

# The 600 Group PLC

## Preliminary Results for the year ended 30 March 2013

The 600 Group PLC, the AIM listed machine tools and laser marking company (AIM: SIXH), today announces its preliminary results for the year ended 30 March 2013, which are summarised as follows:

FINANCIAL RESULTS	FY13	FY12 (restated)
	£m	£m
Revenues*	<u>41.79</u>	<u>37.57</u>
Operating profit*	0.97	0.23
Bank and other interest	<u>(0.58)</u>	<u>(0.65)</u>
Adjusted profit/(loss) before taxation*	0.39	(0.42)
Net pensions interest credit	3.50	1.57
Taxation credit/(charge) before special items	0.49	(0.91)
Loss on discontinued operations	(0.29)	(5.26)
Special items (net of tax)	<u>(0.15)</u>	<u>(9.83)</u>
Total profit/(loss) for the year	<u>3.94</u>	<u>(14.85)</u>
Earnings/(loss) per share		
Continuing activities before special items	<u>5.84p</u>	<u>0.38p</u>
Total for the year	<u>5.25p</u>	<u>(23.30)p</u>

\*Denotes before discontinued activities and special items

### FINANCIAL HIGHLIGHTS

- Revenues increased by 11.2% to £41.79m (2012: £37.57m)
- Operating profit up 322% to £0.97m (2012: £0.23m)
- Profit for the year of £3.94m (2012: loss £14.85m)
- EPS increased to 5.25p (2012: loss of 23.30p)
- Significantly stronger balance sheet with net assets of £21.7m (2012: £7.0m)

### CORPORATE AND OPERATIONAL HIGHLIGHTS

- New management team in place.
- Strengthened operational and financial control environment
- Strategic review implemented – closures and disposals executed
- Focus on customer service improvements
- Backlog and production lead times improved
- Building on strength of brands and global reach
- Re-financing completed
- UK pension scheme closed to future accrual and in surplus

### Commenting today, Paul Dupee, Chairman of The 600 Group PLC said:

“Group focus has now moved from the turnaround phase of the first half of the year, towards growth from a stable, profitable and cash generative base. Although external market conditions became more challenging towards the end of the year, revenues continued to show a double digit increase through gains in market share, and operating margins improved across each segment of the business. We are continuing to invest in facilities and product development to sustain this improvement, and the Board is cautiously optimistic of further progress in the current financial year.”

More Information on the group can be viewed at: [www.600group.com](http://www.600group.com)

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## **Chairman's Statement for the financial year ended 30 March 2013**

### **Overview**

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

### **Strategy**

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

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

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

### **Results and dividend**

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

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

Underlying earnings (from continuing operations before special items) amounted to 5.84 pence per share (2012: 0.38p) and earnings from continuing operations after special items amounted to 5.64 pence per share (2012: loss of 15.05p). Total earnings were 5.25 pence per share (2012: loss of 23.30p). As any dividend payments continue to be dependent upon the Group's results, the Board does not recommend that any payment be made.

### **Financial resources**

On 5 September 2012 the company entered into an agreement for the placing of an aggregate of 19.66m ordinary shares of 1p each at a placing price of 7.5 pence per share, raising an aggregate of £1.47m before expenses. The company also entered into revised facility agreements with its principal banker covering existing term loan and revolving credit facilities amounting to £3.64m and a new working capital facility of £0.30m.

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

### **Prospects**

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

**Paul Dupee**

**Chairman**

**26 June 2013**

## **Chief Executive's Review**

### **Introduction**

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

During the early part of the financial year, the initial priorities were to stabilise the financial position of the Group and to implement a strategic review designed to introduce a stable, profitable and cash generative business model. This business plan was determined by the time of the refinancing in September 2012, and the financial performance of the Group in the second half of the year has slightly exceeded the expectations which were set at that time, despite some softening of end-user markets. In March 2013, Oxford Economics – the most widely quoted authority – downgraded the 2013 forecast growth in global demand from approximately 8% to just above 2%, with much of the growth emanating from the domestic market in China.

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

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

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

### **Financial highlights**

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

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

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

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

### **Machine tools and precision engineered components**

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

The financial results of these activities were as follows:

	<b>2013</b>	<b>2012</b>
	<i>£ 000</i>	<i>£ 000</i>
Revenues	<u>34,906</u>	<u>31,114</u>
Adjusted operating profit before special items	<u>2,145</u>	<u>1,468</u>
Operating margin	<b>6.1%</b>	<b>4.7%</b>

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

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

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

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

### **Laser marking**

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

Results for the financial period were as follows:

	<b>2013</b>	<b>2012</b>
	<i>£ 000</i>	<i>£ 000</i>
Revenues	<u>6,882</u>	<u>6,451</u>
Adjusted operating profit before special items	<u>213</u>	<u>316</u>
Operating margin	<b>3.1%</b>	<b>4.9%</b>

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

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

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

#### **Discontinued activities and divestments**

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

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

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

#### **UK pension scheme**

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

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

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

#### **Corporate social responsibility**

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

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

A comprehensive health and safety policy is in place to ensure a safe working environment at all times. The health and safety policy also demonstrates our additional responsibility to customers, suppliers and contractors and we maintain communication of the policy at all levels throughout the Company. We encourage two-way and open lines of

communication throughout the Group and are committed to continuous dialogue with local and global stakeholders to create trust, opportunity and long term sustainable value.

