The 600 Group PLC

Interim Results
for the 26 weeks to 1 October 2011

The 600 Group PLC, the diversified engineering Company, today announces its interim results for the 26 weeks to 1 October 2011

Key points

Revenue growth of 8% to £24.7m (2010: £22.9m)

Break even underlying operating performance (2010: £0.15m)

Basic earnings per share on continuing operations 0.8p* (2010 0.8p)

Performance impacted by a strike in South Africa, timing issues with the integration of the acquisition in Poland and an increase in input costs in USA

Order book running at 35% ahead of comparative period in 2010

Stronger second half expected.

***** Before deduction of special items

Commenting, David Norman, Chief Executive of The 600 Group PLC said:

'The principal factors affecting our first half performance were outlined in our trading statement on 4th November. The national strike which affected our South African business was settled in August. The remedial actions in the US to counter higher input costs have started to feed through with improving margins and Poland is beginning to produce more revenue following the transfer into production of higher value machines. Given our current order book, but taking into account also the worsening economic sentiment in Europe, we remain cautiously optimistic with regard to the second half.'

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

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OVERVIEW

Revenue has shown an increase during the period, resulting in sales for the first half being 8% higher than prior year at £24.7m. The Group's results were adversely impacted by certain specific factors in the period which should not have a major impact on future underlying trading performance.
The strong top line performance is also reflected in the Group's order position with an order book 35% higher than at the same stage last year

RESULTS

Revenue was 8% higher at £24.7m against £22.9m for the equivalent period last year. Operating profit before special items was break even compared to a small trading profit of £152,000 in the previous year. Bank and other interest reduced to £322,000 compared to £367,000 in the prior. After taking account of the entries for the pension scheme the resultant profit before tax and special items was £529,000 compared to £488,000 in the prior year. The resultant earnings per share before special items was 0.8p (2010 0.8p) with the statutory figure after special items being a loss of 10.2p (2010 2.5p profit on continuing).

The Group incurred a number of special items which have been shown in a separate column on the income statement to allow the users of the accounts to better understand the underlying performance of the Group. Reorganisation and restructuring costs of £3.6m were incurred including the move of machine tools manufacturing to Poland and a reduction of head office costs. As a result of the manufacturing transfers stock levels were reviewed for obsolescence and age and a further write down of £1.4m has been required. Further, 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 resulted in an impairment of intangibles and a stock write down of £1.9m. Special items in total were £6.9M of which the major elements are non cash in nature.

Machine Tools and Precision Engineered Components

This Division has seen a significant amount of restructuring in Europe but is now seeing an increase in production of previously outsourced machines. The delay in the Poland transition project is essentially a timing issue with the main area of focus being the operational improvement of component output on recently transferred CNC production machines. The North American market suffered from increased cost prices on outsourced machines, however, remedial pricing action was taken during the 2nd quarter to deal with this issue. Revenue of £15.3m is up on the previous year's £13.9m with operating profit before special items of £305,000 compared to £300,000 in prior year.

Laser Marking

Revenue improved to £3.6m from £3.1m in the previous year and operating profit before special items was £341,000 compared to prior year's £354,000. The business is performing well and is developing the next generation of proprietary technology and software.

Mechanical Handling and waste

This division saw revenue at a similar level to prior year at £5.8m. Disruption due in part to the national strike in the summer held back operating profits to £72,000 compared to £416,000 in the previous year. The division has recently won another large order to supply insulated aerial platforms and other handling equipment to Eskom for the South African electrification programme which, combined with the City of Cape Town contract for compactors will see a significant improvement in trading in the second half of the year.

FINANCING
During August the Group obtained new facilities from Santander consisting of a £2.5m medium term loan and a revolving credit facility of £2.5m through to June 2015 and May 2014 respectively. In addition the Group undertook a placing of shares in April raising £1.6m before fees. The money raised net of fees, along with the increased bank finance, were utilised for payment of the outstanding consideration of the Polish acquisition in addition to increased working capital requirements. Short term annual facilities were renewed in the US, Australia and South Africa giving the Group total bank facilities of £8.3m.

DIVIDEND & AIM
As previously stated any future dividend payments will be dependent upon the Group's results, the adequacy of distributable reserves and funding. Accordingly, the Board does not recommend the payment of a dividend at this time.
On 14 July 2011 the Company moved to the AIM market following shareholder approval at the general meeting on 15 June 2011. The Directors believe this market is more appropriate to the size of the Group and offers greater flexibility and reduced costs particularly with regard to corporate transactions.

DIRECTORATE CHANGES
At the conclusion of the AGM on 14 September 2011 Martin Temple stood down as Chairman and retired from the Board and Paul Dupee took over this role. On 3 October 2011 we announced that Martyn Wakeman had decided to leave the company for personal reasons and Neil Carrick joined the Board as Group Finance Director and Company Secretary.

