The 600 Group PLC interim report 2010

The 600 Group PLC ("the Group") is a diversified engineering group with a world class reputation in the manufacture and distribution of machine tools, precision engineered components, laser marking systems and mechanical handling and waste management equipment.

The Group operates these four areas of business from locations in Europe, North America, Australia and South Africa selling into more than 180 countries worldwide.

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Highlights

Financial

- Revenue growth of 13%*
- Pre-tax profit of £1.5m (2009: loss of £5.8m)
- Basic earnings per share on continuing operations of 2.5p (2009: loss of 10.0p)
- Gross margin increased to 33% (2009: 32%)
- Turnaround strategy completed which continues to deliver positive results
- Improving worldwide market conditions
- Order book up 33% on comparative period in 2009
- Additional funding removes constraints on capital
- Acquisition in Poland completed with integration progressing successfully

* After adjustment for discontinued operations.

Half year statement

Following the recent refinancing exercise and subsequent acquisition of a substantial manufacturing facility in Poland, the Group is well positioned to benefit from the improvement in trading conditions.

The Group has seen an improvement in its global markets during the first half year. Although initial sales revenues were impacted by working capital constraints in the period, revenue has now increased following the inflow of funds from the shareholder loan approved at the General Meeting on 27 August 2010. Importantly, we announced the acquisition of a machine tool manufacturing facility in Poland on 2 November 2010 which is a transformational transaction for the Group and will enable us to reduce delivery times and further improve our working capital.

TRADING AND MARKETS

The improvement in our global markets has been reflected in the order intake being 25% and orders in hand 33% above the same period last year. The machine tool and precision engineered component markets have improved significantly in North America with there being a slower recovery in Europe. Laser marking continues to perform above the Board's expectations in both Europe and North America and our mechanical and waste handling business in South Africa has grown modestly. We anticipate that order levels will be maintained in the second half of the year and that revenue will continue to increase as a result of the supply chain improvements we have implemented.

RESULTS

Revenue, after adjustment for discontinued operations, grew by 13% as compared to the same period last year and our gross profit increased to 33% (2009: 32%). Net operating expenses before restructuring costs, net pension credit and impairment of intangible assets reduced to £7.5m (2009: £7.9m) following further savings in overheads. Restructuring costs of £0.8m (2009: £2.6m) were incurred and a net pension credit of £1.7m arose due to changing to the consumer price index as the measure of price inflation as opposed to the retail price index. The Group's profit from operations before net financial income and tax was £1.1m (2009: operating loss of £5.0m). Net financial income was £0.3m compared with a net financial expense of £0.8m in the corresponding period last year. This resulted in a profit before tax of £1.5m (2009: loss of £5.8m). The basic earnings per share for continuing operations was 2.5p (2009: (10.0)p) and diluted earnings per share was 2.4p (2009: (10.0)p).

Net borrowings increased at the half year end to £5.9m (2009: £5.0m) as payments were made to suppliers to release supply chain constraints. The Group has banking arrangements in all the countries in which it has an operating presence and regularly updates its lenders on the Group's progress. Banking facilities of £6.9m, together with a shareholder loan of £2.5m, are in place. The Board believes that this is sufficient for the Group's ongoing needs. Inventory levels have reduced by 13% to £19.3m (2009: £22.1m) and trade and other receivables by 11% to £8.6m (2009: £9.7m).

DIVIDEND

As previously stated, any future dividend payments will depend on the Group's results. Accordingly, the Board does not recommend the payment of a dividend at this time.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties remain as outlined in our 2010 Annual Report.

RELATED PARTY TRANSACTIONS

No related party transactions took place in the period under review. Related party transactions for the 53 weeks ended 3 April 2010 are as described in the Group's Annual Report 2010.

OUTLOOK

There are positive signs of recovery in our principal markets and, following the recent refinancing exercise and subsequent acquisition of a substantial manufacturing facility in Poland, the Group is well positioned to benefit from the improvement in trading conditions.