### **Current trading and outlook**

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

Order intake in the quarter to date represented 109% of revenues (FY13Q1: 104%), indicating improving conditions as we enter the second quarter. The current order book of £7.8m represents approximately 2.3 months of forward revenue at the current rate.

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

**Nigel Rogers**

**Group Chief Executive**

**26 June 2013**

### **Financial Review**

#### **Results**

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

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

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

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

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

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

#### **Taxation**

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

Deferred taxation was recognised this year in North America in respect of their prior years' losses and other timing differences and consequently a large credit of £1.7m has been recorded for prior year deferred taxation. The pensions

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

### **Retirement Benefits**

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

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

### **Cashflow and borrowings**

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

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

### **Treasury and risk management**

#### ***Financial risks***

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

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

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

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

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

#### ***Market risks***

The Group's main exposure to market risk arises from increases in input costs in so far as it is unable to pass them onto customers through price increases. The Group does not undertake any hedging activity in this area and all materials and

utilities are purchased in spot markets. The Group seeks to mitigate increases in input costs through a combination of continuous improvement activities to minimise increases in input costs and passing cost increases on to customers, where this is commercially viable.

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

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

### ***Other principal risks and uncertainties***

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

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

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

### ***Key performance indicators***

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

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

Key financial performance indicators as at 30 March 2013 were:

- Revenue growth - annual growth rate of revenue 11.2% (2012: 4.2%)
- Gross Margin – gross profit before special items as a percentage of revenue 31.7% (2012: 32.3%)
- Operating margin – operating profit before special items as a percentage of revenue; 2.3% (2012: 0.6%)
- Working Capital levels – inventory plus trade and other receivables less trade and other payables as a percentage of revenue 22.7% (2012: 20.7%)
- Book to bill ratio – ratio of new orders to revenue on a 3 monthly rolling basis - 85%
- Order backlog – the value of outstanding orders expressed in months - 2 months

### **Going concern**

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

**Neil Carrick FCA**

**Group Finance Director**

**26 June 2013**



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

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

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

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

Basic earnings/(loss) per share per share	- continuing	5.84p	(0.20)p	5.64p	0.38p	(15.43)p	(15.05)p
	- discontinued	(0.39)p		(0.39)p	(8.25)p		(8.25)p
	- Total	5.45p	(0.20)p	5.25p	(7.87)p	(15.43)p	(23.30)p
Diluted earnings/(loss) per share	- continuing	5.72p	(0.20)p	5.52p	0.38p	(15.43)p	(15.05)p
	- discontinued	(0.39)p		(0.39)p	(8.25)p		(8.25)p
	- Total	5.34p	(0.20)p	5.14p	(7.87)p	(15.43)p	(23.30)p

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

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

**Consolidated statement of financial position**  
**As at 30 March 2013**

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

**Consolidated statement of changes in equity  
As at 30 March 2013**

	Ordinary	Share	Capital					Retained Earnings	Total Equity
	share	premium	Revaluation	redemption	Translation	Equity			
	capital	account	reserve	reserve <sup>[1]</sup>	reserve	reserve			
	£000	£000	£000	£000	£000	£000	£000	£000	
<b>At 2 April 2011</b>	<b>14,315</b>	<b>13,899</b>	<b>1,475</b>	<b>2,500</b>	<b>1,697</b>	<b>160</b>	<b>(12,363)</b>	<b>21,683</b>	
<b>At 3 April 2011</b>	14,315	13,899	1,475	2,500	1,697	160	(12,363)	21,683	
Loss for the period	—	—	—	—	—	—	(14,849)	(14,849)	
Other comprehensive income:									
Foreign currency translation	—	—	(46)	—	(210)	—	(95)	(351)	
Net actuarial losses on employee benefit schemes	—	—	—	—	—	—	7,025	7,025	
Impact of write down of assets held for sale	—	—	(349)	—	—	—	349	—	
Impact of changes to defined benefit asset limit	—	—	—	—	—	—	(8,810)	(8,810)	
Deferred tax	—	—	—	—	—	—	386	386	
Total comprehensive income	—	—	(395)	—	(210)	—	(15,994)	(16,599)	
Transactions with owners:									
Share capital subscribed for	60	1,746	—	—	—	—	—	1,806	
Shareholder loan issue with convertible warrants	—	—	—	—	—	7	—	7	
Non-controlling interest reversal									
Credit for share-based payments	—	—	—	—	—	—	90	90	
Total transactions with owners	60	1,746	—	—	—	7	90	1,903	
<b>At 31 March 2012</b>	<b>14,375</b>	<b>15,645</b>	<b>1,080</b>	<b>2,500</b>	<b>1,487</b>	<b>167</b>	<b>(28,267)</b>	<b>6,987</b>	
<b>At 1 April 2012</b>	14,375	15,645	1,080	2,500	1,487	167	(28,267)	6,987	
Profit for the period	—	—	—	—	—	—	3,936	3,936	
Other comprehensive income:									
Foreign currency translation	—	—	26	—	373	—	—	399	
Net actuarial losses on employee benefit schemes	—	—	—	—	—	—	1,406	1,406	
Impact of assets disposed of	—	—	(197)	—	—	—	(616)	(813)	
Impact of changes to defined benefit asset limit	—	—	—	—	—	—	12,940	12,940	
Deferred tax	—	—	—	—	—	—	(4,720)	(4,720)	
Total comprehensive income	—	—	(171)	—	373	—	12,946	13,148	
Transactions with owners:									
Share capital subscribed for	204	1,213	—	—	—	—	—	1,417	
Shareholder loan issue with convertible warrants	—	—	—	—	—	6	—	6	
Credit for share-based payments	—	—	—	—	—	—	99	99	
Total transactions with owners	204	1,213	—	—	—	6	99	1,522	
<b>At 30 March 2013</b>	<b>14,579</b>	<b>16,858</b>	<b>909</b>	<b>2,500</b>	<b>1,860</b>	<b>173</b>	<b>(15,222)</b>	<b>21,657</b>	

