22 December 2022

The 600 Group PLC

Unaudited Interim Results for the six months ended 30 September 2022

The 600 Group PLC ("the Group"), the 600 Group plc, the Industrial Laser Systems Business (AIM: SIXH), today announces its unaudited interim results for the six months ended 30 September 2022.

Financial Highlights

- Revenue up 12% to $17.0m (FY 22 H1: $15.2m)
- Net underlying* operating loss of $0.7m (FY 22 H1: profit $0.7m)
- Underlying* pre-tax loss of $0.8m (FY22 H1: profit $0.1m)
- Group net debt excluding lease liabilities was $2.5m as at 30 September 2022 (31 March 2022: $17.0m) with long-term borrowings paid down from the sale of the Machine Tool Division

Strategic & Operational Highlights

- Completed the disposal of the Machine Tool division as the Group refocused its strategy on the high-margin growth market of Industrial Laser Systems
- Continued growth in the Laser Division with revenue up 12% on the previous half year
    - TYKMA Electrox has seen particularly strong growth with revenue up 20% as it transitions from commodity products to higher-margin custom and high-specification products
    - CMS maintained its position despite not receiving any tablet drilling machines during the previous year, making up the shortfall from other activities and new market sectors
- Retained focus on R&D with development of new techniques and technology; further updates to proprietary software with backward compatibility options
- Good forward order book and enquiry pipeline; levels maintained at $9.1m, excluding the large one-off $4.3m order for four tablet drillers in CMS last year

*from continuing operations, before adjusting items.

Paul Dupee, Chairman of the Group, commented:

"The 600 Group has now completed its transformation to target the high-margin, high-growth market of industrial laser systems. Our top-line results for the first six months of the year were encouraging with double-digit revenue growth and a particularly strong performance from TYKMA Electrox. This business is progressing well in its transition to high-specification products with improved margins, a key reason behind the Group's revised strategy.

"Like many engineering businesses, our profitability has been impacted by supply issues and cost inflation resulting from the aftermath of the Covid pandemic and conflict in Ukraine. However, we have taken a proactive approach to manage our operations and expect the lingering issues from extended build times to clear the system by the end of the financial year.

"The 600 Group is a streamlined business with a low debt profile, agile operations and a large addressable market serving applications in key industries of the future. With highly trusted technology solutions and a strong order book, we remain well positioned to capture this market opportunity."

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About The 600 Group PLC

The 600 Group PLC is focused on the delivery of **Industrial laser systems** which cover laser marking and processing including cutting, drilling, ablation and a host of other niche applications in the marking and micro machining sectors. They require no consumables and can operate on a continuous high speed basis and can be integrated into customers' production lines. The businesses have their own technology and proprietary software. Customer applications are diverse and range from aerospace to medical and pharmaceuticals. The requirement for increased product and component traceability is one of the market drivers.

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

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION FOR THE PURPOSES OF ARTICLE 7 OF EU REGULATION 596/2014, AS AMENDED (AS IT FORMS PART OF UK DOMESTIC LAW BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018)

The 600 Group Plc

Executive Chairman's Statement for the six months ended 30 September 2022

Overview

The six-month period ended 30 September 2022 began with the completion of the sale of the Machine Tools Division for $21m on 11 April 2022 and the repayment of all $19m of the Group's debt, including the loan notes.

The Laser Division has seen continued growth in this period with revenue up 12% on the previous half year and particularly good progress in the TYKMA Electrox business which is up over 20%, as it continues the transition from commodity product to custom and high specification. Order book levels have been maintained, excluding the large one-off $4.3m order for four tablet drillers in CMS last year, at $9.1m.

The Laser Division has not been immune from supply issues and labor and input price increases during this period, as world economies react to the aftermath of the Covid pandemic and the war in Ukraine, which has impacted margins and overhead costs. Central costs have increased on the prior half year with additional resources, including new websites and marketing for all activities, deployed to help organic growth and the search for external synergistic developments.