OUTLOOK
Whilst the overall world economic climate is uncertain we must remain cautious, however, with significant orders in hand, the second half of the year is expected to produce a better operating result than achieved in the first half of this year. The ongoing development of Poland should also enable the business model for the core machine tools division to be further improved.

Condensed consolidated income statement (unaudited)

for the 26 weeks to 1 October 2011

	Before special items 26 weeks ended 1 October 2011 £'000	special items 26 weeks ended 1 October 2011 £'000	After special items 26 weeks ended 1 October 2011 £'000	Before special items 26 weeks ended 2 October 2010 £'000	special items 26 weeks ended 2 October 2010 £'000	After special items 26 weeks ended 2 October 2010 £'000	After special items 52 weeks ended 2 April 2011 £'000
Revenue	**24,707**		**24,707**	22,872		22,872	50,564
Cost of sales	**(17,416)**	**(4,092)**	**(21,508)**	(15,243)		(15,243)	(34,251)
Gross profit	**7,291**	**(4,092)**	**3,199**	7,629		7,629	16,313
Other operating income	**78**		**78**	106		106	332
Net operating expenses	**(7,369)**	**(2,854)**	**(10,223)**	(7,583)	984	(6,599)	(14,133)
Profit/(Loss) from operations	**-**	**(6,946)**	**(6,946)**	152	984	1,136	2,512
Bank and other interest	**11**	-	**11**	23	-	23	34
Expected return on pension assets	**5,405**	-	**5,405**	5,370	-	5,370	10,876
Financial income	**5,416**		**5,416**	5,393		5,393	10,910
Bank and other interest	**(322)**	-	**(322)**	(367)	-	(367)	(670)
Interest on pension obligations	**(4,565)**	-	**(4,565)**	(4,690)	-	(4,690)	(9,484)
Financial expense	**(4,887)**	-	**(4,887)**	(5,057)	-	(5,057)	(10,154)
Profit/(Loss) before tax	**529**	**(6,946)**	**(6,417)**	488	984	1,472	3,268
Income tax (charge)/credit	**(45)**	-	**(45)**	35	-	35	307
Profit/(Loss) for the period from continuing operations	**484**	**(6,946)**	**(6,462)**	523	984	1,507	3,575
Post tax loss of discontinued business	-	-	-	(494)	-	(494)	(704)
Total profit/(loss) for the financial year	**484**	**(6,946)**	**(6,462)**	29	984	1,013	2,871
Attributable to:							
Equity holders of the parent	**484**	**(6,946)**	**(6,462)**	(57)	984	927	2,871
Non controlling interests	-	-	-	86	-	86	-
Profit/(Loss) for the period	**484**	**(6,946)**	**(6,462)**	29	984	1,013	2,871

Special items relate to exceptional costs relating to reorganisation, redundancy, stock and intangibles impairments and share based payments and LTIP costs.

Basic EPS - continuing	**0.8p**	**(11.0)p**	**(10.2)p**	0.8p	1.7p	2.5p	6.2p
- discontinued				(0.7)p	(0.2)p	(0.9)p	(1.2)p
- Total	**0.8p**	**(11.0)p**	**(10.2)p**	0.1p	1.5p	1.6p	5.0p

Condensed consolidated statement of comprehensive expense (unaudited)

for the 26 weeks to 1 October 2011

	26 weeks To 1 October 2011 £000	26 weeks To 2 October 2010 £000	52 weeks To 2 April 2011 £000
(Loss)/profit for the period	**(6,462)**	1,013	2,871
Other comprehensive income/(expense):			
Foreign exchange translation differences	—	(16)	4
Net actuarial gain(loss) on employee benefit schemes	80	160	2,235
Impact of changes to defined benefit asset limit	**(840)**	(690)	(4,130)
Deferred tax on above items	—	—	(67)
Other comprehensive income/(expense) for the period, net of income tax	**(760)**	(546)	(1,958)
Total comprehensive income/(expense) for the period	**(7,222)**	467	913
Attributable to:			
Equity holders of the Parent Company	**(7,222)**	369	913
Minority interest	—	98	—
Total comprehensive income/(expense) for the period	**(7,222)**	467	913

Condensed consolidated statement of financial position (unaudited)

