The 600 Group PLC

Unaudited Interim Results for the six months ended 26 September 2015

The 600 Group PLC ("the Group"), the AIM listed distributor, designer and manufacturer of industrial products (AIM: SIXH), today announces its unaudited interim results for the six months ended 26 September 2015.

Highlights:

- Revenues increased by 11% to £23.35m (FY15 H1: £21.05m)
- Underlying* operating profit up 35% to £1.17m (FY15 H1 : £0.87m)
- Underlying* net profit before tax up 12% at £0.75m (FY15 H1: £0.67m)
- Underlying earnings* up 31% to 0.85 pence (FY15 H1: 0.65 pence)
- Integration of TYKMA and Electrox Laser businesses well advanced
- Development of sales to South East Asia through several new distributors for machine tool products
- Sales begin of Clausing products into UK and European markets

*from continuing operations, before pension credit interest, amortisation of shareholder loan and acquired goodwill, share option costs and special items.

Commenting today, Paul Dupee, Executive Chairman of The Group said:

"Although both of our Divisions are going through a number of changes, which should deliver longer term benefits, they have still been able to deliver reasonable financial results for the six month period ended 26 September 2015.

The Board is optimistic that the process which has begun to leverage our industry recognized brands such as Colchester, Harrison, Clausing, TYKMA and Electrox through an increased worldwide distribution network will accelerate revenue growth further and that the actions being taken to reduce overheads and become more efficient will yield better margins on increasing sales in the future."

Reconciliation of underlying profit before taxation:

	26 Weeks ended 26 September 2015 £m	26 Weeks ended 27 September 2014 £m
Revenues	**23.35**	21.05
Cost of sales	**(15.42)**	(14.14)
Gross profit	**7.93**	6.91
Net operating costs	**(6.76)**	(6.05)
Underlying operating profit	**1.17**	0.86
Bank and loan note interest expense (net)	**(0.42)**	(0.19)
Underlying profit before tax	**0.75**	0.67
Other items:		
Pensions credit	**0.93**	2.19
Interest on pension surplus	**0.58**	0.44
Other Special items	**(0.58)**	(0.07)
Amortisation of shareholder loan costs	**(0.07)**	(0.07)
	0.86	2.49
Reported profit before tax	**1.61**	3.16

More Information on the group can be viewed at: www.600group.com

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The 600 Group Plc

Executive Chairman's Statement for the six months ended 26 September 2015

Overview

Although both of our Divisions are going through a number of changes, which should deliver longer term benefits, they have still been able to deliver reasonable financial results for the six month period ended 26 September 2015. Revenue growth over the previous half year was up 11% and profit margins overall increased despite a fall off in demand in our European markets.

The integration of the TYKMA and Electrox laser businesses has progressed well and significant savings are starting to come through, although somewhat later than originally anticipated.
Following weaker demand than forecast for our machine tool and precision component products in the UK and European markets, increased sales and marketing resources along with the launch of the Clausing products into these markets have been implemented and changes are being made to the mix of products in the UK manufacturing business to improve efficiency.

We have continued to invest in facilities, people and product development, to maintain our strategic goal of leveraging the strength of the Group's brands into high growth niche markets led by technical expertise.

Results and dividend

Revenue increased by 11% to £23.35m (FY15 H1: £21.05m) generating a net operating profit (excluding the effects of special items) up 35% at £1.17m (FY15 H1: £0.87m).

After taking account of interest on bank borrowings and loan notes, the underlying Group pre-tax profit before pension credit interest and amortisation of shareholder loan and intangible assets acquired ,share option costs and special items was £0.75m (FY15 H1: £0.67m).

A number of Special Items have been noted separately so that the underlying trading performance can be better understood. The current period includes a credit of £0.93m (credit of £2.19m in FY15: H1) as a result of liability reduction exercises by the pension scheme trustees. Reorganisation and redundancy costs as a result of the integration of the TYKMA and Electrox businesses and the cost of the Board change in April 2015 have also been highlighted separately and amounted to £0.49m. In addition share option costs and the amortisation of intangible assets acquired, which are non-cash costs, are also included in special items.

The total profit attributable to shareholders of the Group for the financial period was £1.12m (FY15 H1: £2.14m including £2.19m of pensions credit), providing earnings of 1.21 pence per share (FY15 H1: 2.49 pence). The underlying earnings per share (excluding the large pensions credits and pension interest, amortisation of shareholder loan and acquired goodwill, share option costs and other special items) was 0.85p (FY15 H1: 0.65p)

The Board continues to believe the retention of earnings to grow the businesses is the most appropriate use of available finance and accordingly do not recommend the payment of an interim dividend.

