The 600 Group PLC

Unaudited Interim Results for the six months ended 30 September 2020

The 600 Group PLC ("the Group"), the diversified industrial engineering company (AIM: SIXH), today announces its unaudited interim results for the six months ended 30 September 2020.

Financial highlights

- Revenues down 29% to $25.4m (FY20 H1: $35.7m), mainly due to significant disruption caused by the COVID-19 pandemic
- Underlying* operating profit of $0.2m (FY20 H1: $2.5m)
- Net debt excluding leases but including $2.2m of USA PPP funding of $16.7m (FY 20 H1: $16.9m, FY20 year end: $14.2m)
- Operations continue to produce positive cashflows

Strategic & operational highlights

- Quick response to challenging market conditions with businesses adapting new working practices, reducing overheads and deferring all non-critical capital expenditure
- Debt levels stabilised as a result of significant steps taken in the prior year to de-risk the Group
- Continued investment in synergy benefits between businesses in the USA and cross fertilisation of technology and customer contacts continues
- Establishing operations in Germany to promote the direct sale of higher specification machines and support the distribution businesses in this important market

*from continuing operations, before adjusting items.

Paul Dupee, Executive Chairman of the Group, commented:

"*The reporting period has been heavily impacted by the COVID-19 pandemic. However, the Group responded quickly to the challenges, reducing costs and keeping our core competencies together.*

The de-risking of the Group, both operationally and financially, in the last year has created a platform from which we can leverage the strength of the Group's brands and grow the business into increasingly diversified niche markets worldwide both organically and by acquisition once activity levels normalise.

Whilst short-term macro-economic uncertainty remains, I am confident that we will come out of this crisis a stronger and leaner business."

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The 600 Group Plc

Executive Chairman's Statement for the six months ended 30 September 2020

Overview

The six month period ended 30 September 2020 bore the brunt of the impact from the COVID-19 pandemic with the Group trading at a loss in May and June as all facilities were affected by local and national shutdowns and the UK factory operation closed completely for the month of May.

Revenues and orders inevitably fell, but the Board and local management teams responded quickly, adopting short time and home working and furloughing some staff with others accepting temporary salary reductions. The Group took advantage of government stimulus packages including loans under the USA Government Paycheck Protection Program (PPP) and the UK Coronavirus Large Business Interruption Scheme (CLBILS). The UK and Australian businesses also received direct assistance to help maintain employment and this is shown as other income in the Consolidated Income Statement. Overheads were reduced and all non-critical capital expenditure deferred.

Debt levels have been stabilized as a result of significant de-risking of the Group in the prior year with the receipt of the pension surplus following the successful buy out of the scheme and the sale of the loss making Gamet bearings operation and associated freehold property. Debt during the six months to September 2020 remained in line with the $14m of the March 2020 year end apart from the $2.2m of USA PPP funds, which are currently shown in debt but under the terms of the funding, are expected to be largely forgiven following claim submissions to be filed in the next month. Debt was further reduced by $1.6m following the period end, when in October the Brisbane freehold was sold as part of the restructuring of the Australian operations.

Results

Revenue was down at $25.4m (FY 20 H1: $35.7m) with net underlying operating profit (excluding adjusting items) at $0.2m (FY20 H1:$2.5m).

After taking account of interest on bank borrowings, loan notes and lease liabilities, the underlying loss for the Group pre-tax before adjusting items was $0.6m (FY20 H1: profit $1.7m) and a loss of $1.2m (FY 20 H1: profit $1.5m) after adjusting items.

The total loss for the financial period on continuing activities was $1.1m (FY 20 H1: profit $1.1m), providing Basic earnings loss of 0.93 cents (equivalent to 0.74p loss) per share (FY 20 H1: 0.92 cents (equivalent to 0.72p). The underlying continuing earnings per share (excluding adjusting items) were loss 0.36c (equivalent to 0.29p loss) (FY 20 H1: 1.31c (equivalent to 1.03p).

Whilst these results are disappointing the Group has continued to trade at a positive cash position with adjusted EBITDA, after allowing for property rentals, at $0.5m in the six months to September 2020 which compares to $2.7m in the previous half year.

Given the current trading and continuing uncertainty no dividend is proposed.