Results

Revenue was up 12% at $17.0m (FY 22 H1: $15.2m) with a net underlying operating loss (excluding adjusting items) of $0.7m (FY 22 H1: profit $0.7m).

The Group benefitted from the repayment of debt at the start of the period with interest on borrowings and leases falling from $0.6m in the prior six month period to $0.1m, giving an underlying loss for the Group pre-tax, before adjusting items, of $0.8m (FY22 H1: profit $0.1m) and a loss of $0.9m (FY 22 H1: profit $0.1m) after adjusting items.

The sale of the Machine Tools Division resulted in a profit of $0.9m, after taking account of all costs related to the sale in the period, which is shown in discontinued operations on the face of the Consolidated Income Statement. There was no trading activity for the Machine Tool Division in this period as the sale was effective as at 31 March 2022.

Basic loss per share on continuing operations was 1.15 cents (equivalent to 0.94p loss) per share (FY 21 H1: profit 0.14 cents (equivalent to 0.10p profit). The underlying continuing earnings per share (excluding adjusting items) was a 0.70c loss (equivalent to 0.57p loss) (FY 21 H1: profit 0.09c (equivalent to 0.06p).

Given the continuing Global uncertainty, no dividend is proposed.

Financial Position

Inventory levels have increased to support the continued uplift in activity but also as a result of supply issues where several months of critical components have been bought forward to secure supply and also hedge against price increases. In addition, the continual supply chain issues have extended manufacturing times and increased work in progress with machines awaiting components to be completed. Inventory overall has increase by $1.9m since 31 March 2022 to $10.0m.

Trade and other receivables have also seen an increase of $2.4m since 31 March 2021 to $9.0m. Whilst normal trade terms for Lasers, in particular on the custom higher specification sales, usually benefit from a significant deposit with order which helps to keep working capital lower, a number of orders were taken during the pandemic in CMS with reduced margins and extended terms to cover overheads and keep our skilled workforce together which, due to the long lead times on manufacturing, are only just working through the system.

Trade and other payables have decreased in the period by $0.3m leaving the overall working capital increase at $4.6m.

As a consequence of this working capital increase and the payment of costs relating to the Machine Tools Division disposal of $1.3m, total net debt excluding leases at 30 September 2022 was $2.5m against $17m at 31 March 2022 and $16.2m at 30 September 2021

Bank of America continue to be very supportive and have maintained a working capital facilities totaling $7.5m with annual review in August 2023. The Group remains covenant compliant.

Adjusting Items

Adjusting Items have been disclosed separately to provide a clearer picture of the Group's underlying trading performance and are set out in note 4. The amortisation of acquisition intangibles relating to the acquisition of CMS of $0.2 has been recorded as an adjusting item in operating expenses. As the loan notes were repaid at the start of the period the related costs of $0.4m which were being amortised have been written off in the period in financial expense. In the prior half year period as a consequence of the extension of the repayment date of the loan notes a credit of $0.6m was recorded in financial income in respect of the adjustment to the carrying value of the amortised cost. The loan note amortization has also been recorded as an adjusting item. The loan notes were repaid in full in April 2022.

Operating Activities

The Laser Division has continued to grow, particularly strongly in the TYKMA Electrox business with the continued shift from commodity products to the higher margin custom and high specification products. CMS has maintained its position despite not receiving any tablet drilling machines during the previous year. This type of pharmaceutical business is particularly lumpy in nature but the operation had made up the shortfall from other activities and new market sectors.

The division continues to be forced to buy forward several months of critical components to secure supply and also hedge against price increases. Supply chain issues with delays in receiving components, particularly in the micro processing sector, have resulted in extended manufacturing times with re-designed products and increased work in progress as machines await component deliveries.

Input costs of materials and labor have both increased, driven by market forces. Whilst sale price increases are being implemented, a number of orders taken by CMS during the pandemic were taken at marginally profitable levels in order to keep the shop working and preserve our skilled workforce. Whilst the government assistance helped during the pandemic period, due to the extended build times on many of these products they are only now being completed which is depressing gross margins in this business. These products will clear the system by the end of the financial year. In addition to lower margins, extended credit terms were also given to customers which has resulted in increased receivables. Once again, these non-standard terms will have worked through the system by the end of the financial year.

