



25 November 2008

THE 600 GROUP PLC
(“600 Group”, the “Company” or the “Group”)

INTERIM RESULTS FOR THE 26 WEEKS TO 27 SEPTEMBER 2008

CHAIRMAN’S STATEMENT

Market Conditions

In the first half of the current financial year, our Continental European and South African markets experienced reasonable growth. However, the UK and North American markets are showing continued weakness, reflecting the current economic and financial difficulties in those markets. Order intake activity in the first half of the year continued at a similar overall level to last year although our outstanding order book is lower than at this point last year and we expect a further contraction in global markets.

Results

Overall sales for the half year increased by 10% to £45m (2007: £41m). After adjustment for the benefit of a major aerospace contract undertaken during the first half, underlying sales were marginally lower year on year. Gross profit margins over the period reduced to 29% (2007: 31%) although these were impacted by the effect of the aerospace contract. Excluding this contract, the gross profit margin would have been at the same level as the prior half year. Other operating income included the benefit of £0.3m in respect of the sale and leaseback of our Colchester and Halifax properties. Net operating expenses increased by £0.6m, as compared to the first half of 2007, as a result of our investment in product design and development at that time. Operating profit for the period, before exceptional costs of £1.2m, was £0.1m (2007: £0.6m).

The exceptional costs related to the Group’s previously announced programme of 70 redundancies (£0.9m) and the closure of our sales operations in the Czech Republic, Singapore and Malaysia (£0.3m). Sales activity in these areas has been transferred to other 600 Group facilities.

The Group’s operating loss after exceptional items but before net financial income and tax was £1.1m (2007: operating profit of £0.6m). It was anticipated in the 2008 Annual Report that net financial income would reduce significantly due to the UK Pension Scheme moving to de-risk its assets. As a consequence net financial income in the half year reduced to £0.1m (2007: £1.1m).

This has resulted in a loss before tax of £1.0m (2007: profit before tax of £1.6m). Costs of £0.4m relating to the closure of the Canadian operation were incurred in the period. The basic and diluted earnings per share for continuing operations was (1.7)p (2007: 1.9p) and (0.8)p (2007: (0.3)p) for discontinued operations.

As anticipated in our 2008 AGM Statement, net cash balances reduced during the year to date, in part due to supply chain issues that resulted in an increased inventory of machines and components sourced from the Far East. This issue has subsequently been addressed and controls in this area have been tightened. As at 27 September 2008, the net cash balance was £1.1m.

Strategy Update

Our strategy remains to develop a customer-focused business concentrating on the North American, UK and Continental European markets and based on our two strategic growth platforms of machine tools and laser marking, supported by our technologies business. We recognise that the demand for our products is being impacted by the current global financial and economic conditions. As a consequence, we are increasing our focus on short term operational and working capital improvements.

Following the appointment of David Norman as Group Chief Executive, a detailed review of the Group's operations has been performed and actions arising from the initial findings of this review are being implemented. A further redundancy programme in our UK and North American operations has commenced that will reduce the Group's workforce by approximately 45 employees at a cost of £1.1m. In the UK we have closed our head office in Leeds and transferred the function to our main manufacturing plant in West Yorkshire. In North America we have closed four sales offices at a cost of £0.2m and consolidated our sales and marketing activities for that market in our distribution facility in Michigan.

An update on the progress of the implementation of further actions arising from this review will be provided at the beginning of next year.

Dividend

We have previously stated that future dividend payments will be directly related to our results. The Board does not consider it is appropriate to pay a dividend at the present time.

People

On 7 August 2008, the Company announced the appointment of David Norman as Group Chief Executive. David has extensive experience of managing international manufacturing operations and the Board believes that his appointment will greatly assist in the implementation of the Company's strategy and in the maximisation of shareholder value.

Principal Risks and Uncertainties

The principal risks and uncertainties remain as outlined in our 2008 Annual Report.

Related Party Transactions

No related party transactions took place in the first half that would materially affect the financial position of the Group. Related party transactions for the year ended 29 March 2008 are as described in our 2008 Annual Report.

Outlook

Whilst the Company is not dependent upon any particular territory or market, it is not fully insulated from the global economic uncertainties that are impacting demand within the whole of the engineering industry. Subsequent to the half year-end the Group has experienced a reduction in the volume of orders for its machine tools although, as commented above, we entered the period with a similar level of orders to last year. We will continue to implement the Company's strategy in all its major markets whilst at the same time undertaking the actions identified to improve our operational efficiencies, supply chain and customer service.

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Notes to Editors:

The 600 Group PLC is an international group, manufacturing and marketing machine tools, machine tool accessories, lasers and other engineering products.

The Group operates from some 20 locations worldwide and sells its products around the world. Its international marketing and distribution network handles both Group products and those of other manufacturers.