Operating activities

Machine tools and precision engineered components

	FY16 H1 *£m*	**FY15 H1** *£m*
Revenues	16.81	16.86
Operating profit	1.05	1.28
Operating margin	6.2%	7.6%

Revenue in our North American business was strong, being 17%(8.5% at constant currency rates) up on the same period last year and against a backdrop of, at best, a flat overall US machine tool market. This business continues to gain market share as a result of exceptional customer service and support and providing high quality machines to meet its target customers' requirements. Operating margins increased by 2.2% on the back of the increased volumes through a well controlled relatively fixed overhead base.

Trading in the European market proved to be tough with revenue falling short of the corresponding prior period by 15%, with most of this shortfall coming in the second quarter. Action is being taken under the guidance of Don Haselton, since his appointment as Divisional Managing Director in mid August, to increase the sales and marketing effort and introduce the Clausing product range of saws, drills, mills and grinders into the UK, European and overseas markets. These products are very often found alongside our Colchester and Harrison lathes in the many facilities we sell into and are a natural extension to our existing product range in these markets. These types of product represent about 50% of the total machine tools sold by our North American operation who have been selling them alongside our Colchester and Harrison lathes for many years and have high quality, long established supply lines in place which the European operation is now tapping into.

The mix of product manufactured in the UK is also being adjusted to improve efficiency and in particular certain high precision products are being brought back in house to be manufactured rather than outsourced while there will be reductions in other products. This will involve some restructuring costs which will be incurred in the second half of the financial year.

The reduction in volumes in the European operation during the period was weighted towards the higher margin precision components and consequently this held back operating margins and profitability significantly. This was the principal reason for the overall reduction in the Machine Tools operating profit against the corresponding period last year, despite the improvement in the North American operation in both volume and operating profit.

Weakness continued in the Australian operation for most of the period which was 37% down on revenues at constant currency rates and 45% down in Sterling terms against the same period last year and as a result action was taken to reduce overheads and preserve cash. There has been a recovery in volumes in the three months since August. Looking forward the management team, aided by Don Haselton, have been actively pursuing the development of new sales channels for our branded products in South East Asia and has secured several new distributorships including the Philippines, Thailand and Singapore.

Laser marking

	FY16 H1 *£m*	FY15 H1 *£m*
Revenues	6.57	4.31
Operating profit	0.63	0.16
Operating margin	9.6%	3.8%

The integration of the Electrox and TYKMA businesses has progressed well under the leadership of David Grimes, who has been responsible for the Division since February and was appointed the Divisional Managing Director for Laser Marking in August. The relative size of the manufacturing footprints has shifted from the UK more towards the USA where the largest proportion of the Division's sales are currently focused. This exercise has inevitably incurred some redundancy and reorganisation costs but will leave the division with a more efficient manufacturing base. Product integration and finalisation of the new software has been ongoing and new common supplier agreements have been negotiated. The benefits of these projects will start to flow through as volumes increase in the second half of the financial year.

Whilst top line progress has continued in the North American market and the UK, the European market has seen a significant decline of more than 30% against the corresponding period last year and the new combined sales organisation is now turning its attention to restoring growth in this market.

The divisional operating profit and margin has shown a significant increase, underlying the benefits of the businesses integration and we expect further benefits to come through as the various ongoing actions come to fruition.

Facilities

During the summer months both the Clausing operation in Kalamazoo, Michigan and the TYKMA operation in Chillicothe, Ohio moved to new purpose built leasehold premises. The new sites benefit from having better locations, improved road links, enhanced operating efficiency, 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. Both new facilities have hosted customer, distributor and supplier visits since the moves which have received high praise from all those visiting.

Financial position

Net assets increased by £0.8m to £35.5m largely as a result of the pension asset increase. Net assets excluding the effect of pension schemes (and associated taxation) remained largely the same at £12.4m with the profit generation and £0.3m raised on the issue of new shares during the period to satisfy the exercise of share options offset by the write down on investments and the currency movements on the retranslation into Sterling of our overseas assets.

The issue of the third tranche of the new 8% Loan Notes amounting to £806,000 was completed in early September bringing the total amount issued to the authorised £8.5m.