Our turnaround strategy has now been completed and continues to show positive results. Management is focused on completing the integration of the Polish acquisition, which will fundamentally alter the business model of the Machine Tools division, and should result in improved lead times and margins as well as working capital benefits.

MARTIN TEMPLE
CHAIRMAN
30 NOVEMBER 2010

>> strength through leading brands and global diversification

Condensed consolidated income statement (unaudited)
for the 26-week period ended 2 October 2010

	Notes	**26 weeks ended 2 October 2010 £000**	26 weeks ended 26 September 2009 £000	53 weeks ended 3 April 2010 £000
Revenue	5	**22,872**	20,297	45,376
Cost of sales		**(15,243)**	(13,740)	(30,933)
Gross profit		**7,629**	6,557	14,443
Other operating income		**106**	160	176
Net operating expenses		**(6,599)**	(11,716)	(21,393)
Profit/(loss) from operations before restructuring costs, net pension credit, charge for share-based payments and impairment of intangible assets		**152**	(1,301)	(1,081)
Restructuring costs	6	**(756)**	(2,566)	(5,401)
Credit in respect of past service pension liabilities net of curtailment costs	6	**1,740**	—	897
Charge for share-based payments	6	**—**	(11)	(67)
Impairment of intangible assets	6	**—**	(1,121)	(1,122)
Profit/(loss) from operations		**1,136**	(4,999)	(6,774)
Financial income		**5,393**	4,188	8,607
Financial expense		**(5,057)**	(4,961)	(10,541)
Profit/(loss) before tax		**1,472**	(5,772)	(8,708)
Income tax credit/(charge)	7	**35**	(8)	(8)
Profit/(loss) for the period from continuing operations		**1,507**	(5,780)	(8,716)
Post tax loss of discontinued business		**(494)**	(352)	(798)
Total profit/(loss) for the financial period		**1,013**	(6,132)	(9,514)
Attributable to:				
Equity holders of the Parent Company		**927**	(6,095)	(9,423)
Minority interest		**86**	(37)	(91)
Profit/(loss) for the period		**1,013**	(6,132)	(9,514)
Basic earnings/(loss) per share	8			
Continuing operations		**2.5p**	(10.0)p	(15.2)p
Total		**1.6p**	(10.6)p	(16.6)p
Diluted earnings/(loss) per share	8			
Continuing		**2.4p**	(10.0)p	(15.2)p
Total		**1.5p**	(10.6)p	(16.6)p

Condensed consolidated statement of comprehensive income/(expense) (unaudited)

for the 26-week period ended 2 October 2010

	26 weeks ended 2 October 2010 £000	26 weeks ended 26 September 2009 £000	53 weeks ended 3 April 2010 £000
Profit/(loss) for the period	**1,013**	(6,132)	(9,514)
Other comprehensive income/(expense):			
Foreign exchange translation differences	**(16)**	243	716
Net actuarial gain/(loss) on employee benefit schemes	**160**	(2,360)	(3,109)
Impact of changes to defined benefit asset limit	**(691)**	—	3,070
Revaluation of properties	**—**	—	418
Impairment of properties through revaluation reserve	**—**	—	(1,019)
Deferred tax on above items	**—**	896	—
Other comprehensive (expense)/income for the period, net of income tax	**(547)**	(1,221)	76
Total comprehensive income/(expense) for the period	**466**	(7,353)	(9,438)
Attributable to:			
Equity holders of the Parent Company	**368**	(7,410)	(9,545)
Minority interest	**98**	57	107
Total comprehensive income/(expense) for the period	**466**	(7,353)	(9,438)

Condensed consolidated statement of financial position (unaudited)
as at 2 October 2010