Financial position

Working capital levels reduced during the period with falls in inventory levels and receivables by $1m. Trade and other payables, which include customer deposits, reduced by $2.3m with suppliers paid down and supply lines adjusted to the reduced volumes.

All non essential capital expenditure was deferred due to the COVID-19 pandemic and only $0.18m was expended against $0.36m in the prior half year.

The three USA businesses took advantage of Government assistance under PPP legislation and in total $2.2m was received in early May to assist with maintaining employment and meeting other operating costs. These loans may be forgiven as claims to be submitted in the next month show expenditure against specified costs and continuation of employment numbers. Any amounts not forgiven become a two year loan at 1% interest. The UK machine tools business received a $1.5m loan under the Government CLBILS assistance in late August. This loan is a bullet repayment in three years time in September 2023 with interest at 1.92%.

Both Bank of America and HSBC have been very supportive during these difficult times and the annual reviews of the working capital facilities are currently in progress and are expected to be renewed in the normal course on the same terms. The Group remains covenant compliant.

Total debt, excluding leases, was $16.7m at 30 September 2020 which includes the $2.2m of PPP funding and an increase of $0.4m on the retranslation of the sterling based loan notes, compared to $16.9m at September 2019 and $14.2m at the end of March 2020.

Debt levels reduced in late October 2020 by $1.6m on receipt of the proceeds of the sale of the Brisbane freehold property as part of the restructuring of the Australian operation. The property has been shown as an asset held for sale in the statement of financial position at 30 September 2020.

Adjusting items

Adjusting Items have been noted separately to provide a clearer picture of the Group's underlying trading performance and are set out in note 3. In the current period the initial costs of the Group restructuring announced in the Annual Report in November 2020 of $0.2m and the amortisation of acquisition intangibles relating to the acquisition of CMS of $0.2 have been recorded as adjusting items in operating expenses. The amortisation of the loan note discounting and costs of $0.3m are shown as adjusting items within finance costs.

Operating activities

Machine tools and precision engineered components

Machine tool activity globally has been severely affected by the COVID-19 pandemic with overall volumes down over 31% compared to the same period last year. The UK business had seen significant improvement, before the COVID-19 pandemic struck, as a result of the restructuring of operation and re-launch as Colchester Machine Tool Solutions in the new European technology Centre in Elland. This allowed the business to continue trading satisfactorily through April 2020, but, with most customers closed as the National lockdown continued, the decision was taken to close the operation for the month of May. The business has since operated at a reduced level utilising Government assistance with some staff furloughed and others accepting temporary pay cuts or reduced working hours. Whilst order activity has seen an increase in October and November, short term macroeconomic uncertainty remains combined with potential supply disruption created by Brexit and port congestion.

An operation is being established in Germany to promote the direct sale of higher specification machines, support the distribution businesses and to reduce the impact of a no deal Brexit in this important market.

The USA business similarly suffered significant volume reductions but continued to operate on reduced staffing levels and has also seen an upturn in order activity in recent months.

The Australian business was not as significantly affected being only nearly 20% down but did operate on reduced staff levels and took advantage of Government assistance wherever possible. The restructuring of the operation continued during the period and the freehold premises in Brisbane was sold in late October with the continuing activity taking a smaller space in the existing facility on a rental basis.

The results of the division were as follows:

	FY21 H1	**FY20 H1**
	$m	*$m*
Revenues	15.55	22.62
Operating profit*	0.74	1.66
Operating margin*	4.8%	7.3%

*from continuing operations, before adjusting items.

Industrial Laser systems

The industrial laser businesses suffered from local restrictions in the USA with many customers unable to accept site visits and significant uncertainty delaying many projects. Revenues overall were down 24.5%. As a consequence of the businesses being largely technical and manufacturing orientated they were not able to be as flexible as the largely distribution machine tools operation and, therefore, operating inefficiencies were greater. The TYKMA Electrox business has seen improved order intake in recent months but the CMS operation, which relies on larger projects with longer lead times, has yet to see a sustained pick up in activity.
The Group is continuing to investigate synergy benefits between the two businesses and the cross fertilisation of technology and customer contacts continues.

