At 30 March 2014	14,581	16,885	236	—	2,500	180	(17,010)	17,372
Profit for the period	—	—	—	—	—	—	4,150	4,150
Other comprehensive income:								
Group property transfer	—	—	419	—	—	—	—	419
Fair value of Investments	—	—	—	(622)	—	—	—	(622)
Revaluation of properties	—	—	656	—	—	—	—	656
Total comprehensive income	—	—	1,075	(622)	—	—	4,150	4,603
Transactions with owners:								
Share capital subscribed for	51	1,094	—	—	—	—	—	1,145
Cancellation of deferred shares, share premium and capital redemption reserve	(13,736)	(17,979)	—		(2,500)	—	34,215	—
Equity element of shareholder loan issued in the period	—	—	—	—	—	(56)	104	48
Credit for share-based payments	—	—	—	—	—	—	131	131
Total transactions with owners	(13,685)	(16,885)	—	—	(2,500)	(56)	34,450	1,324
At 28 March 2015	**896**	**—**	**1,311**	**(622)**	**—**	**124**	**21,590**	**23,299**
At 29 March 2015	896	—	1,311	(622)	—	124	21,590	23,299
Profit for the period	—	—	—		—	—	7,148	7,148
Other comprehensive income:								
Fair value of Investments	—	—	—	(29)	—	—	—	(29)
Fair valuation of assets held for sale	—	—	(450)	—	—	—	—	(450)
Transfer on revalued properties	—	—	(150)	—	—	—	150	—
Total comprehensive income	—	—	(600)	(29)	—	—	7,298	6,669
Transactions with owners:								
Share capital subscribed for	148	1,013	—	—	—	—	—	1,161
Equity element of shareholder loan issued in the period	—	—	—	—	—	15	—	15
Credit for share-based payments	—	—	—	—	—	—	64	64
Total transactions with owners	148	1,013	—	—	—	15	64	1,240
At 2 April 2016	**1,044**	**1,013**	**711**	**(651)**	**—**	**139**	**28,952**	**31,208**

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

Company cash flow statement

For the 53-week period ended 2April 2016

Company Number 00196730

	Notes	53-week period ended 2 April 2016 £000	52-week period ended 28 March 2015 £000
Cash flows from operating activities			
Profit for the period		**7,148**	4,150
Adjustments for:			
Depreciation		**51**	3
Net financial income		**462**	521
Other Special Items		**454**	386
Income tax expense		**35**	—
Equity share option expense		**64**	131
Operating cash flow before changes in working capital and provisions		**8,214**	5,191
(Increase)/decrease in trade and other receivables		**(6,801)**	1,293
Decrease in trade and other payables		**(1,903)**	(9,668)
Restructuring and redundancy expenditure		**(310)**	(301)
Cash generated/(used) in operations		**(800)**	(3,485)
Interest paid		**(926)**	(523)
Income tax paid		**—**	32
Net cash flows from operating activities		**(1,726)**	(3,976)
Cash flows from investing activities			
Interest received		**464**	2
Proceeds from sale of property, plant and equipment		—	391
Investment in Prophotonics		—	(1,147)
Net cash flows from investing activities		**464**	(754)
Cash flows from financing activities			
Proceeds from issue of ordinary shares		**275**	1,145
Proceeds from issue of Loan Notes		**806**	7,694
Net Repayment of external borrowing		**641**	(4,473)
Net cash flows from financing activities		**1,722**	4,366
Net increase/(decrease) in cash and cash equivalents		**460**	(364)
Cash and cash equivalents at the beginning of the period		**(208)**	156
Cash and cash equivalents at the end of the period		**252**	(208)

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 FRS101 "Reduced Disclosure Framework".

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 financial statements have been prepared in accordance with FRS 101 "Reduced Disclosure Framework".The accounts are prepared to the Saturday nearest to the Company's accounting reference date of 31 March. The results for 2016 are for the 53-week period ended 2April 2016. The results for 2015 are for the 52-week period ended 28 March 2015.

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NOTES ON INTERPRETATION OF ACCOUNTING STANDARDS

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 2015.

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

	2016 £000	2015 £000
Staff costs:		
– wages and salaries	**627**	587
– social security costs	**48**	66
– pension charges	**19**	16
– equity share options expense	**64**	131
	758	800

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

	2016 Number	2015 Number
Head office function	**5**	5

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

Details of Directors' emoluments, share option schemes and pension entitlements are given in the Remuneration Report on pages 16 to 19.

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 at 10p per share and on 7 April 2014 at 17p per share. These are exercisable between 3 and 10 years from the grant date. The schemes are equity-settled.

