# ANNUAL FINANCIAL REPORT

AMALA FOODS PLC

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Amala Foods PLC
31 July 2023

**Amala Foods Plc**

*("Amala" or the "Company")*

**Annual Financial Report 2023**

Amala Foods Plc (LON: DISH), a cash shell company, is pleased to announce the publication of the Annual Financial Report for the Year Ended 31 March 2023 which is below this announcement. The Annual Report will also shortly be available via the National Storage Mechanism.

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THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION FOR THE PURPOSES OF ARTICLE 7 OF THE MARKET ABUSE REGULATION EU 596/2014 ("MAR").

Enquiries:

Jonathan Morley-Kirk, Non-Executive Chairman
jmk@bluebirdmv.com

# Amala Foods PLC

# Annual Financial Report

# 2023

**COMPANY INFORMATION**

| | | |
|---|---|---|
| **Directors** | Aidan Bishop | Executive Director |
| | Jonathan Morley-Kirk | Non-executive Chairman |
| | Celia Li | Non-executive Director |
| **Company Secretary** | Roger Matthews | |
| **Registered office of the Company** | Pigneaux Farmhouse<br>Pigneaux Farm<br>Princes Tower Road<br>St Saviour JE2 7UD<br>Jersey | |
| **Independent Auditor** | PKF Littlejohn LLP<br>15 Westferry Circus<br>Canary Wharf<br>London E14 4HD | |
| **Bankers** | eWealthGlobal Group Limited<br>17 Broad St<br>St Helier<br>Jersey JE2 3RR | |

**CONTENTS**

**Directors and Governance**



**Accounts**

**CHAIRMAN'S REPORT**

The Company is a cash shell and as such is seeking to identify a transaction that will lead to a reverse takeover.

During the year the Company entered into a Share Purchase Agreement (SPA) with Terra Rara UK Ltd, a mining company, that could have led to a transaction that would have been considered a Reverse Takeover. Terra Rara UK Ltd held Rare Earth Elements (REE) exploration assets via two subsidiaries in Angola and Uganda. These exploration assets are located in close proximity to advanced stage REE exploration assets held by other mining companies. The Company intended to acquire 100% of the share capital of Terra Rara UK Ltd subject to regulatory approvals. The listing was suspended on 23 May 2022. The Company announced the termination of the proposed transaction with Terra Rara UK Ltd on 17 March 2023. This decision was taken due to identified administrative issues relating to some of the mining assets of Terra Rara following further due diligence. Terra Rara are seeking to develop mining exploration assets in two countries in Africa, where due diligence is lengthy and complex. The Company has introduced interested parties who are having discussions with Terra Rara.

The Directors are actively seeking to identify new opportunities for the Company with a view to identifying and completing a successful transaction resulting in a Reverse Takeover.

The Directors have agreed to not receiving any remuneration for the period prior to and during the period of suspension and until a successful transaction reaches the stage of a Reverse Takeover, upon which GBP 125,000 will be issued to the Directors in equity at the readmission price.

The Company raised GBP 405,000 in convertible loan notes during the year ended 31 March 2023 (refer note 12 of the audited financial statements).

Ms Celia Li was appointed to the Board as a Non-Executive Director on 17 March 2023.

It is my sincere hope that after a challenging couple of the years, that a path to generate value for shareholders will be realised.

**Jonathan Morley-Kirk**
Chairman
31 July 2023

**REPORT OF THE DIRECTORS**

The Directors present the report together with the audited accounts of the Company for the year ended 31 March 2023.

**The Company**

Amala Foods Plc is registered (registered number 121041) and domiciled in Jersey. It was incorporated on 11 April 2016.

**Principal Activity and Business Review**

The Company's principal activity during the year ended 31 March 2023 was a cash shell company. The Directors are actively seeking new opportunities that will lead to a Reverse Takeover.

**Results and Dividends**

The results of the Company for the year ended 31 March 2023 show a loss before taxation of GBP 440,076 (2022 loss before taxation of GBP 1,090,841).

The Directors do not recommend the payment of a dividend for the period ended 31 March 2023 (2022: GBP Nil).

**Carbon Dioxide Emissions**

At the current stage of development, carbon dioxide emissions are negligible and it is not practical to be able to accurately measure the entity's emissions and energy usage. At the appropriate time, the Company intends to actively monitor carbon dioxide emissions and will devise strategies to reduce emissions where possible and ensure applicable reporting thereon.