	FY21 H1 *$m*	**FY20 H1** *$m*
Revenues	9.85	13.04
Operating profit*	0.24	1.82
Operating margin*	2.4%	14.0%

*from continuing operations, before adjusting items.

Summary and outlook

The reporting period has been heavily impacted by the COVID-19 pandemic. However, the Group responded quickly to the challenges, reducing costs and keeping our core competencies together.

The de-risking of the Group, both operationally and financially, in the last year has created a platform from which we can leverage the strength of the Group's brands and grow the business into increasingly diversified niche markets worldwide both organically and by acquisition once activity levels normalise.

Whilst short-term macro-economic uncertainty remains, I am confident that we will come out of this crisis a stronger and leaner business.

Paul Dupee
Executive Chairman
15 December 2020
The 600 Group Plc

Condensed consolidated income statement (unaudited)
For the 26 week period ended 30 September 2020

	Before Adjusting Items 26 weeks ended 30 September 2020 $000	Adjusting Items 26 weeks ended 30 September 2020 $000	After Adjusting Items 26 weeks ended 30 September 2020 $000	Before Adjusting Items 26 weeks ended 28 September 2019 $000	Adjusting Items 26 weeks ended 28 September 2019 $000	After Adjusting Items 26 weeks ended 28 September 2019 $000	52 weeks ended 30 March 2020 $000
Continuing							
Revenue	**25,398**	**-**	**25,398**	35,657	-	35,657	67,206
Cost of sales	**(16,405)**	**-**	**(16,405)**	(22,922)	-	(22,922)	(43,491)
Adjusting items in cost of sales	**-**	**-**	**-**	-	-	-	(254)
Gross profit	**8,993**	**-**	**8,993**	12,735	-	12,735	23,461
Net operating expenses	**(9,201)**	**-**	**(9,201)**	(10,209)	-	(10,209)	(20,988)
Adjusting Items in operating expenses	**-**	**(370)**	**(370)**	-	(713)	(713)	(1,742)
Other income – Government funding	**380**	**-**	**380**				
Profit on disposal of pension scheme	**-**	**-**	**-**	-	809	809	809
Operating profit/(loss)	**172**	**(370)**	**(198)**	2,526	96	2,622	1,540
Bank interest	**6**	**-**	**6**	-	-	-	5
Interest on pension surplus	**-**	**-**	**-**	-	-	-	22
Financial income	**6**	**-**	**6**	-	-	-	27
Bank and other interest	**(555)**	**-**	**(555)**	(662)	-	(662)	(1,282)
Interest on lease liabilities	**(191)**	**-**	**(191)**	(201)	-	(201)	(382)
Loan note amortisation	**-**	**(300)**	**(300)**		(259)	(259)	(536)
Financial expense	**(746)**	**(300)**	**(1,046)**	(863)	(259)	(1,122)	(2,200)
(Loss)/profit before tax	**(568)**	**(670)**	**(1,238)**	1,663	(163)	1,500	(633)
Income tax credit/ (charge)	**140**	**-**	**140**	(155)	(283)	(438)	1,228
(Loss)Profit for the period on continuing activities attributable to equity holders of the parent	**(428)**	**(670)**	**(1,098)**	1,508	(446)	1,062	595
(Loss) on discontinued activity	**-**	**-**	**-**	(73)	(93)	(166)	(960)
(Loss)/profit for the period attributable to equity holders of the parent	**(428)**	**(670)**	**(1,098)**	1,435	(539)	896	(365)
Basic EPS	**(0.36c)**		**(0.93c)**	1.31c		0.92c	0.51c
Diluted EPS	**(0.36c)**		**(0.93c)**	1.27c		0.90c	0.50c
Basic EPS after discontinued	**(0.36c)**		**(0.93c)**	1.24c		0.78c	(0.31c)
Diluted EPS after discontinued	**(0.36c)**		**(0.93c)**	1.21c		0.76c	(0.31c)

Condensed consolidated statement of comprehensive income (unaudited)