Website: www.600group.com

Consolidated income statement (unaudited)

	26 weeks to 27.09.08 £000	26 weeks to 29.09.07 £'000	52 weeks to 29.03.08 £000
Revenue	44,565	40,507	78,878
Cost of sales	(31,663)	(27,921)	(55,196)
Gross profit	12,902	12,586	23,682
Other operating income	433	637	884
Net operating expenses	(13,266)	(12,668)	(23,218)
Operating profit before exceptional items	69	555	1,348
Exceptional items (note 3)	(1,200)	-	-
Operating (loss)/profit	(1,131)	555	1,348
Financial income	5,343	5,589	11,306
Financial expense	(5,195)	(4,518)	(9,042)
(Loss)/profit before tax	(983)	1,626	3,612
Income tax charge (note 4)	(9)	(480)	(1,034)
(Loss)/profit for the period from continuing operations	(992)	1,146	2,578
Post tax loss of discontinued business	(364)	(181)	(2,332)
Total (loss)/profit for the financial period	(1,356)	965	246
Attributable to:			
Equity holders of the parent	(1,429)	930	129
Minority interest	73	35	117
(Loss)/profit for the period	(1,356)	965	246
Earnings per share – basic and diluted (note 5)			
- continuing operations	(1.7p)	1.9p	4.3p
- total	(2.5p)	1.6p	0.2p

Consolidated statement of recognised income and expense (unaudited)

	26 weeks to 27.09.08 £000	26 weeks to 29.09.07 £'000	52 weeks to 29.03.08 £000
Foreign exchange translation differences	285	377	307
Net actuarial (losses)/gains on employee benefit schemes	(390)	(620)	8,841
Impact of changes to defined benefit asset limit	(280)	(610)	(11,430)
Deferred tax on above items	-	449	780
Net expense recognised directly in equity	(385)	(404)	(1,502)
(Loss)/profit for the period	(1,356)	965	246
Total recognised income and expense for the period	(1,741)	561	(1,256)
Attributable to:			
Equity holders of the parent	(1,847)	522	(1,330)
Minority interest	106	39	74
Total recognised (expense)/income for the period	(1,741)	561	(1,256)

Summarised consolidated balance sheet (unaudited)

	At 27.09.08 £000	At 29.03.08 £000	At 29.09.07 £000
Non-current assets			
Property, plant and equipment	11,041	12,603	12,784
Intangible assets	3,067	3,018	2,704
Deferred tax assets	1,605	1,605	316
	15,713	17,226	15,804
Current assets			
Inventory	26,137	24,421	25,557
Trade and other receivables	18,972	19,015	18,873
Cash and cash equivalents	2,370	3,297	5,989
	47,479	46,733	50,419
Total assets	63,192	63,959	66,223
Non-current liabilities			
Employee benefits	(3,256)	(2,965)	(2,844)
Deferred tax liability	(1,479)	(1,479)	(851)
	(4,735)	(4,444)	(3,695)
Current liabilities			
Trade and other payables	(19,839)	(20,561)	(18,199)
Income tax payable	(92)	(100)	(93)
Provisions	(285)	(370)	(490)
Loans and other borrowings	(1,296)	(131)	(3,606)
	(21,512)	(21,162)	(22,388)
Total liabilities	(26,247)	(25,606)	(26,083)
Net assets	36,945	38,353	40,140
Shareholders' equity			
Called-up share capital	14,308	14,308	14,307
Share premium account	13,766	13,766	13,765
Revaluation reserve	2,045	2,765	3,166
Capital redemption reserve	2,500	2,500	2,500
Translation reserve	356	113	141
Retained earnings	3,443	4,480	5,875
Total equity attributable to equity holders of the parent	36,418	37,932	39,754
Minority interest	527	421	386
Total equity	36,945	38,353	40,140

Summarised consolidated cash flow statement (unaudited)

	26 weeks to 27.09.08 £000	26 weeks to 29.09.07 £000	52 weeks to 29.03.08 £000
Cash flows from operating activities			
(Loss)/profit for the period	(1,356)	965	246
<i>Adjustments for:</i>			
Amortisation of development expenditure	250	87	286
Depreciation	505	532	1,033
Net financial income	(148)	(1,071)	(2,264)
Profit on disposal of plant and equipment	(329)	(391)	(173)
Equity share option expense	55	43	70
Income tax expense	9	480	81
Operating (loss)/profit before changes in working capital and provisions	(1,014)	645	(721)
Decrease in trade and other receivables	396	781	699
Increase in inventories	(1,180)	(3,188)	(2,506)
(Decrease)/increase in trade and other payables	(1,341)	(91)	1,885
(Increase)/decrease in employee benefits	(327)	41	151
Cash generated from the operations	(3,466)	(1,812)	(492)
Interest paid	(245)	(165)	(491)
Income tax (paid)/received	(15)	11	92
Net cash from operating activities	(3,726)	(1,966)	(891)
Cash flows from investing activities			
Interest received	393	41	106
Proceeds from sale of plant and equipment	2,032	704	810
Purchase of plant and equipment	(579)	(486)	(1,715)
Development expenditure capitalised	(274)	(371)	(876)
Disposal of discontinued operation	-	-	1,175
Net cash from investing activities	1,572	(112)	(500)
Cash flows from financing activities			
Proceeds from the issue of ordinary shares	-	38	40
Proceeds/(repayment) of external borrowing	2	871	(833)
Net cash from financing activities	2	909	(793)
Net decrease in cash and cash equivalents	(2,152)	(1,169)	(2,184)
Cash and cash equivalents at beginning of period	3,297	5,331	5,331
Effect of exchange rate fluctuations on cash held	58	35	150
Cash and cash equivalents at end of the period	1,203	4,197	3,297