As at 1 October 2011

	As at 1 October 2011 £000	As at 2 October 2010 £000	As at 2 April 2011 £000
Non-current assets			
Property, plant and equipment	**10,379**	9,717	10,661
Intangible assets	**868**	1,456	1,350
Deferred tax assets	**2,594**	2,350	2,704
	13,841	13,523	14,841
Current assets			
Inventory	**15,873**	19,321	18,742
Trade and other receivables	**8,088**	8,614	8,922
Cash and cash equivalents	**859**	445	1,052
	24,820	28,380	28,716
Total assets	**38,661**	41,903	43,431
Non-current liabilities			
Employee benefits	**(1,960)**	(2,249)	(1,849)
Loans and other borrowings	**(6,184)**	—	(2,218)
Deferred tax liability	**(1,806)**	(1,735)	(1,817)
	(9,950)	(3,984)	(5,884)
Current liabilities			
Trade and other payables	**(11,485)**	(10,017)	(11,900)
Income tax payable	**(157)**	(128)	(83)
Provisions	**(96)**	(120)	(252)
Loans and other borrowings	**(1,750)**	(6,370)	(3,629)
	(13,488)	(16,635)	(15,864)
Total liabilities	**(23,438)**	(20,619)	(21,748)
Net assets	**15,223**	21,284	21,683
Shareholders' equity			
Called-up share capital	**14,375**	14,308	14,315
Share premium account	**15,646**	13,766	13,899
Revaluation reserve	**1,404**	1,446	1,475
Capital redemption reserve	**2,500**	2,500	2,500
Equity reserve	**14**	157	160
Translation reserve	**869**	1,529	1,697
Retained earnings	**(19,585)**	(13,154)	(12,363)
Total equity attributable to equity holders of the parent	**15,223**	20,552	21,683
Minority interest	**—**	732	—
Total equity	**15,223**	21,284	21,683

Condensed consolidated cash flow statement (unaudited)
for the 26 weeks to 1 October 2011

	26 weeks To 1 October 2011 £000	26 weeks To 2 October 2010 £000	52 weeks To 2 April 2011 £000
Cash flows from operating activities			
Profit/(loss) for the period	**(6,462)**	1,013	2,871
Adjustments for:			
Amortisation of development expenditure	**109**	253	513
Depreciation	**478**	467	994
Special items	**5,888**	—	(2,570)
Net financial (expense)/income	**(529)**	(336)	(756)
Profit on disposal of plant and equipment	—	—	16
Equity share option expense	—	—	127
Income tax (income)/expense	**45**	(35)	(307)
Operating profit/(loss) before changes in working capital and provisions	**(471)**	1,362	888
Decrease in trade and other receivables	**268**	833	549
Decrease/(increase) in inventories	**(693)**	(43)	578
Decrease in trade and other payables	**(2,008)**	(1,451)	652
Increase/(decrease) in employee benefits	—	(1,663)	(788)
Cash used in operations	**(2,904)**	(962)	1,879
Interest paid	**(322)**	(367)	(645)
Income tax paid	**32**	(7)	(53)
Net cash from operating activities	**(3,194)**	(1,336)	1,181
Cash flows from investing activities			
Interest received	**11**	23	7
Proceeds from sale of plant and equipment	—	1	245
Purchase of plant and equipment	**(454)**	(183)	(1,634)
Development expenditure capitalised	**(319)**	(252)	(406)
Net cash from investing activities	**(762)**	(411)	(1,788)
Cash flows from financing activities			
Proceeds from external borrowings net of repayments and costs	**4,745**	2,020	1,933
Proceeds from issue of shares	**1,807**	157	140
Net cash from financing activities	**6,552**	2,177	2,073
Net increase/(decrease) in cash and cash equivalents	**2,596**	430	1,466
Cash and cash equivalents at beginning of period	**(1,905)**	(3,371)	(3,371)
Effect of exchange rate fluctuations on cash held	**(92)**	(18)	—
Cash and cash equivalents at end of the period	**599**	(2,959)	(1,905)

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 Alternative Investment Market of the London Stock Exchange. The Consolidated Interim Financial Statements of the Company for the 26 week period ended 1 October 2011 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 weeks ended 1 October 2011. It has been prepared in accordance with 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 28 December 2011.

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

On 4 August the Group obtained new bank facilities in the UK with Santander consisting of a £2.5m Medium Term Loan through to June 2015 and a Revolving Credit Facility of £2.5m until May 2014. The Group also has a number of short term overdraft facilities. In addition the Group has the benefit of a £2.5m shareholder loan until August 2015. The loan may be converted into ordinary shares on the exercise of warrants attaching to the loan .
Having considered these factors the Directors have reviewed the profit and cash forecasts of the Group with appropriate sensitivities around operational performance and the requirements for working capital and the impact of funding any further reorganisation costs. As a result of this review the Directors are satisfied that the Group has sufficient funds for the foreseeable future and therefore the going concern basis of preparation of the financial statements remains appropriate.

2. Significant accounting policies

The Condensed Consolidated Financial Statements in this half yearly financial report for the 26 weeks ended 1 October 2011 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 2 April 2011.