For the 26 week period ended 30 September 2020

	26 weeks Ended 30 September 2020 $000	26 weeks Ended 28 September 2019 $000	52 weeks Ended 28 March 2020 $000
(Loss)/profit for the period	**(1,098)**	896	(365)
Other comprehensive (expense)/income:			
Items that will not be reclassified to the Income Statement:			
Re-measurement of the net defined benefit asset	**3**	-	(36)
Property revaluation	**441**	-	199
Deferred taxation	**-**	-	(282)
Total items that will not be reclassified to the Income Statement:	**444**	-	(119)
Items that are or may in the future be reclassified to the Income Statement:			
Foreign exchange translation differences	**41**	(673)	(606)
Total items that are or may be reclassified subsequently to the Income Statement:	**41**	(673)	(606)
Other comprehensive (expense)/income for the period, net of income tax	**485**	223	(725)
Total comprehensive (expense)/income for the period	**(613)**	223	(1,090)

Condensed consolidated statement of financial position (unaudited)

As at 30 September 2020

	As at 30 September 2020 $000	As at 28 September 2019 $000	As at 28 March 2020 $000
Non-current assets			
Property, plant and equipment	**2,876**	4,109	4,060
Goodwill	**13,174**	15,112	13,174
Other Intangible assets	**3,723**	1,260	3,868
Deferred tax assets	**4,415**	4,603	4,415
Right of use assets	**8,712**	10,260	9,060
	32,900	35,344	34,577
Current assets			
Inventories	**18,735**	22,698	19,054
Trade and other receivables	**7,473**	10,379	8,084
Taxation	**75**	189	222
Deferred tax assets	**1,463**	-	1,148
Assets classified as held for sale	**1,563**	949	-
Cash and cash equivalents	**3,450**	2,534	2,878
	32,759	36,749	31,386
Total assets	**65,659**	72,093	65,963
Non-current liabilities			
Employee benefits	**(1,271)**	(1,274)	(1,261)
Loans and other borrowings	**(15,874)**	(12,160)	(11,654)
Lease Liabilities	**(8,336)**	(8,861)	(8,344)
Deferred tax liability	**-**	(249)	-
	(25,481)	(22,544)	(21,259)
Current liabilities			
Trade and other payables	**(5,956)**	(9,059)	(8,298)
Deferred tax liability	**(195)**	-	(236)
Lease Liabilities	**(1,222)**	(1,482)	(1,608)
Provisions	**(613)**	(827)	(590)
Loans and other borrowings	**(4,242)**	(7,271)	(5,414)
	(12,228)	(18,639)	(16,146)
Total liabilities	**(37,709)**	(41,183)	(37,405)
Net assets	**27,950**	30,910	28,558
Shareholders' equity			
Called-up share capital	**1,803**	1,803	1,803
Share premium account	**3,828**	3,828	3,828
Revaluation reserve	**1,789**	1,149	1,348
Equity reserve	**201**	201	201
Translation reserve	**(7,089)**	(7,197)	(7,130)
Retained earnings	**27,418**	31,126	28,508
Total equity	**27,950**	30,910	28,558

Consolidated statement of changes in equity (unaudited)

As at 30 September 2020

	Ordinary share capital $000	Share premium account $000	Revaluation reserve $000	Translation reserve $000	Equity reserve $000	Retained Earnings $000	Total $000
At 30 March 2019	1,746	2,885	1,149	(6,524)	201	30,186	29,643
Profit for the period	-	-	-	-	-	896	896
Other comprehensive income:							
Foreign currency translation	-	-	-	(673)	-	-	(673)
Total comprehensive income	-	-	-	(673)	-	896	223
Transactions with owners:							
Share capital subscribed for	57	943	-	-	-	-	1,000
Credit for share-based payments	-	-	-	-	-	44	44
Total transactions with owners	57	943	-	-	-	44	1,044
At 28 September 2019	1,803	3,828	1,149	(7,197)	201	31,126	30,910
Loss for the period	-	-	-	-	-	(1,261)	(1,261)
Other comprehensive income:							
Foreign currency translation	-	-	-	67	-	-	67
Property revaluation	-	-	199	-	-	-	199
Net defined benefit movement	-	-	-	-	-	(36)	(36)
Deferred tax	-	-	-	-	-	(282)	(282)
Total comprehensive income	-	-	199	67	-	(1,579)	(1,313)
Transactions with owners:							
Dividend	-	-	-	-	-	(1,088)	(1,088)
Credit for share-based payments	-	-	-	-	-	49	49
Total transactions with owners	-	-	-	-	-	(1,039)	(1,039)
At 28 March 2020	**1,803**	**3,828**	**1,348**	**(7,130)**	**201**	**28,508**	**28,558**
Loss for the period	**-**	**-**	**-**	**-**	**-**	**(1,098)**	**(1,098)**
Other comprehensive income:							
Foreign currency translation	**-**	**-**	**-**	**41**	**-**	**-**	**41**
Property revaluation	**-**	**-**	**441**	**-**	**-**	**-**	**441**
Net defined benefit movement	**-**	**-**	**-**	**-**	**-**	**3**	**3**
Total comprehensive income	**-**	**-**	**441**	**41**	**-**	**(1,095)**	**(613)**
Transactions with owners:							
Credit for share-based payments	**-**	**-**	**-**	**-**	**-**	**5**	**5**
Total transactions with owners	**-**	**-**	**-**	**-**	**-**	**5**	**5**
At 30 September 2020	**1,803**	**3,828**	**1,789**	**(7,089)**	**201**	**27,418**	**27,950**