Cash used in operations was negative at £0.15m with £1.48m of funds from operating activity absorbed in restructuring costs, paydown of creditors and a stock increase to support the change of Laser manufacture predominantly to the USA. Capital expenditure during the period was £0.8m including the purchase of a new machine for the Gamet bearings operation and fit out costs on both the new US premises during the period. Interest payments increased as a result of the amounts paid on the new loan notes issued increasing from £0.20m to £0.42m.

Net debt as a consequence increased by £1.34m to £12.1m resulting in gearing of 34.1% (March 2015: 23.5%).

UK pension scheme

The surplus on the UK pension scheme increased during the period from £35.4m in March to £36.6m as a result of changes in underlying assumptions, most notably the yield on corporate bonds upon which the valuation is based.

The estimated funding deficit at the end of September 2015 using the technical provisions basis agreed at the last tri-ennial valuation was £15.9m compared to the tri-ennial valuation deficit at 31 March 2013 of £25.4m.

The scheme continues to benefit from active management of the investment portfolio with the overall aim of reaching full buy-out funding without reliance on future contributions from the Group. The Directors and Trustee continue to work in close co-operation, and liability reduction exercises are ongoing. The trustees are now engaging with the insurance industry on a regular basis to ensure any market pricing benefits are not missed and that the eventual buy out of part or all of the schemes liabilities is achieved in the next few years.

Outlook

Market conditions generally remain patchy. Enquiry levels have in recent months picked up from the low of the summer months but customer confidence to commit to purchase remains a concern. Given the slower than expected trading in Europe and the efficiencies in the Laser Marking Division taking slightly longer than planned it is possible that the outcome for the full financial year may be less than the Board's previous expectations.
Extra resource is going into sales and marketing across all businesses and new products and new markets are being developed.
The Board is optimistic that the process which has begun to leverage our industry recognized brands such as Colchester, Harrison, Clausing, TYKMA and Electrox through an increased worldwide distribution network will accelerate revenue growth further and that the actions being taken to reduce overheads and become more efficient will yield better margins on increasing sales in the future.
We will continue to explore acquisition opportunities to identify complimentary businesses within our core competencies.

Paul Dupee
Executive Chairman
2 December 2015

Condensed consolidated income statement (unaudited)
For the 26 week period ended 26 September 2015

	26 weeks Ended 26 September 2015	26 weeks ended 27 September 2014	52 weeks Ended 28 March 2015
	£'000	£'000	£'000
Continuing			
Revenue	**23,346**	21,051	43,794
Cost of sales	**(15,409)**	(14,145)	(29,374)
Gross profit	**7,937**	6,906	14,420
Other operating income	**20**	11	42
Net operating expenses	**(6,789)**	(6,050)	(11,998)
Pensions credit	**934**	2,186	2,347
Other special items	**(582)**	(63)	(1,389)
Total Net operating expenses	**(6,437)**	(3,927)	(11,040)
Operating profit	**1,520**	2,990	3,422
Bank and other interest	**9**	1	2
Interest on pension surplus	**580**	443	857
Financial income	**589**	444	859
Bank and other interest	**(426)**	(198)	(451)
Amortisation of shareholder loan costs	**(70)**	(72)	(155)
Financial expense	**(496)**	(270)	(606)
Profit before tax	**1,613**	3,164	3,675
Income tax charge	**(497)**	(1,021)	(1,325)
Profit for the period from continuing operations	**1,116**	2,143	2,350
Attributable to equity holders of the parent	**1,101**	2,143	2,333
Attributable to non controlling interests	**15**	-	17
	1,116	2,143	2,350
Basic earnings per share	**1.21p**	2.49p	2.66p
Diluted earnings per share	**1.20p**	2.38p	2.58p

Condensed Consolidated statement of comprehensive income (unaudited)

For the 26 week period ended 26 September 2015

	26 weeks Ended 26 September 2015 £000	26 weeks ended 27 September 2014 £000	52 weeks Ended 28 March 2015 £000
Profit for the period	**1,116**	2,143	2,350
Other comprehensive (expense)/income:			
Items that will not be reclassified to the Income Statement:			
Remeasurement of the net defined benefit asset	**(342)**	(4,069)	12,188
Fair value adjustment of ProPhotonix investment	**(167)**	(358)	(622)
Deferred taxation	**120**	1,424	(4,296)
Total items that will not be reclassified to the Income Statement:	**(389)**	(3,003)	7,270
Items that are or may in the future be reclassified to the Income Statement:			
Foreign exchange translation differences	**6**	18	(13)
Total items that are or may be reclassified subsequently to the Income Statement:	**6**	18	(13)
Other comprehensive income/(expense) for the period, net of income tax	**(383)**	(2,985)	7,257
Total comprehensive income/(expense) for the period	**733**	(842)	9,607
Attributable to:			
Equity holders of the Parent	**718**	(842)	9,590
Non controlling interests	**15**	-	17
Total recognised income	**733**	(842)	9,607