	Note	**As at 2 October 2010 £000**	As at 26 September 2009 £000	As at 3 April 2010 £000
Non-current assets				
Property, plant and equipment		**9,717**	10,583	9,996
Intangible assets		**1,456**	1,705	1,457
Deferred tax assets		**2,350**	1,268	2,294
		13,523	13,556	13,747
Current assets				
Inventory		**19,321**	22,128	19,393
Trade and other receivables		**8,614**	9,698	9,499
Cash and cash equivalents		**445**	2,890	823
		28,380	34,716	29,715
Total assets		**41,903**	48,272	43,462
Non-current liabilities				
Employee benefits	9	**(2,249)**	(5,873)	(4,137)
Deferred tax liability		**(1,735)**	(709)	(1,735)
		(3,984)	(6,582)	(5,872)
Current liabilities				
Trade and other payables		**(10,017)**	(10,832)	(11,435)
Income tax payable		**(128)**	(51)	(114)
Provisions		**(120)**	(276)	(229)
Loans and other borrowings		**(6,370)**	(7,841)	(5,151)
		(16,635)	(19,000)	(16,929)
Total liabilities		**(20,619)**	(25,582)	(22,801)
Net assets		**21,284**	22,690	20,661
Shareholders' equity				
Called-up share capital		**14,308**	14,308	14,308
Share premium account		**13,766**	13,766	13,766
Revaluation reserve		**1,446**	2,040	1,433
Capital redemption reserve		**2,500**	2,500	2,500
Equity reserve		**157**	—	—
Translation reserve		**1,529**	1,196	1,570
Retained earnings		**(13,154)**	(11,704)	(13,550)
Total equity attributable to equity holders of the Parent Company		**20,552**	22,106	20,027
Minority interest		**732**	584	634
Total equity		**21,284**	22,690	20,661

Condensed consolidated statement of changes in equity (unaudited)
as at 2 October 2010

	Ordinary share capital £000	Share premium account £000	Revaluation reserve £000	Capital redemption reserve[1] £000	Equity reserve £000	Translation reserve £000	Retained earnings £000	Total £000	Minority interest[2] £000	Total equity £000
At 29 March 2009	14,308	13,766	1,969	2,500	—	1,117	(4,156)	29,504	527	30,031
Loss for the period	—	—	—	—	—	—	(6,095)	(6,095)	(37)	(6,132)
Other comprehensive income:										
Foreign currency translation	—	—	71	—	—	79	—	150	94	244
Net actuarial losses on employee benefit schemes	—	—	—	—	—	—	(2,360)	(2,360)	—	(2,360)
Deferred tax on above items	—	—	—	—	—	—	896	896	—	896
Total comprehensive income	—	—	71	—	—	79	(1,464)	(1,314)	94	(1,220)
Transactions with owners:										
Charge for share-based payments	—	—	—	—	—	—	11	11	—	11
At 26 September 2009	14,308	13,766	2,040	2,500	—	1,196	(11,704)	22,106	584	22,690
Loss for the period	—	—	—	—	—	—	(3,328)	(3,328)	(54)	(3,382)
Other comprehensive income:										
Foreign currency translation	—	—	60	—	—	374	—	434	38	472
Revaluation of property	—	—	418	—	—	—	—	418	—	418
Impairment of property through revaluation reserve	—	—	(1,019)	—	—	—	—	(1,019)	—	(1,019)
Minority share of property revaluation	—	—	(66)	—	—	—	—	(66)	66	—
Net actuarial losses on employee benefit schemes	—	—	—	—	—	—	(748)	(748)	—	(748)
Deferred tax	—	—	—	—	—	—	(896)	(896)	—	(896)
Impact of changes to defined benefit asset limit	—	—	—	—	—	—	3,070	3,070	—	3,070
Total comprehensive income	—	—	(607)	—	—	374	1,426	1,193	104	1,297
Transactions with owners:										
Credit for share-based payments	—	—	—	—	—	—	56	56	—	56
At 3 April 2010	14,308	13,766	1,433	2,500	—	1,570	(13,550)	20,027	634	20,661
Profit for the period	—	—	—	—	—	—	927	927	86	1,013
Other comprehensive income:										
Foreign currency translation	—	—	13	—	—	(41)	—	(28)	12	(16)
Issue of share warrants on shareholder loan	—	—	—	—	157	—	—	157	—	157
Net actuarial gain on employee benefit schemes	—	—	—	—	—	—	160	160	—	160
Impact of changes to defined benefit asset limit	—	—	—	—	—	—	(691)	(691)	—	(691)
Total comprehensive income	—	—	13	—	157	(41)	(531)	(402)	12	(390)
At 2 October 2010	**14,308**	**13,766**	**1,446**	**2,500**	**157**	**1,529**	**(13,154)**	**20,552**	**732**	**21,284**