Condensed consolidated cash flow statement (unaudited)
For the 26 week period ended 30 September 2020

	26 weeks ended 30 September 2020 $000	**26 weeks ended** 28 September 2019 $000	52 weeks ended 28 March 2020 $000
Cash flows from operating activities			
(Loss)/Profit for the period	**(1,098)**	896	(365)
Adjustments for:			
Amortisation of intangible assets	**206**	13	325
Depreciation	**375**	375	651
Depreciation of IFRS16 Right of use assets	**586**	610	1,254
Net financial expense/(income)	**1,040**	1,122	2,173
Non-cash adjusting items	**-**	322	879
Loss on assets held for resale	**-**	-	127
Profit on disposal of pension	**-**	(809)	(809)
(Profit)/loss on disposal of fixed assets	**(9)**	8	32
Equity share option expense	**5**	44	93
Income tax expense/(credit)	**(140)**	438	(1,228)
Operating cash flow before changes in working capital and provisions	**965**	3,019	3,132
(Increase) /decrease in trade and other receivables	**799**	(577)	2,587
(Increase)/decrease in inventories	**675**	(3,176)	67
(Decrease)/increase in trade and other payables	**(2,728)**	400	(973)
Employee benefit contributions	**(9)**	-	(78)
Proceeds from Pension fund disposal	**-**	5,213	5,213
Cash generated from/(used in) operations	**(298)**	4,879	9,948
Interest paid	**(554)**	(451)	(1,141)
Lease interest	**(191)**	-	(375)
Income tax paid	**-**	(14)	-
Net cash flows from operating activities	**(1,043)**	4,414	8,432
Cash flows from investing activities			
Interest received	**6**	-	5
Payment for acquisition of subsidiary, net of cash acquired	**-**	(6,062)	(6,072)
Proceeds from assets held for sale	**-**	-	926
Proceeds from sale of property, plant and equipment	**81**	-	57
Purchase of property, plant and equipment	**(180)**	(359)	(649)
Development expenditure capitalised	**(38)**	(1)	(351)
Net cash from investing activities	**(131)**	(6,422)	(6,084)
Cash flows from financing activities			
Dividends paid	**-**	-	(1,088)
Proceeds from/(Net repayment of) external borrowing	**(1,479)**	4,388	1,928
Government assistance loans	**3,783**		
IFRS 16 Lease payments	**(674)**	(716)	(1,212)
Net finance lease expenditure	**-**	(30)	-
Net cash flows from financing activities	**1,630**	3,642	(372)
Net increase/(decrease) in cash and cash equivalents	**456**	1,634	1,976
Cash and cash equivalents at the beginning of the period	**2,878**	948	948
Effect of exchange rate fluctuations on cash held	**116**	(48)	(46)
Cash and cash equivalents at the end of the period	**3,450**	2,534	2,878

Notes relating to the condensed consolidated financial statements
For the 26-week period ended 30 September 2020

1. Basis of preparation and accounting policies
These interim consolidated financial statements have been prepared using accounting policies based on International Financial Reporting Standards (IFRS and IFRIC Interpretations) issued by the International Accounting Standards Board ("IASB") as adopted for use in the EU. They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the 28 March 2020 Annual Report. The financial information for the half years ended 30 September 2020 and 28 September 2019 does not constitute statutory accounts within the meaning of Section 434 (3) of the Companies Act 2006 and both periods are unaudited.