SHARE-BASED EXPENSE

The Group recognised a total charge of £64,000(2015: £131,000) in relation to equity-settled share-based payment transactions.

	2016 DSP	2015 DSP
The number and weighted average exercise prices of share options		
Number of options outstanding at beginning of period	**9,900,000**	4,500,000
Number of options granted in period	**1,000,000**	5,400,000
Number of options forfeited/lapsed in period	**(2,000,000)**	—
Number of options exercised in period	**(2,750,000)**	—
Number of options outstanding at end of period	**6,150,000**	9,900,000
Number of options exercisable at end of period	**1,750,000**	—

On 19 November 2012 4,500,000 options with an exercise price of 10p per share were granted. On 7 April 2014 5,400,000 options with an exercise price of 17p were granted. All options are exercisable between 3 and 10 years from the date of grant.

On 30 April 2015 Mr N Rogers resigned as a Director. 2,750,000 options with an exercise price of 10p were agreed to become immediately exercisable by Mr Rogers and 2,000,000 options with an exercise price of 17p were forfeit.

On 6 August 2015 Mr S Fiamma was awarded 500,000 options with an exercise price of 18p per share. The options will vest after 3 years.

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 values 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:

	2015 Grant £000	**2014 Grant £000**	2012 Grant £000
Fair value	**£0.04**	**£0.05**	£0.04
Share price at grant	**£0.18**	**£0.17**	£0.13
Exercise price	**18p**	**17p**	10p
Dividend yield	**0%**	**0%**	0%
Expected volatility	**50%**	**25%**	50%
Expected life	**3.0 years**	**3.0 years**	3.0 years
Risk-free interest rate	**1.36%**	**4.08%**	4.08%
Number of shares under option	**1,000,000**	**3,400,000**	1,750,000

3. DIVIDENDS

No dividend was paid in the period (2015: no dividend paid).

Notes relating to the company financial statements

4. SPECIAL ITEMS

In order for users of the financial statements to better understand the underlying performance of the Company the Board have separately disclosed transactions which by virtue of their size or incidence, are considered to be one off in nature.

Special items include exceptional costs relating to reorganisation, redundancy and restructuring, the charge for share based payments and impairment of investments in fellow subsidiary undertakings.

	2016	2015
	£000	£000
Items included in operating profit:		
Impairment of investments in listed investments	**29**	—
Redundancy and reorganisation	**425**	386
Share option costs	**64**	131
	518	517
Items included in financial expense:		
Amortisation of loan note expenses	**150**	135
	150	135

5. TANGIBLE FIXED ASSETS

	Long Lease	Total
	£000	£000
Cost or valuation		
At 29 March 2015	2,584	2,584
Transfer to assets classified as held for resale	(2,584)	(2,584)
At 2 April 2016	—	—
At professional valuation	—	—
At cost	—	—
	—	—
Depreciation		
At 29 March 2015	84	84
Charge for period	51	51
Transfer to assets classified as held for resale	(135)	(135)
At 2April 2016	—	—
Net book value		
At 2April 2016	—	—
At 28 March 2015	2,500	2,500

The Letchworth Garden City leasehold property was being actively marketed at the year-end and as result the written-down value of this property was transferred to assets classified as held for resale.

On 11 July 2016 the sale of the Letchworth property was completed for net proceeds of £2.0m.

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.

Various UK properties are charged as security for borrowing facilities.

6. INVESTMENTS

	Shares In Listed Investments £000	Shares In Group Undertakings £000	Total £000
Cost:			
At 29 March 2015	1,147	40,413	41,560
Additions in the period	—	—	—
Disposals in the period	—	—	—
At 2 April 2016	**1,147**	**40,413**	**41,560**
Provisions			
At 29 March 2015	622	31,710	32,332
Impairment in the period	29	—	29
At 28 March 2015	**651**	**31,710**	**32,361**
Net book values			
At 2 April 2016	**496**	**8,703**	**9,199**
At 28 March 2015	525	8,703	9,228

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 8%. 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 disposal of shares in group undertakings of £10,000 in prior year related to the liquidation of Coborn Pension Trustees Limited during the year.

During the year 600 Group Inc acquired the remaining 20% of the shares of TYKMA Inc following the acquisition of 80% of the shares in the prior year. Further details can be found in note 32 of the Group accounts.

On 3 August 2014 the Company acquired 26.3% of the ordinary share capital of ProPhotonix Limited through the issue of ordinary shares in the Company representing 5.5% of the enlarged share capital of 600 Group Plc. The share exchange was carried out following presentations with three London-based institutional investors, each of whom indicated support for the exchange.