Condensed Consolidated statement of financial position (unaudited)

As at 26 September 2015

	As at 26 September 2015 £000	As at 27 September 2014 £000	As at 28 March 2015 £000
Non-current assets			
Property, plant and equipment	**5,499**	4,965	5,159
Goodwill	**7,144**	—	7,144
Other Intangible assets	**2,379**	1,892	2,347
Investments	**358**	744	525
Employee benefits	**35,441**	17,427	34,292
Deferred tax assets	**2,997**	1,218	3,022
	53,818	26,246	52,489
Current assets			
Inventories	**11,293**	9,159	11,036
Trade and other receivables	**7,203**	6,279	7,070
Cash and cash equivalents	**1,383**	1,220	902
	19,879	16,658	19,008
Total assets	**73,697**	42,904	71,497
Non-current liabilities			
Loans and other borrowings	**(10,203)**	(3,487)	(8,405)
Trade and other payables	**(4,092)**	—	(4,175)
Deferred tax liability	**(13,546)**	(5,702)	(13,358)
	(27,841)	(9,189)	(25,938)
Current liabilities			
Trade and other payables	**(6,252)**	(6,083)	(6,792)
Income tax payable	**(244)**	(109)	(135)
Provisions	**(531)**	(158)	(611)
Loans and other borrowings	**(3,323)**	(4,485)	(3,295)
	(10,350)	(10,835)	(10,833)
Total liabilities	**(38,191)**	(20,024)	(36,771)
Net assets	**35,506**	22,880	34,726
Shareholders' equity			
Called-up share capital	**924**	14,632	896
Share premium account	**248**	17,945	-
Revaluation reserve	**1,494**	851	1,494
Equity reserve	**139**	183	124
Translation reserve	**1,152**	968	1,428
Retained earnings	**31,404**	(14,199)	30,648
	35,361	22,880	34,590
Non- controlling interests	**145**	-	136
Total equity	**35,506**	22,880	34,726

Condensed Consolidated statement of changes in equity (unaudited)

As at 26 September 2015

	called up share capital £000	share premium account £000	Revaluation reserve £000	capital redemption reserve £000	Translation reserve £000	Equity reserve £000	Retained earnings £000	Non controlling interest £000	Total £000
At 29 March 2014	**14,581**	**16,885**	**862**	**2,500**	**938**	**180**	**(13,401)**	**—**	**22,545**
Profit for the period	—	—	—	—	—	—	2,143	—	2,143
Other comprehensive income:								—	
Foreign currency translation	—	—	(11)	—	30	—	(1)	—	18
Remeasurement of the net defined benefit assets	—	—	—	—	—	—	(4,069)	—	(4,069)
Fair value adjustment of investments	—	—	—	—	—	—	(358)	—	(358)
Deferred tax	—	—	—	—	—	—	1,424	—	1,424
Total comprehensive income	—	—	(11)	—	30	—	(861)	—	(842)
Transactions with owners:									
Share capital subscribed for	51	1,060	—	—	—	—	—	—	1,111
Shareholder loan issue with convertible warrants	—	—	—	—	—	3	—	—	3
Credit for share-based payments	—	—	—	—	—	—	63	—	63
Total transactions with owners	51	1,060	—	—	—	3	63	—	1,177
At 27 September 2014	**14,632**	**17,945**	**851**	**2,500**	**968**	**183**	**(14,199)**	**—**	**22,880**
Profit for the period	—	—	—	—	—	—	190	17	207
Other comprehensive income:									
Foreign currency translation	—	—	(13)	—	460	—	(3)	—	444
Remeasurement of the net defined benefit assets	—	—	—	—	—	—	16,257	—	16,257
Fair value adjustment of investments	—	—	—	—	—	—	(264)	—	(264)
Revaluation of properties	—	—	656	—	—	—	—	—	656
Deferred tax	—	—	—	—	—	—	(5,720)	—	(5,720)
Total comprehensive income	—	—	643	—	460	—	10,460	17	11,580
Transactions with owners:									
Share capital subscribed for	—	34	—	—	—	—	—	—	34
Cancellation of deferred shares, share premium and capital redemption reserve	(13,736)	(17,979)	—	(2,500)	—	—	34,215		—
Loan note issue with convertible warrants	—	—	—	—	—	(59)	104	—	45
Credit for share-based payments	—	—	—	—	—	—	68	—	68
Total transactions with owners	(13,736)	(17,945)	—	(2,500)	—	(59)	34,387	—	147
Non controlling interest								119	119
At 28 March 2015	**896**	**—**	**1,494**	**—**	**1,428**	**124**	**30,648**	**136**	**34,726**
Profit for the period	—	—	—	—	—	—	1,101	15	1,116
Other comprehensive income:									
Foreign currency translation	—	—	—	—	(276)	—	6	—	(270)
Re-measurement of the net defined benefit assets	—	—	—	—	—	—	(342)	—	(342)
Fair value adjustment of investments	—	—	—	—	—	—	(167)	—	(167)
Deferred tax	—	—	—	—	—	—	120	—	120
Total comprehensive income	—	—	—	—	(276)	—	718	15	457
Transactions with owners:									
Share capital subscribed for	28	248	—	—	—	—	—	—	276
Shareholder loan issue with convertible warrants	—	—	—	—	—	15	—	—	15