The annual financial statements of The 600 Group plc ('the Group') are prepared in accordance with IFRS as adopted by the European Union. The comparative financial information for the year ended 28 March 2020 included within this report does not constitute the full statutory Annual Report for that period. The statutory Annual Report and Financial Statements for 2020 will be filed with the Registrar of Companies following the Company's Annual General Meeting on 22 December 2020. The Independent Auditors' Report on the Annual Report and Financial Statements for the year ended 28 March 2020 was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under 498(2) - (3) of the Companies Act 2006.

The Group has applied the same accounting policies and methods of computation in its interim consolidated financial statements as in its 2020 annual financial statements.

2. 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 industrial laser systems.

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 30 September 2020	**Machine Tools & Precision Engineered Components**	**Industrial Laser Systems**	**Head Office & unallocated**	**Total**	**Discontinued**	**Group Total**
Segmental analysis of revenue	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**
Total revenue	**15,551**	**9,847**	-	**25,398**	**-**	**25,398**
Operating profit/(loss) pre adjusting items	**737**	**238**	**(803)**	**172**	**-**	**172**
Adjusting items	**-**	**-**	**(370)**	**(370)**	**-**	**(370)**
Operating profit/(loss)	**737**	**238**	**(1,173)**	**(198)**	**-**	**(198)**
Other segmental information:						
Reportable segment assets	**34,542**	**14,602**	**16,515**	**65,659**	**-**	**65,659**
Reportable segment liabilities	**(19,802)**	**(5,250)**	**(12,657)**	**(37,709)**	**-**	**(37,709)**
Intangible & Property, plant and equipment additions	**76**	**135**	**-**	**211**	**-**	**211**
Depreciation and amortisation	**494**	**497**	**176**	**1,167**	**-**	**1,167**

2. SEGMENT ANALYSIS (continued)

26 Weeks ended 28 September 2019	Continuing					
	Machine Tools & Precision Engineered Components	Industrial Laser Systems	Head Office & unallocated	Total	Discontinued	Group Total
Segmental analysis of revenue	$000	$000	$000	$000	$000	$000
Total revenue	22,622	13,036	-	35,657	867	36,524
Operating profit/(loss) pre adjusting items	1,661	1,825	(960)	2,526	(73)	2,453
Adjusting items	-	-	96	96	(93)	3
Operating profit/(loss)	1,661	1,825	(864)	2,622	(166)	2,456
Other segmental information:						
Reportable segment assets	51,381	18,359	1,404	71,144	949	72,093
Reportable segment liabilities	(23,969)	(6,222)	(10,992)	(41,183)	-	(41,183)
Intangible & Property, plant and equipment additions	204	156	-	360	-	360
Depreciation and amortisation	494	416	88	998	-	998

52 Weeks ended 28 March 2020	Continuing					
	Machine tools & precision engineered components	Industrial laser systems	Head Office & unallocated	Total	Discontinued	
Segmental analysis of revenue	$000	$000	$000	$000	$000	Group Total
Total revenue	43,511	23,695	-	67,206	830	68,036
Segmental analysis of operating profit/(loss) before Adjusting Items	3,216	1,689	(2,178)	2,727	(417)	2,310
Adjusting Items	-	(254)	(933)	(1,187)	(543)	(1,730)
Group operating profit/(loss)	3,216	1,435	(3,111)	1,540	(960)	580
Other segmental information:						
Reportable segment assets	35,073	14,164	16,726	65,963	-	65,963
Reportable segment liabilities	(18,085)	(6,990)	(12,330)	(37,405)	-	(37,405)
Intangible & Property, plant and equipment additions	368	330	302	1,000	-	1,000
Depreciation and amortisation	901	883	446	2,230	-	2,230

3. ADJUSTING ITEMS

The directors have highlighted transactions which are material and unrelated to the normal trading activity of the Group.