ProPhotonix Limited is AIM listed, although registered in Delaware, and designs and manufactures LED arrays and laser diode modules in the UK and Ireland. It has a strong base of technology and applications knowledge, applicable to high growth sectors including niche industrial, security and medical markets. We continue to engage with the board of Prophotonix in constructive dialogue to promote closer co-operation.

The initial investment of £1.15m was adjusted down to a fair value of £0.50m at 2 April 2016 (2015 - £0.53m). The £0.03m (2015 - £0.62m) write down was taken to the Assets held for sale reserve.

6. INVESTMENTS (CONTINUED)

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

ENGLAND& WALES:

600 UK Limited*; The 600 Group (Overseas) Limited*; Electrox Laser Limited; Pratt Burnerd International Limited; Electrox Limited; The Colchester Lathe Company Limited; Crawford Collets Limited; 600 Machine Tools Limited; 600 Controls Limited; Pratt Gamet Limited; Gamet Bearings Limited; T S Harrison & Sons Limited; The Richmond Machine Tool Company Limited; 600 Lathes Limited; 600 SPV1 Limited*; 600 SPV2 Limited*; Coborn Insurance Company Limited and The 600 Group Pension Trustees Limited*.

US:

600 Group Inc
Clausing Industrial, Inc
TYKMA Inc

REST OF THE WORLD:

600 Machinery Australia (Pty) – (Australia)
600 Group Equipment Limited - (Canada)

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.

7. TRADE AND OTHER RECEIVABLES

	2016	2015
	£000	£000
Amounts owed by subsidiary undertakings[1]	**29,946**	22,221
Deferred tax	**749**	809
Other debtors	**77**	117
Other prepayments and accrued income	**—**	—
	30,772	23,147

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

8. ASSETS CLASSIFIED AS HELD FOR RESALE

	2016	2015
	£000	£000
Transferred from property plant and equipment - cost	**2,556**	—
Transferred from property plant and equipment - depreciation	**(107)**	
Impairment	**(450)**	
	1,999	—

The above leasehold property was written down to its net realisable value at the year-end with the £0.4m reduction in its carrying value taken to the revaluation reserve. The sale was subsequently completed on 11 July 2016.

9. TRADE AND OTHER PAYABLES

	2016 £000	2015 £000
Current liabilities:		
Bank overdraft	**—**	208
Bank loans	**615**	769
Trade payables	**189**	511
Amounts owed to subsidiary undertakings[1]	**316**	1,331
Corporation tax	**—**	101
Other creditors	**137**	292
Accruals and deferred income	**270**	478
	1,527	3,690

	2016 £000	2015 £000
Non-current liabilities:		
Shareholder loan	**7,699**	6,783
Bank loans	**1,612**	927
Deferred taxation	**176**	176
	9,487	7,886

[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.

The £8.5m of Loan Notes in place at the year-end were issued in three tranches in February, March and August 2015 with 43.95m convertible warrants attached to them. 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 £139,000 is shown in equity reserve and the balance after deduction of associated costs of £662,000, is shown in non current borrowings. Costs are amortised to the income statement over the term of the loan.

A Term Loan of £927,000 included within Bank loans was scheduled to be repaid on a quarterly basis with payments of £153,846 on 30 June 2016 through to 30 November 2017. A further Term Loan of £612,000, also included within Bank loans, was scheduled to be repaid on a quarterly basis with payments of £18,000 on 30 June 2016 through to 30 June 2019 and a final payment of £378,000 on 31 May 2019. £1,300,000 included within non–current borrowings related to a RCF facility with a termination date of 31 May 2017.Following the disposal of the Letchworth property in July 2016 these borrowings with Santander were reduced by the net proceeds of £2m and on the change of bank to HSBC in August 2016 the balance of all these facilities were repaid and replaced by facilities from HSBC.

Given the nature of the Company’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.