Credit for share-based payments	—	—	—	—	—	—	38	—	38
Total transactions with owners	28	248	—	—	—	15	38	—	329
Non controlling interest	—	—	—	—	—	—	—	(6)	(6)
At 26 September 2015	**924**	**248**	**1,494**	**—**	**1,152**	**139**	**31,404**	**145**	**35,506**

Condensed consolidated cash flow statement (unaudited)

For the 26 week period ended 26 September 2015

	26 weeks ended 26 September 2015 £000	26 weeks ended 27 September 2014 £000	52 weeks To 28 March 2015 £000
Cash flows from operating activities			
Profit/(loss) for the period	**1,116**	2,143	2,350
Adjustments for:			
Amortisation	**118**	52	133
Depreciation	**253**	222	450
Pension credit	**(934)**	(2,186)	(2,347)
Net financial income	**(94)**	(174)	(253)
Other special items	**487**	13	1,231
Equity share option expense	**38**	63	131
Income tax expense	**497**	1,021	1,325
Operating cash flow before changes in working capital and provisions	**1,481**	1,154	3,020
(Increase) /decrease in trade and other receivables	**(209)**	(19)	203
(increase) in inventories	**(470)**	(564)	(1,050)
(Decrease) in trade and other payables	**(643)**	(635)	(1,627)
Restructuring and redundancy expenditure	**(310)**	—	(170)
Cash generated from/(used in) operations	**(151)**	(64)	376
Interest paid	**(424)**	(198)	(414)
Income tax paid	**(89)**	(30)	(205)
Net cash flows from operating activities	**(664)**	(292)	(243)
Cash flows from investing activities			
Interest received	**9**	1	2
Purchase of Tykma	**(118)**	—	(3,802)
Investment in ProPhotonix	—	(1,102)	(1,147)
Proceeds from sale of property, plant and equipment	**—**	—	460
Purchase of property, plant and equipment	**(688)**	(870)	(944)
Development expenditure capitalised	**(158)**	(165)	(299)
Refinancing expenditure	**(24)**	—	(487)
Net cash from investing activities	**(979)**	(2,136)	(6,217)
Cash flows from financing activities			
Net proceeds from issue of ordinary shares	**275**	1,068	1,145
Proceeds from Loan Note issue	**806**		7,694
Proceeds from/(Net repayment of) external borrowing	**942**	1,477	(2,505)
Net finance lease expenditure	**120**	(39)	(107)
Net cash flows from financing activities	**2,143**	2,506	6,227
Net increase/(decrease) in cash and cash equivalents	**500**	78	(233)
Cash and cash equivalents at the beginning of the period	**902**	1,149	1,149
Effect of exchange rate fluctuations on cash held	**(19)**	(7)	(14)
Cash and cash equivalents at the end of the period	**1,383**	1,220	902

Notes relating to the condensed consolidated financial statements

For the 26-week period ended 26 September 2015

1. BASIS OF PREPARATION

The 600 Group PLC (the "Company") is a public limited company incorporated and domiciled in England and Wales. The Company's ordinary shares are traded on the AIM Market of the London Stock Exchange. The Consolidated Interim Financial Statements of the Company for the 26 week period ended 26 September 2015 comprise the Company and its subsidiaries (together referred to as the "Group").