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 2 April 2011.

3. Cautionary Statement

This Half-yearly 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-yearly 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

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

Following the restructuring undertaken the two business streams of Machine Tools and Precision Engineered Equipment have been aggregated as they are operationally managed and reported internally to the Executive Directors as a single Division. The Executive Directors consider there to be Three operating segments being Machine Tools and Precision Engineered Components, Laser Marking and Mechanical Handling & Waste.

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:

26 Weeks ended 1 October 2011	**Machine Tools & Precision Engineered Components**	**Laser Marking**	**Mechanical Handling & Waste**	**Head Office & unallocated**	**Total**
Segmental analysis of revenue	**£000**	**£000**	**£000**	**£000**	**£000**
Revenue from external customers	**15,274**	**3,626**	**5,807**		**24,707**
Inter-segment revenue		**124**			**124**
Total segment revenue	**15,274**	**3,750**	**5,807**		**24,831**
Less: inter-segment revenue		**124**			**124**
Total revenue	**15,274**	**3,626**	**5,807**		**24,707**
Segmental analysis of operating Profit/(loss) before Special Items	**305**	**341**	**72**	**(718)**	**-**
Special Items					**(6,946)**
Group Loss from operations					**(6,946)**
Other segmental information:					
Reportable segment assets	**20,927**	**5,320**	**5,926**	**6,488**	**38,661**
Reportable segment liabilities	**(10,912)**	**(1,915)**	**(2,726)**	**(7,885)**	**(23,438)**
Fixed asset additions	**195**	**160**	**98**	**1**	**454**
Depreciation and amortisation	**420**	**117**	**35**	**15**	**587**

26 Weeks ended 2 October 2010	Machine Tools & Precision Engineered Components	Laser Marking	Mechanical Handling & Waste	Head Office & unallocated	Total
	£000	£000	£000	£000	£000
Segmental analysis of revenue	£000	£000	£000	£000	£000
Revenue from external customers	13,945	3,076	5,851		22,872
Inter-segment revenue		212			212
Total segment revenue	13,945	3,288	5,851		23,084
Less: inter-segment revenue		212			212
Total revenue	13,945	3,076	5,851		22,872
Segmental analysis of operating Profit/(loss) before Special Items	300	354	416	(918)	152
Special Items					984
Group Profit from operations					1,136
Other segmental information:					
Reportable segment assets	29,156	4,964	6,428	1,355	41,903
Reportable segment liabilities	(14,299)	(1,550)	(3,469)	(1,301)	(20,619)
Fixed asset additions	146	19	18	-	183
Depreciation and amortisation	637	42	26	15	720

5. Segment analysis (continued)

52-weeks ended 2 April 2011	Machine Tools & Precision Engineered Components	Laser Marking	Mechanical Handling & Waste	Head Office & unallocated	Total
	£000	£000	£000	£000	£000
Segmental analysis of revenue	£000	£000	£000	£000	£000
Revenue from external customers	29,426	7,025	14,113		50,564
Inter-segment revenue		332		—	332
Total segment revenue	29,426	7,357	14,113		50,896
Less: inter-segment revenue		332			332
Total revenue per statutory accounts	29,426	7,025	14,113		50,564
Segmental analysis of operating Profit/(loss) before Special Items	1,519	325	911	(1,588)	1,167
Special Items					1,345
Group Profit from operations					2,512
Other segmental information:					
Reportable segment assets	30,274	4,960	6,832	1,365	43,431
Reportable segment liabilities	(14,864)	(2,016)	(2,892)	(1,976)	(21,748)
Fixed asset additions	1,281	410	154	-	1,845
Depreciation and amortisation	911	510	56	30	1,507

8. Earnings per share

	26 weeks to 1 October 2011	26 weeks to 2 October 2010	52 weeks to 2 April 2011
(Loss)/profit for the period attributed to the Parent Company shareholders – continuing operations (£'000)	**(6,462)**	1,421	2,871
Weighted average number of shares in issue	**63,570,946**	57,233,679	57,347,141
Number of potentially dilutive shares under option	**16,511,898**	2,404,849	16,511,898
Basic Earnings Per Share	**(10.2)p**	2.5p	5.0p
Diluted Earnings Per Share	**(10.2)p**	2.4p	4.3p
(Loss)/profit for the period attributed to the Parent Company shareholders – total (£'000)	**(6,462)**	927	2,871
Weighted average number of shares in issue	**63,570,946**	57,233,679	57,347,141
Number of potentially dilutive shares under option	**16,511,898**	2,404,849	16,511,898
Basic Earnings Per Share	**(10.2)p**	1.6p	5.3p
Diluted Earnings Per Share	**(10.2)p**	1.5p	4.3p

9. Interim report

Copies of the interim 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.