The development of new techniques and technology is forefront to the Division and the Group has continued to update its proprietary software with backward compatibility options. This development drive is supported by both internal R&D and the search for appropriate bolt on acquisitions.

The results of the Division were as follows:

	FY23 H1 *$m*	**FY22 H1** *$m*
Revenues	17.0	15.2
Operating profit*	1.15	1.79
Operating margin*	6.8%	11.8%

*from continuing operations, before adjusting items.

Summary and Outlook

The Group continued to grow and invest in its businesses in this first six months of the financial year and has a good order book and enquiry pipeline going into the second half of the year. Whilst the lingering effects of work taken during the pandemic will impact CMS in the short term, the de-risking of the Group, both operationally and financially, as a result of the Machine Tool Division sale has created a leaner and more focused technology Group.

Whilst there will continue to be concerns over a recession, COVID variants and supply chain disruption, given the continuing good orderbook activity and backlog and the move to higher specification and custom products, the Board believes the Group is more resilient to market changes and this strategy will lead to improved shareholder value in the future.

Paul Dupee
Executive Chairman
22 December 2022
The 600 Group Plc

Condensed consolidated income statement (unaudited)

For the 26 week period ended 30 September 2022

	Before Adjusting Items 26 weeks ended 30 September 2022 $000	Adjusting Items 26 weeks ended 30 September 2022 $000	After Adjusting Items 26 weeks ended 30 September 2022 $000	Restated Before Adjusting Items 26 weeks ended 30 September 2021 $000	Restated Adjusting Items 26 weeks ended 30 September 2021 $000	Restated After Adjusting Items 26 weeks ended 30 September 2021 $000	52 weeks ended 31 March 2022 $000
Continuing							
Revenue	**17,038**	**-**	**17,038**	15,194	-	15,194	31,960
Cost of sales	**(10,149)**	**-**	**(10,149)**	(8,729)	-	(8,729)	(18,490)
Adjusting items in cost of sales	**-**	**-**	**-**	-	(74)	(74)	76
Gross profit	**6,889**	**-**	**6,889**	6,465	(74)	6,391	13,546
Net operating expenses	**(7,604)**	**-**	**(7,604)**	(5,801)	-	(5,801)	(11,622)
Adjusting Items in operating expenses	**-**	**(174)**	**(174)**	-	(149)	(149)	(707)
Operating profit/(loss)	**(715)**	**(174)**	**(889)**	664	(223)	441	1,217
Loan note amortisation adjustment	**-**	**(462)**	**(462)**	-	556	556	556
Bank and other interest	**(71)**	**-**	**(71)**	(502)	-	(502)	(992)
Interest on lease liabilities	**(31)**	**-**	**(31)**	(53)	-	(53)	(89)
Loan note amortisation	**-**	**-**	**-**	-	(370)	(370)	(530)
Financial expense	**(102)**	**(462)**	**(564)**	(555)	186	(369)	(1,055)
(Loss)/Profit before tax	**(817)**	**(636)**	**(1,453)**	109	(37)	72	162
Income tax (charge)/credit	**(4)**	**108**	**104**	(6)	104	98	322
(Loss)/Profit for the period on continuing activities	**(821)**	**(528)**	**(1,349)**	103	67	170	484
Profit on discontinued operations	**-**	**886**	**886**	431	1,182	1,613	785
(Loss)/Profit for the period	**(821)**	**358**	**(463)**	534	1,249	1,783	1,269
Continuing EPS	**(0.70c)**		**(1.15c)**	0.09c		0.14c	0.41c
Continuing Diluted	**(0.70c)**		**(1.15c)**	0.09c		0.14c	0.40c
Basic EPS	**(0.70c)**		**(0.39c)**	0.45c		1.52c	1.08c
Diluted EPS	**(0.70c)**		**(0.39c)**	0.45c		1.49c	1.06c

Condensed consolidated statement of comprehensive income (unaudited)