This half yearly financial report is the condensed consolidated financial information of the Group for the 26 week period ended 26 September 2015. The Condensed Consolidated Half-yearly Financial Statements do not constitute statutory financial statements and do not include all the information and disclosures required for full annual financial statements. The Condensed Consolidated Half-yearly Financial Statements were approved by the Board on 2 December 2015.

The comparative figures for the financial year ended 28 March 2015 are not the Group's statutory accounts for that financial year. Those accounts have been reported on by the Group's auditors and delivered to the Registrar of Companies. The report of the auditors was (i) unqualified; (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under Section 498 (2) or (3) of the Companies Act 2006.

The half yearly results for the current and comparative period are neither audited nor reviewed by the Company's auditors.

As noted in the Basis of preparation accounting policy in the Group's Financial Statements for 28 March 2015 the Group refinanced in May 2014 with Santander PLC who provided a Term Loan facility of £2m with scheduled repayments through to November 2017 and a Revolving Credit facility of £1.30m until May 2017. In addition a further Term Loan was provided in June 2014 of £0.72m with repayments through to November 2017 to finance the acquisition of the Gamet premises. Overseas bank finance in place is a mixture of term and revolving facilities with the earliest review in August 2016. The Group has issued £8.5m of 8% loan notes with maturity in February 2020.

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 have continued to adopt the going concern basis in the preparation of this half yearly financial report.

2. SIGNIFICANT ACCOUNTING POLICIES

The Condensed Consolidated Financial Statements in this half yearly financial report for the 26 week period ended 26 September 2015 have been prepared using accounting policies and methods of computation consistent with those set out in The 600 Group PLC's Annual Report and Financial Statements for the 52 week period ended 28 March 2015.

In preparing the condensed financial statements, management is required to make accounting assumptions and estimates. The assumptions and estimation methods were consistent with those applied to the Annual Report and Financial Statements for the 52 week period ended 28 March 2015.

3. SEGMENT ANALYSIS

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 Laser Marking.

The Executive Directors assess the performance of the operating segments based on a measure of operating profit/(loss). This measurement basis excludes the effects of Special Items from the operating segments. Head Office and unallocated represent central functions and costs.

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

	Continuing			
26 Weeks ended 26 September 2015	**Machine Tools & Precision Engineered Components**	**Laser Marking**	**Head Office & unallocated**	**Total**
Segmental analysis of revenue	**£000**	**£000**	**£000**	**£000**
Revenue from external customers	**16,809**	**6,537**	**-**	**23,346**
Inter-segment revenue	**-**	**37**	**-**	**37**
Total segment revenue	**16,809**	**6,574**	**-**	**23,383**
Less: inter-segment revenue	**-**	**(37)**	**-**	**(37)**
Total revenue	**16,809**	**6,537**	**-**	**23,346**
Operating Profit/(loss) pre-pensions credit and special items	**1,049**	**629**	**(510)**	**1,168**
Pensions credit	**934**	**-**	**-**	**934**
Other special items	**-**	**(176)**	**(406)**	**(582)**
Operation Profit/(loss)	**1,983**	**453**	**(916)**	**1,520**
Other segmental information:				
Reportable segment assets	**64,142**	**8,150**	**1,405**	**73,697**
Reportable segment liabilities	**(22,712)**	**(5,647)**	**(9,832)**	**(38,191)**
Intangible & Property, plant and equipment additions	**389**	**497**	**-**	**886**
Depreciation and amortisation	**147**	**140**	**84**	**371**

3. SEGMENT ANALYSIS (continued)

26 Weeks ended 27 September 2014	Continuing			
	Machine Tools & Precision Engineered Components	Laser Marking	Head Office & unallocated	Total
Segmental analysis of revenue	£000	£000	£000	£000
Revenue from external customers	16,863	4,188	-	21,051
Inter-segment revenue	-	124	-	124
Total segment revenue	16,863	4,312	-	21,175
Less: inter-segment revenue	-	(124)	-	(124)
Total revenue	16,863	4,188	-	21,051
Operating Profit/(loss) before pensions credit and special items	1,277	165	(575)	867
Pensions credit and Special items	2,186	-	(63)	2,123
	3,463	165	(638)	2,990
Other segmental information:				
Reportable segment assets	18,521	6,402	17,981	42,904
Reportable segment liabilities	(6,569)	(1,291)	(12,164)	(20,024)
Intangible & Property, plant and equipment additions	832	203	-	1,035
Depreciation and amortisation	156	118	-	274

The comparative figures have been restated to reflect the move of the laser marking spares and service activities from within Clausing Machine Tools to TYKMA.