Notes relating to the company financial statements

10. SHARE CAPITAL

	2016 £000	2015 £000
Authorised		
626,391,704 ordinary shares of 1p each	**6,264**	6,264
57,233,679 deferred shares of 24p each	**—**	—
	6,264	6,264
Allotted, called-up and fully paid:		
Ordinary shares of 1p each		
89,607,957 ordinary shares of 1p each on issue at start of the period (2015: 84,491,886 ordinary shares)	**896**	845
2,750,000 ordinary shares of 1p each issued to N Rogers (2015 – 190,450 ordinary shares of 1p each issued to N Rogers and N Carrick)	**28**	2
12,000,000 ordinary shares of 1p each issued in acquisition of remaining 20% of Tykma Inc (2015 – 4,925,621 ordinary shares of 1p each issued in ProPhotonix Limited share acquisition	**120**	49
104,357,957 ordinary shares of 1p each on issue at end of period (2015: 89,607,957 ordinary shares of 1p)	**1,044**	896
Deferred shares of 24p each:		
57,233,679 deferred shares of 24p each on issue at start of period	—	13,736
Cancellation of deferred shares of 24p	—	(13,736
Nil deferred shares of 24p on issue at end of period (2015 – nil)	—	—
Total Allotted, called-up and fully paid at the end of period	**1,044**	896

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 2,750,000 ordinary shares of 1p each were issued to N Rogers in July 2015 pursuant to the exercise of share options. This resulted in share capital increasing by £27,500 with a corresponding share premium increase of £247,500. In addition, the Company issued 12,000,000 ordinary shares of 1p each as consideration for the purchase of the remaining 20% of shares in TYKMA Inc.

During the prior year 139,780 and 50,670 ordinary shares of 1p each were issued to N Rogers and N Carrick respectively in June 2014. This resulted in share capital increasing by £1,905 with a corresponding share premium increase of £41,423. In addition, the Company issued 4,925,621 ordinary shares of 1p each as consideration for the purchase of 22,042,143 ordinary shares in ProPhotonix Limited.

During the prior year the deferred shares of 24p each were cancelled by the company without compensation following approval by the shareholders at the AGM on 17 September 2014.

On 28 August 2015 the Company raised an additional £0.806m through the issue of loan notes. In the prior year on 16 February 2015 and 18 March 2015 the Company raised £6.739m and £0.955m respectively through the issue of loan notes. The loan notes have 5 year maturity and carry a coupon of 8% payable quarterly in arrears. The subscribers for loan notes are also entitled to receive warrants with an expiry date of 14 February 2020 to subscribe for 43.95m ordinary shares of 1p each in the Company at a price of 20p per Ordinary Share. The issue of the warrants occurred after approval was granted by the shareholders at a general meeting on 18 March 2015.

In the prior year in February 2015 the first tranche of proceeds from the issue of loan notes was used to repay in full a £2.5m related party loan. The warrants attached to this £2.5m loan allowed 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). At the prior year-end 2.4m warrants remained and these all expired on 27 August 2015 (2015:2.4m warrants remained outstanding).

11. RECONCILIATION OF NET CASH FLOW TO NET DEBT

	2016	2015
	£000	£000
Increase/(decrease) in cash and cash equivalents	**460**	(364)
Increase in net debt from cash flows	**(1,337)**	(3,766)
	(877)	(4,130)
Net debt at beginning of period	**(8,687)**	(5,258)
Shareholder loan deferred costs	**(110)**	701
Net debt at end of period	**(9,674)**	(8,687)

12. ANALYSIS OF NET DEBT

	At 29 March 2015 £000	Exchange movement £000	Other £000	Cash flows £000	At 2 April 2016 £000
Cash at bank and in hand	**(208)**	—	—	460	**252**
Debt due within one year	**(769)**	—	—	154	**(615)**
Debt due after one year	**(927)**	—	—	(685)	**(1,612)**
Shareholder loan due after one year	**(6,783)**	—	(110)	6,893	—
Loan notes due after one year	—	—	—	(7,699)	**(7,699)**
Total	**(8,687)**	—	(110)	(877)	**(9,674)**

13. FINANCIAL INSTRUMENTS

OVERVIEW

The Group's exposure to the risks from its use of financial instruments is detailed in note 26 of the Group accounts.

CREDIT RISK

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. As such, the Company has a minimal number of external customers and as such its credit risk is minimal.

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

	2016	2015
	£000	£000
Cash and cash equivalents	**252**	—
	252	—

13. FINANCIAL INSTRUMENTS (CONTINUED)

LIQUIDITY RISK

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Liquidity risk is managed on a Group-wide basis and further details can be found in note 26 of the Group accounts.