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

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

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

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

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

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

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

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

## SEGMENT INFORMATION CONTINUED

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

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

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

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

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

## SEGMENT INFORMATION CONTINUED

Segmental analysis by destination:

	2013		2012	
	£000	%	£000	%
<b>Gross sales revenue:</b>				
UK	6,581	15.1	6,034	15.8
Other European	6,662	17.0	4,982	13.1
North America	22,691	50.2	20,063	52.6
Africa	79	1.2	500	1.3
Australasia	3,765	10.3	4,103	10.8
Central America	142	1.1	425	1.1
Middle East	729	1.7	665	1.7
Far East	1,139	2.0	793	2.1
Continuing Revenue	41,788	98.6	37,565	98.5
Discontinued	3,657	1.4	558	1.5
	45,445	100.0	38,123	100.0

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

### Discontinued operations

600SA the Group's South African business was sold on 16 July 2012 to Eqstra Holdings Limited for a total consideration of ZAR ( South African Rand) 24.3m which resulted in net proceeds after costs received in the UK of £1.7m. This represented the full activities of the Mechanical Handling and Waste business segment. FMT Colchester Sp. Zoo the Group's Polish business was sold for a nominal sum on 11 September 2012. This business was the Group's only activity in Poland. The results for both these businesses are included in the post tax loss on discontinued activities in the Group's consolidated income statement. The figures for 2012 have been restated to show both these activities as discontinued. The results of these discontinued operations are as follows:

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

	2013			2012		
	South Africa	Poland	Total	South Africa	Poland	Total
			£000			£000
<b>Cash flows from discontinued operations</b>						
Net cash flow from operating activities	40	(134)	(94)	(511)	—	(511)
Cash flow from investing activities	—	—	—	460	—	—
Net cash used /generated from discontinued activities	40	(134)	(94)	(51)	(704)	(511)



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

### SPECIAL ITEMS

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

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

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

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

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

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

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

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

### Prior Year

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

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

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

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

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

#### **TAXATION**

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

## TAXATION CONTINUED

### TAX RECONCILIATION

The tax charge assessed for the period is lower than the standard rate of corporation tax in the UK of 24% (2012: 26%). The differences are explained below:

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

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

### EARNINGS PER SHARE

The calculation of the basic earnings per share of 5.25p (2012: loss of 23.30p) is based on the earnings for the financial period attributable to the Parent Company's shareholders of a profit of £3,936,000 (2012: loss of £14,849,000) and on the weighted average number of shares in issue during the period of 74,997,407 (2012: 63,717,224). At 30 March 2013, there were 1,276,504 (2012: 2,272,102) potentially dilutive shares on option with a weighted average effect of 458,143 (2012: 9,863,832) shares giving a diluted profit per share of 5.14p. As a loss cannot be diluted the diluted figures for 2012 remained the same as the basic loss per share for continuing operations at 23.30p

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

<b>CASH AND CASH EQUIVALENTS</b>	2013	2012
	£000	£000
Cash at bank	925	309
Short-term deposits	100	100
Cash and cash equivalents per statement of financial position	1,025	409
Bank overdrafts	-	(526)
Cash and cash equivalents per cash flow statement	1,025	(117)

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

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

## STATUTORY ACCOUNTS

The Financial information set out in this preliminary announcement does not constitute the company's Consolidated Financial Statements for the financial years ended 30 March 2012 or 2012 but is derived from those Financial Statements. Statutory Financial Statements for 2012 have been delivered to the Registrar of Companies and those for 2013 will be delivered following the company's AGM. The Auditors KPMG Audit PLC have reported on those financial statements. Their reports were unqualified, did not draw attention to any matters by way of emphasis without qualifying their report and did not contain statements under Section 498(2) or (3) of the Companies Act 2006 in respect of the Financial Statements for 2013 or 2012.

The Statutory accounts will be available on the Company's web site and will be posted to shareholders who have requested a copy and thereafter by request to the company's registered office.