For the 26 week period ended 30 September 2022

	26 weeks Ended 30 September 2022 $000	26 weeks Ended 30 September 2021 $000	52 weeks Ended 31 March 2022 $000
Profit/(Loss) for the period	**(463)**	1,783	1,269
Other comprehensive (expense)/income:			
Items that will not be reclassified to the Income Statement:			
Re-measurement of the net defined benefit asset	**-**	-	(349)
Deferred taxation	**-**	-	106
Total items that will not be reclassified to the Income Statement:	**-**	-	(243)
Items that are or may in the future be reclassified to the Income Statement:			
Foreign exchange translation differences	**(305)**	205	903
Total items that are or may be reclassified subsequently to the Income Statement:	**(305)**	205	903
Other comprehensive income/(expense) for the period, net of income tax	**(305)**	205	660
Total comprehensive income/(expenses) for the period	**(753)**	1,988	1,929

Condensed consolidated statement of financial position (unaudited)

As at 30 September 2022

	As at 30 September 2022 $000	As at 30 September 2021 $000	As at 31 March 2022 $000
Non-current assets			
Property, plant and equipment	**1,827**	2,918	1,842
Goodwill	**13,174**	13,174	13,174
Other Intangible assets	**2,202**	3,561	3,189
Deferred tax assets	**299**	4,140	236
Right of use assets	**1,205**	8,252	1,473
	18,707	32,045	19,914
Current assets			
Inventories	**9,956**	23,306	8,041
Trade and other receivables	**8,981**	9,791	6,587
Taxation	**278**	-	291
Deferred tax assets	**99**	809	99
Assets held for sale	**-**	-	31,954
Cash and cash equivalents	**436**	2,072	207
	19,730	35,978	47,179
Total assets	**38,437**	68,023	67,093
Non-current liabilities			
Employee benefits	**-**	(1,090)	-
Loans and other borrowings	**-**	(12,040)	(11,639)
Government Loans	**-**	(1,616)	-
Lease Liabilities	**(809)**	(7,139)	(1,081)
Provisions	**(92)**	(203)	(174)
	(901)	(22,088)	(12,894)
Current liabilities			
Trade and other payables	**(5,997)**	(10,559)	(6,227)
Lease Liabilities	**(486)**	(1,471)	(486)
Taxation	**-**	(368)	-
Provisions	**(178)**	(201)	(178)
Liabilities held for sale	**-**	-	(13,777)
Government Loans	**-**	(2,234)	-
Loans and other borrowings	**(2,967)**	(2,398)	(4,871)
	(9,628)	(17,231)	(25,539)
Total liabilities	**(10,529)**	(39,319)	(38,433)
Net assets	**27,908**	28,704	28,660
Shareholders' equity			
Called-up share capital	**1,807**	1,803	1,803
Share premium account	**3,828**	3,828	3,828
Equity reserve	**201**	201	201
Translation reserve	**(6,018)**	(6,411)	(5,713)
Retained earnings	**28,090**	29,283	28,541
Total equity	**27,908**	28,704	28,660

Consolidated statement of changes in equity (unaudited)