**Future Developments**

The Company's future developments are outlined in the Strategic Report section and in the Post Balance Sheet events (refer note 18 of the audited accounts).

**Going Concern**

The Company entered into a Deed of Standstill with a creditor to reprofile outstanding debt to an amount of GBP 787,719 (amended further after year-end with the conversion of shares to the value of GBP 80,150 - refer note 18 of the audited financial statements) that would convert to shares at the re-admission price upon a Reverse Takeover and that no interest will accrue and for all existing warrants to be cancelled upon a Reverse Takeover. Should a Reverse Takeover not take place by 22 September 2023 then the creditor may call upon cash repayment.

Furthermore, the Company announced that it raised GBP 405,000 in Convertible Loan Notes that would be largely utilised to fund a transaction leading to a Reverse Takeover. These Convertible Loan Notes are automatically converted into shares upon a Reverse Takeover. However, the holders of the convertible loan notes may call upon cash repayment between April 2023 and the end of June 2023 should there be no Reverse Takeover. Given the passage of time, agreements have been made with certain of these parties that the cash repayments will not be called upon despite the due dates passing.

Having prepared and reviewed cashflow forecasts, the Directors have ascertained that further finance will need to be raised should the convertible loans be required to be repaid in cash in the next 12 months. The Directors are confident that should the convertible loan notes, in part or in full, require repayment then they would be able to raise sufficient funds to be able to make such repayments whilst still funding the Company's forecasted expenditure. They are also confident of a transaction occurring and therefore the share conversion option of the convertibles presenting the best value opportunity to holders. The Company has been reviewing several potential transactions and has prepared a shortlist of reverse takeover opportunities in various sectors including healthcare, natural resources, and technology, but as completion of a reverse takeover by the required dates and thus avoiding cash repayment of the convertible loan notes is not guaranteed and given the requirement to raise further funds in such an event, next 12 months, they acknowledge that a material uncertainty relating to going concern exists.

The accounts have therefore been prepared on a going concern basis. The auditors make reference to going concern by way of a material uncertainty within their audit report.

**Principal Risks and Uncertainties**

The principal business risks that have been identified are as below.

Transaction Risk

There is no guarantee that a suitable transaction will be identified and will be successfully completed, resulting in a Reverse Takeover. Even if a transaction is successful, there is no guarantee that the Directors will be successful in managing the new business and derive the value that is hoped. Should a transaction not complete, once identified, then the Directors will need to invest further time and resources in identifying another suitable target company.

Funding Risk

The Company has not yet achieved profitability and is therefore reliant on periodically raising finance to fund its expenditure. There can be no guarantees that additional capital will be available when required. Whilst the Company raised GBP 405,000 in Convertible Loan Notes during the year ended 31 March 2023, GBP 20,000 of which was due after the year end. There is no guarantee that further capital will be available if and when required to complete a transaction that will result in a Reverse Takeover or that further capital will be available to fund an enlarged group after the completion of a transaction. The Directors have taken steps to conserve cash including not receiving any remuneration until there is a successful Reverse Takeover.

Key Personnel Risk

The Company is dependent on the experience and abilities of its Directors. Whilst the Company does not expect any of the Directors to leave the Company, if such individuals were to leave the Company, and the Company was unable to attract suitable experienced personnel, it could have a negative impact on the future prospects of the Company.

**Corporate Governance**

The Company is registered in Jersey. There is no applicable regime of corporate governance to which the directors of a Jersey company must adhere over and above the general fiduciary duties and duties of care, skill and diligence imposed on such directors under Jersey law. As a Jersey company and a company with a Standard Listing, the Company is not required to comply with the provisions of the UK Corporate Governance Code. The Directors have responsibility for the overall corporate governance of the Company and recognise the need for appropriate standards of behaviour and accountability.

The Directors are committed to the principles underlying best practice in corporate governance and have regard to certain principles outlined in the UK Corporate Governance Code to the extent they are considered appropriate for the Company given its size, early stage of operations and complexities.

**Internal Control**

The Directors acknowledge they are responsible for the Company's system of internal control and for reviewing the effectiveness of these systems. The risk management process and systems of internal control are designed to manage rather than eliminate the risk of the Company failing to achieve its strategic objectives. It should be recognised that such systems can only provide reasonable and not absolute assurance against material misstatement or loss. The Company has well established procedures which are considered adequate given the size of the business. The Company is at an early stage in its development and directors and senior management are directly involved in approving all significant investment and expenditure decisions of the Company.