Notes to the financial information

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 Consolidated Interim Financial Statements of the Company for the 26-week period ended 27 September 2008 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 27 September 2008. 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 half-yearly financial report 2008/09 was approved by the Board of Directors on 12 November 2008.

The half-yearly financial report 2008/09 does not constitute financial statements as defined in section 240 of the Companies Act 1985 and does not include all of the information and disclosures required for full annual financial statements. It should be read in conjunction with the Annual report and financial statements for the 52-week period ended 29 March 2008, copies of which can be obtained from the Company's registered office or website.

The financial information contained in this half-yearly report in respect of the 52 weeks ended 29 March 2008 has been extracted from the Annual report and financial statements 2008 which have been filed with the Registrar of Companies. The auditors report on these financial statements was unqualified and did not contain a statement under Section 237(2) or (3) of the Companies Act 1985.

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

2. Significant accounting policies

The condensed consolidated financial statements in this half-yearly financial report for the 26 weeks ended 27 September 2008 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 29 March 2008.

In preparing the condensed financial statements, management are 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 29 March 2008.

3. Segment analysis

Geographical Segments

	26 weeks to 27.09.08 £000	26 weeks to 29.09.07 £'000	52 weeks to 29.03.08 £000
Revenue based on geographical origin			
United Kingdom	23,956	23,491	46,490
Other European Countries	6,268	4,303	8,521
North America	8,235	6,899	17,102
Africa and Australasia	9,553	10,041	13,996
Inter-segment revenue	(3,447)	(4,227)	(7,231)
Revenue from continuing operations	44,565	40,507	78,878
Revenue from discontinued operations	-	-	2,971
Revenue generated in the period	44,565	40,507	81,849

	26 weeks to 27.09.08 £000	26 weeks to 29.09.07 £'000	52 weeks to 29.03.08 £000
Revenue based on geographical destination			
United Kingdom	12,607	10,171	21,375
Other European Countries	10,961	9,453	18,457
North America	10,118	12,129	23,898
Africa and Australasia	9,857	7,343	14,890
Central America	58	-	281
Middle East	57	-	370
Far East	907	1,411	2,578
Revenue generated in the period	44,565	40,507	81,849

	26 weeks to 27.09.08 £000	26 weeks to 29.09.07 £'000	52 weeks to 29.03.08 £000
Operating profit			
United Kingdom	(962)	360	456
Other European Countries	(73)	(121)	(407)
North America	(371)	161	969
Africa and Australasia	275	155	330
Operating (loss)/profit from continuing operations	(1,131)	555	1,348
Operating loss from discontinued operations	(364)	(181)	(3,285)
Operating (loss)/profit in the period	(1,495)	374	(1,937)

Exceptional items of £1.2m (2007: £nil) were incurred in the first half of the year. As explained in the Chairman's Statement £0.9m relates to redundancy costs and £0.3m to the closure of overseas sales operations.

4. Taxation

The charge for corporation tax comprises UK taxation £nil (2007: £nil), overseas taxation charge of £9,000 (2007: charge £6,000) and deferred taxation charge of £nil (2007: charge £474,000).

5. Earnings per share

The basic earnings per share of (2.5p) (2007: 1.6p) is based on the loss for the period of £1,429,000 (2007: profit £930,000) and the weighted average number of shares outstanding of 57,220,418 (2007: 57,183,559). In determining the diluted earnings per share of (2.5p) (2007: 1.6p), the earnings for the period attributable to shareholders was divided by the weighted average number of shares in the period plus 800,197 of potentially dilutive shares on option.

6. 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 600 House, Landmark Court, Revie Road, Leeds, LS11 8JT. The 600 Group PLC is registered in England and Wales No. 196730.

7. 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;
- the interim 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.

M J Temple, Chairman

D Norman, Group Chief Executive

M G D Wakeman, Group Finance Director

J A Kitchen, Non-Executive Director

S Rutherford, Non-Executive Director