As at 30 September 2022

	Ordinary share capital $000	Share premium account $000	Translation reserve $000	Equity reserve $000	Retained Earnings $000	Total $000
At 31 March 2021	**1,803**	**3,828**	**(6,616)**	**201**	**27,462**	**26,678**
Profit for the period	-	-	-	-	1,783	1,783
Other comprehensive income:						
Foreign currency translation	-	-	205	-	-	205
Total comprehensive income	-	-	205	-	1,783	1,988
Transactions with owners:						
Credit for share-based payments	-	-	-	-	38	38
Total transactions with owners	-	-	-	-	38	38
At 30 September 2021	**1,803**	**3,828**	**(6,411)**	**201**	**29,283**	**28,704**
Loss for the period	-	-	-	-	(514)	(514)
Other comprehensive income:						
Foreign currency translation	-	-	698	-	-	698
Net defined benefit movement	-	-	-	-	(349)	(349)
Deferred tax	-	-	-	-	106	106
Total comprehensive income	-	-	698	-	(757)	(59)
Transactions with owners:						
Credit for share-based payments	-	-	-	-	15	15
Total transactions with owners	-	-	-	-	15	15
At 31 March 2022	**1,803**	**3,828**	**(5,713)**	**201**	**28,541**	**28,660**
loss for the period	**-**	**-**	**-**	**-**	**(463)**	**(463)**
Other comprehensive income:						
Foreign currency translation	**-**	**-**	**(305)**	**-**	**-**	**(305)**
Total comprehensive income	**-**	**-**	**(305)**	**-**	**(463)**	**(768)**
Transactions with owners:						
Issue of shares (employee options)	**4**	**-**	**-**	**-**	**-**	**4**
Credit for share-based payments	**-**	**-**	**-**	**-**	**12**	**12**
Total transactions with owners	**4**	**-**	**-**	**-**	**12**	**16**
At 30 September 2022	**1,807**	**3,828**	**(6,018)**	**201**	**28,090**	**27,908**

Condensed consolidated cash flow statement (unaudited)
For the 26 week period ended 30 September 2022

	26 weeks ended 30 September 2022 $000	26 weeks ended 30 September 2021 $000	52 weeks ended 31 March 2022 $000
Cash flows from operating activities			
Profit/(loss) for the period	**(463)**	1,783	1,269
Adjustments for:			
Amortisation of intangible assets	**174**	207	251
Depreciation	**295**	383	783
Depreciation of IFRS16 Right of use assets	**268**	637	1,312
Net financial expense/(income)	**102**	527	1,371
PPP Funding forgiven	**-**	-	(2,297)
Non-cash adjusting items	**636**	74	406
(Profit)/loss on disposal of fixed assets/ assets held for sale	**(886)**	19	-
Equity share option expense	**12**	38	53
Income tax expense/(credit)	**(104)**	(1,089)	243
Operating cash flow before changes in working capital and provisions	**34**	2,579	3,391
(Increase) /decrease in trade and other receivables	**(2,394)**	(1,280)	(3,944)
(Increase)/decrease in inventories	**(1,915)**	(5,519)	(3,801)
(Decrease)/increase in trade and other payables	**(321)**	2,274	2,915
Employee benefit contributions	**-**	(60)	(60)
Cash generated from/(used in) operations	**(4,596)**	(2,006)	(1,499)
Interest paid	**(71)**	(535)	(1,069)
Lease interest	**(53)**	(185)	(311)
Net cash flows from operating activities	**(4,720)**	(2,726)	(2,879)
Cash flows from investing activities			
Interest received	**-**	7	24
Proceeds net of costs from sale of net Assets held for sale / property	**20,042**	-	225
Purchase of property, plant and equipment	**(181)**	(531)	(780)
Development expenditure capitalised	**-**	(58)	(54)
Net cash from investing activities	**19,861**	(582)	(585)
Cash flows from financing activities			
Proceeds from/(Net repayment of) external borrowing	**(14,104)**	1,096	1,037
Government assistance loans	**(1,563)**	-	-
IFRS 16 Lease payments	**(295)**	(586)	(1,460)
Net cash flows from financing activities	**(15,962)**	510	(423)
Net increase/(decrease) in cash and cash equivalents	**(821)**	(2,798)	(3,887)
Cash and cash equivalents at the beginning of the period	**1,291**	4,997	4,997
Effect of exchange rate fluctuations on cash held	**(34)**	(127)	181
Cash and cash equivalents at the end of the period	**436**	2,072	1,291

The consolidated cashflow includes all activity relating to continuing and discontinued activity

Cash in discontinued entities (assets held for sale)	1,084
Cash in continuing entities	207
Cash and cash equivalents at the end of the period	1,291

Notes relating to the condensed consolidated financial statements
For the 26-week period ended 30 September 2022

1. Basis of preparation and accounting policies
These interim consolidated financial statements have been prepared using accounting policies based on International Financial Reporting Standards in conformity with the requirements of the Companies Act 2006. 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 31 March 2022 Annual Report. The financial information for the half years ended 30 September 2022 and 30 September 2021 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 International accounting standard in conformity with the requirements of the Companies Act 2006. The comparative financial information for the year ended 31 March 2022 included within this report does not constitute the full statutory Annual Report for that period. The statutory Annual Report and Financial Statements for 2022 have been filed with the Registrar of Companies. The Independent Auditors' Report on the Annual Report and Financial Statements for the year ended 31 March 2022 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 2022 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 Board to allocate resources to the segments and to assess their performance.
The chief operating decision maker has been identified as the Board.