The following are the contractual maturities of financial liabilities:

	2016 Carrying Amount £000	Contractual cash flows £000	Less than 1 year £000	1–2 years £000	2–5 years £000
Bank loan	**2,227**	**2,227**	**615**	**1,612**	**—**
Loan notes	**7,699**	**7,699**	**—**	**—**	**7,699**
Interest bearing financial liabilities	**9,926**	**9,926**	**615**	**1,612**	**7,699**
Trade and other payables	**594**	**594**	**594**	**—**	**—**
Financial liabilities	**10,520**	**10,520**	**1,209**	**1,612**	**7,699**

	2015 Carrying Amount £000	Contractual cash flows £000	Less than 1 year £000	1–2 years £000	2–5 years £000
Bank overdrafts	**208**	**208**	**208**	**—**	**—**
Bank loan	**1,696**	**1,696**	**769**	**615**	**312**
Shareholder loan	**6,783**	**6,783**	**—**	**—**	**6,783**
Interest bearing financial liabilities	**8,687**	**8,687**	**977**	**615**	**7,095**
Trade and other payables	**1,281**	**1,281**	**1,281**	**—**	**—**
Financial liabilities	**9,968**	**9,968**	**2,258**	**615**	**7,095**

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.

13. FINANCIAL INSTRUMENTS (CONTINUED)

CURRENCY RISK

The Company is exposed to currency risk primarily on its US Dollar loan to a fellow group undertaking. This currency risk is largely managed on a Group wide basis. Further details can be found in note 26 of the Group accounts.

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

	2016		2015	
	US Dollars	**Euro**	US Dollars	Euro
	$000	**€000**	$000	€000
Intra-group receivables	**10,063**	**—**	4,701	—
Trade payables	**—**	**—**	—	—
Balance sheet exposure	**10,063**	**—**	4,701	—

The following exchange rates applied during the year:

	2016		2015	
	Average rate	**Year end spot rate**	Average rate	Year end spot rate
US Dollar	**1.499**	**1.419**	1.609	1.488
Euro	**1.360**	**1.251**	1.282	1.366

	Net assets in foreign currency	**Change if appreciated/ Depreciated by 25% against local Currency**
US Dollar	**7,092**	**1,773**

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.

13. FINANCIAL INSTRUMENTS (CONTINUED)

FINANCIAL INSTRUMENTS

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

In addition, the Company 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 Company 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 2 April 2016 was a liability of £nil (2015: liability of £nil) and the movement has been recognised within cost of sales.

FINANCIAL ASSETS

The Company's financial assets comprise cash,trade and intra-group receivables. The profile of the financial assets at 2 April 2016 and 28 March 2015 was:

	2016				2015			
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	**252**	**—**	**22,854**	**23,106**	—	—	19,062	19,062
US Dollars	**7,092**	**—**	**—**	**7,092**	3,159	—	—	3,159
	7,344	**—**	**22,854**	**30,198**	3,159	—	19,062	22,221

There is no interest received on Sterling floating rate financial assets.

The US Dollar floating rate financial assets relate to the loan to 600 Group Inc.

13. FINANCIAL INSTRUMENTS (CONTINUED)

FINANCIAL LIABILITIES

Financial liabilities comprise short-term loans, overdrafts, trade payables, obligations under finance leases, and other creditors. The profile of the Company's financial liabilities at 2 April 2016 and 28 March 2015was:

	2016				2015			
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	**2,227**	**7,699**	**596**	**10,522**	1,904	6,783	1,281	9,968
	2,227	**7,699**	**596**	**10,522**	1,904	6,783	1,281	9,968

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

BORROWING FACILITIES

At 2 April 2016 and 28 March 2015 the Company had undrawn committed borrowing facilities as follows:

	2016 '000	2015 '000
UK	**£252**	£1,406

FAIR VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

	2016 £000	2015 £000
Trade and other receivables	**30,772**	23,147
Cash and cash equivalents	**252**	—
Bank overdrafts	—	(208)
Bank loan	**(2,227)**	(1,696)
Other loans	**(7,699)**	(6,783)
Trade payables	**(1,209)**	(3,690)
	19,889	10,770

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.

14. CONTINGENT LIABILITIES

	2015 £000	2014 £000
Bank guarantees in respect of Group undertakings	**92**	92

15. PENSION

The Company makes contributions to defined contribution schemes for certain employees. The pension contribution charge for the Company amounted to £19,000 (2015: £16,000).

16. 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 £65,000 in interest payments during the financial year in respect of their respective holding of the Shareholder Loans and loan notes. At the year-end Haddeo Partners LLP held £810,000 of loan notes. In addition, the wife of Mr N Carrick, the Group Finance Director, also held £50,000 of loan notes. Further details on the loan notes can be found in note 19.

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 £120,000 to the UK pension scheme during the current period (2015: £nil) and no contributions were overdue at the period-end. The monthly payments of £10,000 were paid by the Group to the UK pension scheme from April 2015 onwards in respect of an augmentation to benefits made in 2008/09 of £510,971. No deficit reduction payments are currently required.

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