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

2 The minority interest relates to the 25.1% in 600SA Holdings (Pty) Limited acquired by a South African individual on 3 April 2005 as explained in our Annual Report and Accounts for 2005.

Condensed consolidated cash flow statement (unaudited)
for the 26-week period ended 2 October 2010

	26 weeks ended 2 October 2010 £000	26 weeks ended 26 September 2009 £000	53 weeks ended 3 April 2010 £000
Cash flows from operating activities			
Profit/(loss) for the period	**1,013**	(6,132)	(9,514)
Adjustments for:			
Amortisation of development expenditure	**253**	286	528
Depreciation	**467**	446	974
Impairment of goodwill	**—**	1,122	1,122
Net financial (income)/expense	**(336)**	773	1,934
Profit on disposal of plant and equipment	**—**	—	(14)
Equity share option expense	**—**	11	67
Income tax (income)/expense	**(35)**	8	8
Operating profit/(loss) before changes in working capital and provisions	**1,362**	(3,486)	(4,895)
Decrease in trade and other receivables	**833**	1,825	2,166
(Increase)/decrease in inventories	**(43)**	2,407	5,714
Decrease in trade and other payables	**(1,451)**	(4,017)	(3,597)
(Decrease)/increase in employee benefits	**(1,663)**	332	(1,076)
Cash used in operations	**(962)**	(2,939)	(1,688)
Interest paid	**(367)**	(151)	(454)
Income tax paid	**(7)**	(40)	24
Net cash used in operating activities	**(1,336)**	(3,130)	(2,118)
Cash flows used in investing activities			
Interest received	**23**	18	22
Proceeds from sale of plant and equipment	**1**	52	128
Purchase of plant and equipment	**(183)**	(136)	(576)
Development expenditure capitalised	**(252)**	(244)	(239)
Net cash used in investing activities	**(411)**	(310)	(665)
Cash flows from financing activities			
Proceeds from shareholder loan net of repayments and costs	**2,020**	684	555
Proceeds from issue of share warrants on shareholder loan	**157**	—	—
Net cash from financing activities	**2,177**	684	555
Net increase/(decrease) in cash and cash equivalents	**430**	(2,756)	(2,228)
Cash and cash equivalents at beginning of period	**(3,371)**	(1,075)	(1,075)
Effect of exchange rate fluctuations on cash held	**(18)**	(60)	(68)
Cash and cash equivalents at end of period	**(2,959)**	(3,891)	(3,371)

Notes relating to the interim financial statements (unaudited)
for the 26-week period ended 2 October 2010

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 London Stock Exchange. The condensed consolidated half yearly financial statements of the Company for the 26-week period ended 2 October 2010 comprise the Company and its subsidiaries (together referred to as the "Group").

This half-yearly report is the condensed consolidated financial information of the Group for the 26 weeks ended 2 October 2010. It has been prepared in accordance with the Disclosure and Transparency Rules of the UK Financial Services Authority and the requirements of IAS 34 "Interim financial reporting" as adopted by the European Union.

The condensed consolidated half yearly financial statements do not constitute 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 30 November 2010.

The comparative figures for the financial year ended 3 April 2010 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.

GOING CONCERN BASIS

The Group meets its day to day working capital requirements through overdraft facilities which are due for renewal on various dates. The facilities in place are as follows and are subject to normal covenant arrangements:

- UK – £3.0m facility, signed on 6 July 2010 and due for renewal on 24 May 2011;
- US – £1.2m facility, signed on 4 August 2010 and due for renewal on 1 August 2011;
- South Africa – £1.9m facility reducing to £1.6m on 1 February 2011 signed on 7 September 2010 for a period of one year; and
- Australia – £0.8 million loan in the process of renewal.