The Board consider there to be one operating segment being industrial laser systems with the Machine Tool Division being discontinued following the sale agreed in March 2022.

The Board 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:

26 Weeks ended 30 September 2022

	Industrial Laser Systems	Head Office & unallocated	Group Total
Segmental analysis of revenue	**$000**	**$000**	**$000**
Total revenue	**17,038**	**-**	**17,038**
Operating profit/(loss) pre- adjusting items	**1,151**	**(1,866)**	**(715)**
Adjusting items	**-**	**(174)**	**(174)**
Group operating profit/(loss)	**1,151**	**(2,040)**	**(889)**
Other segmental information:			
Reportable segment assets	**20,919**	**17,838**	**38,757**
Reportable segment liabilities	**(6,127)**	**(4,402)**	**(10,529)**
Intangible & Property, plant and equipment additions	**180**	**-**	**180**
Depreciation and amortisation	**503**	**234**	**737**

Twenty six weeks ended 30 September 2021			Continuing	Discontinued	
	Industrial laser systems	Head Office & unallocated	Total	Machine tools & precision engineered components	Group Total
Segmental analysis of revenue	$000	$000	$000	$000	$000
Total revenue	15,194	-	15,194	18,806	34,000
Segmental analysis of operating profit/(loss) before Adjusting Items	1,791	(1,127)	664	780	3,756
Adjusting Items	(74)	(149)	(223)	-	(223)
Group operating profit/(loss)	1,717	(1,276)	441	780	1,221
Other segmental information:					
Reportable segment assets	19,745	16,651	36,396	31,627	68,023
Reportable segment liabilities	(8,515)	(20,759)	(29,274)	(10,045)	(39,319)
Fixed asset additions	478	71	549	40	589
Depreciation and amortisation	505	225	730	497	1,227

Year ended 31 March 2022			Continuing	Discontinued	
	Industrial laser systems	Head Office & unallocated	Total	Machine tools & precision engineered components	Group Total
Segmental analysis of revenue	$000	$000	$000	$000	$000
Total revenue	31,960	-	31,960	37,024	68,984
Segmental analysis of operating profit/(loss) before Adjusting Items	4,109	(2,261)	1,848	1.908	3,756
Adjusting Items	76	(707)	(631)	(242)	(873)
Group operating profit/(loss)	4,185	(2,968)	1,217	1,666	2,883
Other segmental information:					
Reportable segment assets	20,466	14,673	35,139	31,954	67,093
Reportable segment liabilities	(9,040)	(15,475)	(24,515)	(13,777)	(38,292)
Fixed asset additions	577	33	610	169	780
Depreciation and amortisation	924	446	1,370	976	2,346

3. NET OPERATING EXPENSES

	30 September 2022	30 September 2021	31 March 2022
	$000	$000	$000
– government assistance	**-**	-	1,451
Total other operating income	**-**	-	1,451

	30 September 2022	30 September 2021	31 March 2022
	$000	$000	$000
– administration expenses	**7,604**	5,801	13,073
Total operating expenses	**7,604**	5,801	13,073
Total net operating expenses	**7,604**	5,801	11,622

4. 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) A charge of $0.07m was expensed in cost of sales relating to US duty and tariff charges from prior year in the six months to September 2021 which was cancelled in the second half of the year.
b) 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. In the current period as a result of the repayment of the loan notes the remaining costs have been expensed.
c) Amortisation of intangible assets, including customer relationships, acquired through the Control Micro Systems Inc deal.