In the opinion of the directors the disclosure of these transactions should be reported separately for a better understanding of the underlying trading performance of the Group. These underlying figures are used by the Board to monitor business performance, form the basis of bonus incentives and are used for the purposes of the bank covenants.

The items below correspond to the table below;

a) The buy-out of the Group pension scheme was completed in April 2019 and a profit of $0.8m was recorded in the prior year as the amount received was higher than the carrying value of the asset previously recognised.
b) As a result of the outsourcing of manufacturing in the UK in the prior year, the existing premises were vacated and not sub-let; as a result a right of use asset impairment charge of $0.4m was recognised in the prior year, in addition to a provision for associated unavoidable costs, including amortisation and interest under IFRS 16 totaling $0.4m.
c) A credit of $0.022m was recorded in financial income in respect of the final salary pension scheme.
d) The amortisation of the loan note costs and associated costs are shown in financial expense. These are non cash movements and relate to the discounting of the loan notes and associated costs which unwind over the term of the notes.
e) A charge was incurred as a result of the acquisition of Control Micro Systems Inc for legal and professional fees.
f) Amortisation of intangible assets, including customer relationships, acquired through the Control Micro Systems Inc deal.
g) A charge of $0.3m was expensed in cost of sales relating to US duty and tariff charges from prior year.
h) Costs in relation to the Group reorganisation.
i) In the prior year a charge was incurred which included additional costs of the closure of the Gamet business in October 2019 as well as a loss on disposal as a result of receiving less than originally anticipated.

	30 September 2020	28 September 2019	28 March 2020
	$000	$000	$000
Items included in cost of sales:			
US Tariffs & Duty charges relating to prior years (g)	**-**	-	(254)
	-	-	(254)
Items included in operating profit:			
Unavoidable lease costs (b)	**-**	-	(378)
Right of use impairment (b)	**-**	-	(392)
Restructuring costs (h)	**(195)**	-	-
Acquisition costs (e)	**-**	(384)	(684)
Amortisation of acquisition intangibles (f)	**(175)**	(322)	(288)
Pensions legal costs (a)	**-**	(7)	-
Profit on disposal of pension scheme (a)	**-**	809	809
	(370)	(713)	(933)
Items included in financial income/(expense):			
Pensions interest on surplus (c)	**-**	-	22
Financial income	**-**	-	22
Amortisation of loan notes and associated expenses (d)	**(300)**	(259)	(536)
Total adjusting items before tax	**(670)**	(163)	(1,701)
Income tax on adjusting items	**-**	(283)	-
Total adjusting items after tax	**(670)**	(446)	(1,701)
Loss on discontinued activity (i)	**-**	(93)	(543)

4. FINANCIAL INCOME AND EXPENSE

	30 September 2020	28 September 2019	28 March 2020
	$000	$000	$000
Bank and other interest	**6**	-	5
Interest on Pension surplus	**-**	-	22
Financial income	**6**	-	27
Bank overdraft and loan interest	**(92)**	(206)	(315)
Loan note interest	**(463)**	(451)	(918)
Finance charges on finance leases	**-**	(5)	(12)
Pensions interest on deficit	**-**	-	(44)
IFRS 16 – Lease interest	**(191)**	(201)	(375)
Amortisation of loan note costs	**(300)**	(259)	(536)
Financial expense	**(1,046)**	(1,122)	(2,200)

5. TAXATION

	30 September 2020	28 September 2019	28 March 20209
	$000	$000	$000
Current tax:			
Corporation tax at 19% (2019: 19%):	**-**	-	-
Overseas taxation:			
– current period	**-**	(155)	151
Total current tax charge	**-**	(155)	151
Deferred taxation:			
– current period	**140**	(283)	891
– effect of rate change in UK	**-**	-	143
– prior period	**-**	-	43
Total deferred taxation charge	**140**	(283)	1,077
Taxation charged to the income statement	**140**	(438)	1,228

6. EARNINGS PER SHARE

The calculation of the basic earnings per share loss of 0.93c (2019:profit 0.92c) is based on the earnings for the financial period attributable to the Parent Company's shareholders of a loss of $1,098,000 (2019 Profit $1,062,000) and on the weighted average number of shares in issue during the period of 117,473,341 (2019 115,421,143). At 30 September 2020, there were 7,780,000 (2019: 7,500,000) potentially dilutive shares on option and 43,950,000 (2019: 43,950,000) share warrants exercisable at 20p. The weighted average effect of these as at 30 September 2020 was 1,630,000 shares (2019: 2,969,376) giving a diluted earnings per share loss of 0.93c (2019: 0.90c).