The Group has met the relevant performance covenants during the year.

The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current facilities. This includes consideration of working capital requirements and the impact of funding any further reorganisation costs. Further cost saving and result enhancing actions continue to be reviewed by the Board on a regular basis.

The Group will open facility renewal negotiations with the banks in due course and has, at this stage, not sought any written commitment that the facilities will be renewed. However, the Group has held discussions with its bankers about its future borrowing needs and no matters have been drawn to its attention to suggest that renewals may not be forthcoming on acceptable terms. The Group also considers that alternative sources of finance would be available should the need arise.

After making enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing these condensed consolidated interim financial statements.

Notes relating to the interim financial statements (unaudited) continued
for the 26-week period ended 2 October 2010

2. SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated half yearly financial statements in this half year financial report for the 26 weeks ended 2 October 2010 have been prepared using accounting policies and methods of computation consistent with those set out in The 600 Group PLC's Annual Report and Accounts for the 53-week period ended 3 April 2010.

In preparing the condensed consolidated interim 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 Accounts for the 53-week period ended 3 April 2010.

3. CAUTIONARY STATEMENT

This half-year report contains certain forward-looking statements with respect to the financial condition, results, operations and business of The 600 Group PLC. These statements and forecasts involve risk and uncertainty because they relate to events and depend upon circumstances that will occur in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward looking statements and forecasts. Nothing in this half-yearly report should be construed as a profit forecast.

4. DIRECTORS' LIABILITY

Neither the Company nor the Directors accept any liability to any person in relation to this half year report except to the extent that such liability could arise under English law. Accordingly, any liability to a person who has demonstrated reliance on any untrue or misleading statement or omission shall be determined in accordance with Section 90A of the Financial Services and Markets Act 2000.

5. SEGMENT ANALYSIS

IFRS 8 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 four operating segments being Machine Tools, Precision Engineered Equipment, Laser Marking and Mechanical & Waste Handling.

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 restructuring costs, costs in relation to closed operations and impairment of intangible assets from the operating segments. Central costs are classified as UK costs and are presented within the UK operating result.

5. SEGMENT ANALYSIS continued

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

26 WEEKS ENDED 2 OCTOBER 2010

	Machine Tools £000	Precision Engineered Equipment £000	Laser Marking £000	Mechanical and Waste Handling £000	Total £000
Segmental analysis of revenue					
Revenue from external customers	**8,761**	**6,817**	**3,491**	**3,803**	**22,872**
Inter-segment revenue	**1,067**	**549**	**212**	**—**	**1,828**
Total segment revenue	**9,828**	**7,366**	**3,703**	**3,803**	**24,700**
Less: inter-segment revenue					**(1,828)**
Total revenue per statutory accounts					**22,872**
Segmental analysis of profit from operations before restructuring costs and net pension credit					
Reportable segment (loss)/profit	**(473)**	**(60)**	**339**	**258**	**64**
Inter-segment adjustment					**88**
Group profit from operations (adjusted)					**152**
Restructuring costs					**(756)**
Credit in respect of past pension scheme service net of curtailment cost					**1,740**
Group profit from operations					**1,136**
Other segmental information:					
Reportable segment assets	**21,871**	**9,286**	**7,319**	**3,427**	**41,903**
Reportable segment liabilities	**10,950**	**4,650**	**3,050**	**1,969**	**20,619**
Fixed asset additions	**90**	**36**	**42**	**15**	**183**
Depreciation and amortisation	**322**	**82**	**290**	**26**	**720**

Notes relating to the interim financial statements (unaudited) continued
for the 26-week period ended 2 October 2010