	30 September 2022	30 September 2021	31 March 2022
	$000	$000	$000
Items included in cost of sales:			
US Tariffs & Duty charges relating to prior years (a)	**-**	(74)	76
	-	(74)	76
Items included in operating profit:			
Costs relating to disposal of machine tool Division	**-**	23	(364)
Amortisation of acquisition intangibles (c)	**(174)**	(172)	(343)
	(174)	(149)	(707)
Items included in financial income/(expense):			
Amortisation of loan notes and associated expenses (b)	**(462)**	(370)	(530)
Loan note credit on extension of repayment date (b)	**-**	556	556
Total adjusting items before tax	**(636)**	(37)	(605)
Income tax on adjusting items	**108**	104	-
Total adjusting items after tax	**(528)**	67	(605)

5. FINANCIAL INCOME AND EXPENSE

	30 September 2022	30 September 2021	31 March 2021
	$000	$000	$000
Bank overdraft and loan interest	**(43)**	(12)	(77)
Other loan interest	**(28)**	(489)	(914)
Finance charges on finance leases	**-**	(1)	(1)
Lease interest	**(31)**	(53)	(89)
Financial expense before adjusting items	**(102)**	(555)	(1,081)
Amortisation of loan note costs	**(462)**	(370)	(530)
Loan note credit on extension of repayment date	**-**	556	556
Financial expense	**(564)**	(369)	(1,055)

6. TAXATION

	30 September 2022	30 September 2021	31 March 2022
	$000	$000	$000
Current tax:			
Corporation tax at 25% (2021: 19%): prior year	**-**	-	283
Overseas taxation:			
– current period	**(4)**	(6)	8
Total current tax charge	**(4)**	(6)	291
Deferred taxation:			
– current period	**108**	-	31
– effect of rate change in UK	**-**	104	-
Total deferred taxation credit	**108**	104	31
Taxation credit to the income statement	**104**	98	322

7. EARNINGS PER SHARE

The calculation of the basic earnings per share of a loss after discontinued activities of 0.39c (2021 HY: profit 1.52c) is based on the earnings for the financial period attributable to the Parent Company's shareholders of a loss of $463,000 (2021 HY: profit $1,783,000) and on the weighted average number of shares in issue during the period of 117,762,521 (2021 HY: 117,473,341). At 30 September 2022, there were 3,300,000 (2021 HY: 3,790,000) potentially dilutive shares (share options or warrants with a price below the average price for the period) with a weighted average effect of 2,088,927 shares (2021 HY: 2,100,375) giving a diluted earnings per share of loss 0.39c (2021 HY: profit 1.49c). In accordance with IAS 33 – Earnings per Share, the Group shows no dilutive impact in respect of its share options as their conversion to ordinary shares would decrease the loss per share from continuing operations.

	30 September 2022	30 September 2021	31 March 2022
Weighted average number of shares	**Shares**	Shares	Shares
Issued shares at start of period	**117,473,341**	117,473,341	117,473,341
Weighted average number of shares at end of period	**117,762,521**	117,473,341	117,473,341
Weighted average number of potentially dilutive shares	**2,088,927**	2,100,375	2,496,578
Total Weighted average diluted shares	**119,851,448**	119,573,3716	119,969,919

	30 September 2022	30 September 2021	31 March 2022
	$000	$000	$000
Total post tax earnings- continuing operations	**(1,349)**	170	484
Total post tax earnings- including discontinued operations	**(463)**	1,783	1,269
Basic EPS – continuing operations	**(1.14c)**	0.14c	0.41c
Diluted EPS -continuing operations	**(1.14c)**	0.14c	0.40c
Total including discontinued operations			
Basic EPS	**(0.39c)**	1.52c	1.08c
Diluted EPS	**(0.39c)**	1.49c	1.06c
	$000	$000	$000
Underlying earnings			
Total post tax earnings - continuing operations	**(1,349)**	170	484
Adjusting items – per note 4	**(528)**	67	605
Underlying earnings after tax	**(821)**	103	1,089
Underlying basic EPS	**(0.70c)**	0.09c	0.93c
Underlying diluted EPS	**(0.70c)**	0.09c	0.91c