3. SEGMENT ANALYSIS (continued)

52-weeks ended 28 March 2015 Segmental analysis of revenue	Continuing Machine Tools & Precision Engineered Components £000	Laser Marking £000	Head Office & unallocated £000	Total £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 per statutory accounts	34,747	9,047	—	43,794
Operating Profit/(loss) before pensions credit and special Items	2,931	304	(771)	2,464
Pensions credit and 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)
Intangible & Property, plant and equipment additions	919	353	-	1,272
Depreciation and amortisation	305	278	-	583

4. SPECIAL ITEMS AND SHARE BASED PAYMENT COST

In order for users of the financial statements to better understand the underlying performance of the Group the Board have separately disclosed transactions which by virtue of their size or incidence, are considered to be one off in nature. In addition the charge for share option costs and amortisation of intangible assets acquired 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, legal disputes and inventory, asset and intangibles impairments and pension credits.

	26 September 2015 **£000**	27 September 2014 £000	28 March 2015 £000
Inventory write downs	**-**	-	268
Reorganisation ,restructuring and redundancy costs	**487**	-	157
Property disposals	**-**	-	193
Property write-downs	**-**	-	278
Acquisition costs	**-**	-	335
Share option costs	**38**	63	131
Amortisation of intangible assets acquired	**57**	-	27
Other Special Items	**582**	63	1,389
Pension credit	**(934)**	(2,186)	(2,347)
Total Special Items	**(352)**	(2,123)	(958)

5. FINANCIAL INCOME AND EXPENSE

	26 September 2015 £000	27 September 2014 £000	28 March 2015 £000
Interest income	**9**	1	2
Interest on Pension surplus	**580**	443	857
Financial income	**589**	444	859
Bank overdraft and loan interest	**(98)**	(92)	(196)
Loan note interest	**(322)**	(100)	(238)
Finance charges on finance leases	**(6)**	(6)	(17)
Amortisation of loan note costs	**(70)**	(72)	(155)
Financial expense	**(496)**	(270)	(606)

6. TAXATION

	26 September 2015 £000	27 September 2014 £000	28 March 2015 £000
Current tax:			
Corporation tax at 20% (2014: 21%):	**-**	**-**	-
Overseas taxation:			
– current period	**(13)**	(98)	(339)
Total current tax charge	**(13)**	(98)	(339)
Deferred taxation:			
– current period	**(484)**	(884)	(1,060)
– prior period	**-**	(39)	74
Total deferred taxation charge	**(484)**	(923)	(986)
Taxation charged to the income statement	**(497)**	(1,021)	(1,325)

7. EARNINGS PER SHARE

The calculation of the basic earnings per share of 1.21p (2014: 2.49p) is based on the earnings for the financial period attributable to the Parent Company's shareholders of a profit of £1,101,000 (2014 £2,143,000) and on the weighted average number of shares in issue during the period of 90,801,638 (2014: 85,935,071). At 26 September 2015, there were 6,150,000 (2014: 9,900,000) potentially dilutive shares on option and 43,950,000 (2014: 11,595,000) share warrants exercisable at 20p. The weighted average effect of these as at 26 September 2015 was 791,000 (2013: 4,147,271) giving a diluted earnings per share of 1.20p (2014: 2.38p).

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	26 September 2015	27 September 2014	28 March 2015
Weighted average number of shares	**Shares**	Shares	**Shares**
Issued shares at start of period	**89,607,957**	84,430,346	84,430,346
Effect of shares issued in the period	**1,193,681**	1,504,725	3,341,168
Weighted average number of shares at end of period	**90,801,638**	85,935,071	87,771,514

	26 September 2015 £000	27 September 2014 £000	28 March 2015 £000
Underlying earnings			
Total post tax earnings	**1,116**	2,143	2,350
Special items and share based payment costs	**(352)**	(2,123)	(958)
Pensions Interest	**(580)**	(443)	(857)
Amortisation of Shareholder loan expenses	**70**	72	155
Associated Taxation	**530**	906	1,159
Underlying Earnings before tax	**751**	670	2,015
Underlying earnings after tax	**784**	555	1,849
Underlying Earnings Per Share	**0.85p**	0.65p	2.09p