5. SEGMENT ANALYSIS continued
26 WEEKS ENDED 26 SEPTEMBER 2009

	Machine Tools £000	Precision Engineered Equipment £000	Laser Marking £000	Mechanical and Waste Handling £000	Total £000
Segmental analysis of revenue					
Revenue from external customers	8,957	5,855	1,957	3,528	20,297
Inter-segment revenue	981	505	1,680	—	3,166
Total segment revenue	9,938	6,360	3,637	3,528	23,463
Less: inter-segment revenue					(3,166)
Total revenue per statutory accounts					20,297
Segmental analysis of loss from operations before restructuring costs, share based payments and impairment of intangible assets					
Reportable segment loss	(1,132)	(516)	141	(177)	(1,684)
Inter-segment adjustment					383
Group loss from operations (adjusted)					(1,301)
Restructuring costs					(2,566)
Share-based payments					(11)
Impairment of intangible assets					(1,121)
Group loss from operations					(4,999)
Other segmental information					
Reportable segment assets	26,376	10,517	7,751	3,628	48,272
Reportable segment liabilities	13,476	6,033	3,798	2,275	25,582
Fixed asset additions	67	27	31	11	136
Depreciation and amortisation	328	83	295	26	732

5. SEGMENT ANALYSIS continued

53 WEEKS ENDED 3 APRIL 2010

	Machine Tools £000	Precision Engineered Equipment £000	Laser Marking £000	Mechanical and Waste Handling £000	Total £000
Segmental analysis of revenue					
Revenue from external customers	18,537	11,986	6,727	8,126	45,376
Inter-segment revenue	1,989	900	896	—	3,785
Total segment revenue	20,526	12,886	7,623	8,126	49,161
Less: inter-segment revenue					(3,785)
Total revenue per statutory accounts					45,376
Segmental analysis of loss from operations before restructuring costs, net pension credit, share-based payments and impairment of intangible assets					
Reportable segment loss	(767)	62	(268)	(241)	(1,214)
Inter-segment adjustment					133
Group loss from operations (adjusted)					(1,081)
Restructuring costs					(5,401)
Credit in respect of past pension scheme service net of curtailment cost					897
Charge for share-based payments					(67)
Impairment of intangible assets					(1,122)
Group loss from operations					(6,774)
Other segmental information					
Reportable segment assets	23,585	10,171	7,302	2,404	43,462
Reportable segment liabilities	11,464	6,648	3,206	1,483	22,801
Fixed asset additions	353	143	40	40	576
Depreciation and amortisation	662	170	613	57	1,502

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.

	26 weeks ended 2 October 2010 £000	26 weeks ended 26 September 2009 £000	53 weeks ended 3 April 2010 £000
Results of the discontinued operations			
Revenue	**136**	2,400	2,872
Expenses	**(630)**	(2,752)	(3,670)
Loss from discontinued operations	**(494)**	(352)	(798)

The discontinued operations relate to the closure of operations in Germany. The income tax charge in respect of the above discontinued operations is £nil (2009: £nil).

Notes relating to the interim financial statements (unaudited) continued
for the 26-week period ended 2 October 2010

6. RESTRUCTURING COSTS, COSTS IN RELATION TO CLOSED OPERATIONS, NET PENSION CREDIT AND IMPAIRMENT OF INTANGIBLE ASSETS

Restructuring costs and costs in relation to closed operations are items of expenditure that, in the judgement of management, should be disclosed separately on the basis that they are material, either by their nature or their size, to an understanding of the financial performance and significantly distort the comparability of financial performance between accounting periods.

Items of expense that are considered by management for designation as restructuring costs include such items as redundancy costs, plant, property and equipment impairments, inventory impairments, receivable impairments and onerous lease costs.

	26 weeks ended 2 October 2010 £000	26 weeks ended 26 September 2009 £000	53 weeks ended 3 April 2010 £000
Cost of sales			
Inventory impairments[1]	**201**	327	1,209
Asset impairments[2]	**52**	—	38
Operating costs			
Other restructuring costs[3]	**503**	2,239	4,154
Restructuring costs	**756**	2,566	5,401

1 At each reporting period end, the Group conducted a review of the net realisable value of its inventory carrying values following review of the Group strategy and operations. This has resulted in the charges above and arose as the result of the termination of certain low margin distribution agreements.