8. RECONCILIATION OF NET CASH FLOW TO NET DEBT

	30 September 2022	30 September 2021	31 March 2022
	$000	$000	$000
Increase/(decrease) in cash and cash equivalents	**(821)**	(2,798)	(3,887)
decrease/(Increase) in debt and finance leases	**15,478**	(325)	734
decrease/(Increase) in net debt from cash flows	**14,657**	(3,123)	(3,153)
Net debt at beginning of period	**(24,862)**	(21,991)	(21,991)
Lease liabilities (increase)/ decrease	**5,795**	(199)	(118)
Loan note amortization	**-**	181	(530)
Loan note adjustments	**462**	-	511
Exchange effects on net funds	**122**	306	419
Net debt at end of period	**(3,826)**	(24,826)	(24,862)

9. ANALYSIS OF NET DEBT

	Held for Sale	**Continuing**	Total Group				
	At 31 March 2022 $000	At 31 March 2022 $000	At 31 March 2022 $000	Exchange movement $000	Other $000	Cash flows $000	**30 September 2022 $000**
Cash at bank and in hand	1,084	76	1,160	(15)	-	(821)	**324**
Short term deposits	-	131	131	(19)	-	-	**112**
	1,084	207	1,291	(34)	-	(821)	**436**
Debt due within one year	(196)	(4,870)	(5,066)	-	-	2,099	**(2,967)**
Debt due after one year	(6)	(921)	(927)	-	-	927	**-**
Government assistance loans	(1,580)		(1,580)	17	-	1,563	**-**
Loan Notes	-	(10,718)	(10,718)	102	(462)	11,078	**-**
Lease liabilities	(6,294)	(1,568)	(7,862)	37	6,257	273	**(1,295)**
Total	(6,992)	(17,870)	(24,862)	122	5,795	15,119	**(3,826)**

10. 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

11. PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties affecting the Group remain those set out in the 2022 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 the possible recession 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.

12. DISPOSAL OF MACHINE TOOLS DIVISION

On 5 March 2022, the 600 Group signed a contract with Timesavers Acquisitions LLC to sell its Machine Tool Division. This sale included the following legal entities: (a) Colchester GmbH, a private company with limited liability organized under the Legal Requirements of Federal Republic of Germany, (b) 600 UK Limited (registered number 144979), a private limited company organized under the Legal Requirements of England and Wales, (c) 600 Machine Tools Pty Ltd. (ACN 000161106), a proprietary company organized under the Legal Requirements of Australia, and (d) Clausing Industrial, Inc., a Delaware corporation.
The price agreed for the transaction was $21m. While the contract was signed in early March 2022, the completion date and collection of funds happened on 8 and 11 April 2022. The agreement included two escrow accounts of which the Retention escrow of $0.15m remains outstanding. The working capital escrow was repaid during the period to 30 September 2022 and an additional amount in respect of settlement of the agreed working capital adjustment is due to the Group within the next few weeks of $650,000.

With the contract signed before 31 March 2022 and the deal closing after this date, the accounts to 31 March 2022 reflected the profitability of the Machine Tool Division as "discontinued operations". The 600 Group consolidated balance sheet at 31 March 2022 reflected the entities to be sold as "Assets held for sale" and "liabilities held for sale". The sale of this division has been recognized in these financial statements to 30 September 2022 with a profit of $886,000 after associated costs in adjusting items profit on discontinued operations. There is no trading activity for the Machine Tools Division in the current period as the sale agreement was effective as at 31 march 2022.
There was no adjustment for impairment to the value of the assets transferred to held for sale in the year ended 31 March 2022.

As noted in this report, with the proceeds of the sale, all debt of the 600 Group was repaid on 11 April 2022. After paying the loan notes, the HSBC loans in the UK and all remaining loans with Bank of America in the US, the Group continues to benefit from a revolving credit line of $7.5m with Bank of America.