8. RECONCILIATION OF NET CASH FLOW TO NET DEBT

	26 September 2015 £000	27 September 2014 £000	28 March 2015 £000
Increase/(decrease) in cash and cash equivalents	**500**	78	(233)
Increase in debt and finance leases	**(1,835)**	(1,438)	(5,200)
Increase in net debt from cash flows	**(1,335)**	(1,360)	(5,423)
Net debt at beginning of period	**(10,798)**	(5,308)	(5,308)
Loan costs amortisation and adjustments	**(33)**	(69)	701
Cash and debt through acquisitions	—	—	(697)
Exchange effects on net funds	**23**	(15)	(61)
Net debt at end of period	**(12,143)**	(6,752)	(10,798)

9. ANALYSIS OF NET DEBT

	At 28 March 2015 £000	Exchange/ Reserve movement £000	Other £000	Cash flows £000	At 26 September 2015 £000
Cash at bank and in hand	802	(19)		500	**1,283**
Short term deposits (included within cash and cash equivalents on the balance sheet)	100	—	—	—	**100**
	902	(19)	—	500	**1,383**
Debt due within one year	(3,206)	34	—	58	**(3,114)**
Debt due after one year	(1,539)	—	—	(967)	**(2,506)**
Loan Notes due after one year	(6,783)	—	(33)	(806)	**(7,622)**
Finance leases	(172)	8	—	(120)	**(284)**
Total	(10,798)	23	(33)	(1,335)	**(12,143)**

10. EMPLOYEE BENEFITS

The Group has defined benefit pension schemes in the UK and USA. The assets of these schemes are held in separate trustee-administered funds. The principal scheme is the UK defined benefit plan.

The UK scheme was closed to future accrual of benefits at 31 March 2013. Any deficit contributions required are determined by independent qualified actuaries based upon triennial actuarial valuations in the UK and on annual valuations in the US. There have been no deficit contributions made to the schemes during the reported periods and the latest actuarial valuation of the UK scheme to 31 March 2013 was agreed with the Trustees in October 2013. The Technical Provisions deficit of the UK scheme at 31 March 2013 represented a funding level of 88.9% and the recovery plan agreed with the Trustees based upon the updated deficit at 30 September 2013 of £19.5m assumes this deficit will be eliminated by a 1% outperformance of the scheme assets against the 3% gilt yield discount rate assumed in the valuation over a 14 year period, with the Company again not required to make any deficit contributions.

Value of UK and USA scheme assets and liabilities for the purposes of IAS 19	**26 September 2015**	27 September 2014	28 March 2015
	£000	£000	£000
Opening Fair value of schemes assets	**230,046**	196,419	196,491
Experience adjustments in the period	**(17,600)**	7,100	33,555
Closing Fair value of schemes assets	**212,446**	203,519	230,046
Opening present value of schemes liabilities	**195,754**	177,509	177,509
Experience adjustments in the period	**(18,749)**	8,583	18,245
Closing present value of schemes liabilities	**177,005**	186,092	195,754
Surplus recognised under IAS 19	**35,441**	17,427	34,292

10. EMPLOYEE BENEFITS (continued)

The principal assumptions used for the purpose of the IAS 19 valuation for the UK scheme compared to the 2015 year end were as follows:

	26 September 2015 UK scheme % p.a.	28 March 2015 UK scheme % p.a.
Inflation under RPI	**2.90**	2.85
Inflation under CPI	**1.90**	1.85
Rate of increase to pensions in payment – LPI 5%	**2.85**	2.80
Discount rate for scheme liabilities and return on assets	**3.85**	3.30

11. FAIR VALUE

The group considers that the carrying amount of the following financial assets and financial liabilities are a reasonable approximation of their fair value:

Trade and other receivables
Cash and cash equivalents
Trade and other payables
Loans and other borrowings

The investment in ProPhotonix Limited has been fair value adjusted as detailed below:

Investments	**26 September 2015 £000**	27 September 2014 £000	28 March 2015 £000
Opening cost of investment in ProPhotonix Limited	**525**	1,147	1,147
Fair value adjustment	**(167)**	(403)	(622)
Fair value of investment in ProPhotonix Limited	**358**	744	525

12. PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties affecting the Group remain those set out in the 2015 Annual Report. Those which are most likely to impact the performance of the Group in the remaining period of the current financial year are the exposure to increased input costs, the dependence on a relatively small number of key vendors in the supply chain and a downturn in its customers' end markets particularly in North America and Europe.