2 At each reporting period end, a review of the carrying value of property, plant and equipment was undertaken following the decision to exit certain production facilities. This has resulted in the charges above.

3 At each reporting period end, the Group had incurred the costs above in relation to reorganising and restructuring the business. These costs comprise staff redundancy and contract severance costs, costs relating to exiting leased premises and certain warranty costs.

During the period ended 2 October 2010, a credit of £1.74 million (26 September 2009: £nil; 3 April 2010: £1.2 million) arose in respect of changes to the assumptions within the Group's pension and healthcare plans and was primarily as a result of using the consumer price index as the measure of price inflation as opposed to the retail price index. Additionally a charge of £nil (26 September 2009: £nil; 3 April 2010: charge of £0.3 million) arose in respect of curtailment costs incurred under the Group's UK pension plan. Also, at each period end, a review of the carrying value of intangible assets was conducted.

7. TAXATION

The tax credit/(charge) is analysed as follows:

	26 weeks ended 2 October 2010 £000	26 weeks ended 26 September 2009 £000	53 weeks ended 3 April 2010 £000
UK corporation tax	**—**	—	—
Overseas tax	**(21)**	(8)	(8)
Deferred tax	**56**	—	—
Total tax credit/(charge)	**35**	(8)	(8)

8. EARNINGS PER SHARE

	26 weeks ended 2 October 2010 £000	26 weeks ended 26 September 2009 £000	53 weeks ended 3 April 2010 £000
Profit/(loss) for the period attributed to the Parent Company shareholders – continuing operations (£'000)	**1,421**	(5,743)	(8,625)
Weighted average number of shares in issue	**57,233,679**	57,233,679	57,233,679
Number of potentially dilutive shares under options	**2,404,849**	1,746,700	2,404,849
Basic earnings per share	**2.5p**	(10.0)p	(15.2)p
Diluted earnings per share	**2.4p**	(10.0)p	(15.2)p
Profit/(loss) for the period attributed to the Parent Company shareholders – total (£'000)	**927**	(6,095)	(9,423)
Weighted average number of shares in issue	**57,233,679**	57,233,679	57,233,679
Number of potentially dilutive shares under options	**2,404,849**	1,746,700	2,404,849
Basic earnings per share	**1.6p**	(10.6)p	(16.6)p
Diluted earnings per share	**1.5p**	(10.6)p	(16.6)p

In addition to the potentially dilutive shares above, which relate to unexercised share options, there are also 12,500,000 share warrants which were issued on 29 August 2010 in conjunction with the shareholder loan received. Whilst these warrants may have a dilutive effect in the future, the calculation of diluted earnings per share above does not include the effect of these warrants due to their anti-dilutive effect in the period ended 2 October 2010.

9. EMPLOYEE BENEFITS

The Group accounts for its pension arrangements in accordance with IAS 19 and the accounting is based on a series of actuarial assumptions. The Group has reviewed the assumptions for both its UK and US pension schemes and has updated the UK scheme assumptions. In the opinion of the Directors the assumptions adopted for the US scheme are not significantly different to those assumed at the last year end. As noted in the 2008 Annual Report the Group adopts the principles of IFRIC 14 and the UK pension surplus of £0.7m has not been recognised as a plan asset because the Group does not have an unconditional right to the use of this surplus.

10. HALF YEARLY REPORT

Copies of the half yearly report will be sent to all shareholders and will be available to members of the public from the Company's registered office at Union Street, Heckmondwike, West Yorkshire WF16 0HL.

The 600 Group PLC is registered in England and Wales No. 196730.

Notes relating to the interim financial statements (unaudited) continued
for the 26-week period ended 2 October 2010

11. RESPONSIBILITY STATEMENT

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 "Interim financial reporting" as adopted by the EU; and

- the half yearly management report includes a fair review of the information required by:

  a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

  b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last Annual Report that could do so.

Directors and advisors

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