	30 September 2020	28 September 2019	28 March 2020
Weighted average number of shares	**Shares**	Shares	Shares
Issued shares at start of period	**117,473,341**	112,973,341	112,973,341
Effect of shares issued in the period (4,500,000 on 21 June 2019)	**-**	2,447,802	3,476,712
Weighted average number of shares at end of period	**117,473,341**	115,421,143	116,450,053
Weighted average number of 7,780,000 (2019: 7,500,000) potentially dilutive shares	**1,630,000**	2,969,376	2,877,486
Total Weighted average diluted shares	**119,103,341**	118,390,519	119,327,539

	30 September 2020	28 September 2019	28 March 2020
	$000	$000	$000
Total post tax earnings - continuing operations	**(1,098)**	1,062	595
Total post tax earnings including discontinued operations	**(1,098)**	896	(365)
Basic EPS	**(0.93c)**	0.92c	0.51c
Diluted EPS	**(0.93c)**	0.90c	0.50c
Total including discontinued operations			
Basic EPS	**(0.93c)**	0.78c	(0.31c)
Diluted EPS	**(0.93c)**	0.76c	(0.31c)
Underlying earnings	**$000**	$000	$000
Total post tax earnings - continuing operations	**(1,098)**	1,062	595
Adjusting items – per note 3	**(670)**	(446)	1,701
Underlying earnings after tax	**(428)**	1,508	2,296
Underlying basic EPS	**(0.36c)**	1.24c	1.97c
Underlying diluted EPS	**(0.36c)**	1.21c	1.92c

7. RECONCILIATION OF NET CASH FLOW TO NET DEBT

	30 September 2020	28 September 2019	28 March 2020
	$000	$000	$000
Increase/(decrease) in cash and cash equivalents	**456**	1,634	(952)
(decrease)/Increase in debt and finance leases	**2,345**	(4,358)	(341)
(decrease)/Increase in net debt from cash flows	**2,801**	(2,724)	(1,293)
Net debt at beginning of period	**(24,142)**	(14,541)	(14,541)
Effect of IFRS 16 leasing	**(221)**	-	(9,755)
Cash and debt through acquisition	**-**	-	1,451
Government assistance loans	**(3,783)**	-	-
Loan costs amortisation and adjustments	**(305)**	(177)	(421)
Exchange effects on net funds	**(574)**	545	491
Net debt at end of period	**(26,224)**	(16,897)	(24,142)

8. ANALYSIS OF NET DEBT

	At 28 March 2020 $000	Exchange/ Reserve movement $000	Other $000	Cash flows $000	At 30 September 2020 $000
Cash at bank and in hand	2,755	110	-	456	**3,321**
Short term deposits (included within cash and cash equivalents on the balance sheet)	123	6	-	-	**129**
	2,878	116	-	456	**3,450**
Debt due within one year	(5,414)	-	-	1,172	**(4,242)**
Debt due after one year	(2,217)	-	-	307	**(1,910)**
Loan Notes due after one year	(9,437)	(439)	(305)	-	**(10,181)**
Lease liabilities	(9,952)	(251)	(221)	866	**(9,558)**
Government assistance loans	-	-	(3,783)	-	**(3,783)**
Total	(24,142)	(574)	(4,309)	2,801	**(26,224)**

9. 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

10. PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties affecting the Group remain those set out in the 2020 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 continuing issues surrounding the COVID-19 pandemic and Brexit which may result in exposure to increased input costs, supply chain and delivery issues and a downturn in its customers' end markets, particularly in North America and Europe.

11. POST BALANCE SHEET EVENTS

The freehold property in Brisbane, Australia, which had been transferred to assets held for sale at the end of the period was subsequently sold for $1.6m on 24 October 2020.