**Audit Committee**

The Company has established an Audit Committee with delegated duties and responsibilities. The Audit Committee is responsible, amongst other things, for making recommendations to the Board on the appointment of auditors and the audit fee, monitoring and reviewing the integrity of the Company's accounts and any formal announcements on the Company's financial performance as well as reports from the Company's auditors on those accounts. The Audit Committee includes only Jonathan Morley-Kirk, which the Board has deemed is reasonable for the time being but will be expanded once growth allows.

**Events after the Reporting Period**

Refer note 18 to the audited financial statements.

**Company Directors (served during the year)**

| | Position | Appointment Date | Audit Committee | Remuneration Committee |
|---|---|---|---|---|
| Jonathan Morley-Kirk | Non-Executive Chairman | 16 April 2016 | ✓ | ✓ |
| Aidan Bishop | Executive Director | 16 April 2016 | - | - |
| Celia Li | Non-Executive Director | 17 March 2023 | - | ✓ |

**Role of the Board**

The Board sets the Company's strategy, ensuring that the necessary resources are in place to achieve the agreed strategic priorities, and reviews management and financial performance. It is accountable to shareholders for the creation and delivery of strong, sustainable financial performance and monitoring the Company's affairs within a framework of controls which enable risk to be assessed and managed effectively. The Board also has responsibility for setting the Company's core values and standards of business conduct and for ensuring that these, together with the Company's obligations to its stakeholders, are widely understood throughout the Company.

**Directors Remuneration**

The remuneration of the Executive Director is fixed by the Remuneration Committee, which comprises of the Non-Executive Directors. The Remuneration Committee is responsible for reviewing and determining the Company policy on executive remuneration and the allocation of long-term incentives to executives and employees. The remuneration of Non-Executive Directors is determined by the Board. In setting remuneration levels, the Company seeks to provide appropriate reward for the skill and time commitment required in order to retain the right caliber of Director at an appropriate cost to the Company.

The directors did not receive any remuneration in the form of share based payments, post-employment benefits, termination benefits or other long-term benefits in the year ended 31 March 2023 (2022 - none). The Directors have agreed to not receive any remuneration due for the period prior to and during the suspension of the listing and until a transaction is completed that leads to a Reverse Takeover - the GBP 125,000 shown as due to Directors at 31 March 2023 is to be issued in equity at the readmission price, which is contingent on the successful Reverse Takeover.

| | 31 Mar 2023 (GBP) | 31 Mar 2022 (GBP) |
|---|---|---|
| **Executive Directors** | | |
| Aidan Bishop | 100,000 | 120,000 |
| **Non-executive Directors** | | |
| Jonathan Morley-Kirk | 25,000 | 20,000 |
| Celia Li | - | - |
| **Total Remuneration** | **125,000** | **140,000** |

Monza Capital Ventures Limited, which is associated with Aidan Bishop, held 55,018,687 shares in the Company at 31 March 2023 and 31 March 2022 (representing, 12.4% ownership of the Company at 31 March 2023 and 31 March 2022). Jonathan Morley-Kirk held no shares in the Company at 31 March 2023 and 31 March 2022.

Aidan Bishop held no share options at 31 March 2023 (16,267,462 at 31 March 2022) and Jonathan Morley-Kirk held no share options at 31 March 2023 (444,444 at 31 March 2022). The Directors agreed in the period ended 31 March 2023 to cancel their outstanding options.

**Share Capital**

At 31 March 2023 the issued share capital of the Company stood at 443,620,823 - with no new shares having been issued during the period (refer note 15 of the audited financial statements).

**Substantial Shareholders (unaudited)**

At 31 March 2023 the following had notified the Company of disclosable interests in 3% or more of the nominal value of the Company's shares.

| | Number | % |
|---|---|---|
| Fiske Nominees Limited* | 123,592,082 | 27.9% |
| Hargreaves Lansdowne (Nominees) Limited | 70,827,183 | 16.0% |
| Interactive Investor Services Nominees Limited | 43,276,588 | 9.8% |
| Vidacos Nominees Ltd | 22,598,253 | 5.1% |
| HSDL Nominees Limited | 17,471,107 | 3.9% |
| Barclays Direct Investing Nominees Limited | 16,126,123 | 3.6% |
| Hanover Nominees Limited | 13,953,323 | 3.1% |
| Peel Hunt Holdings Limited | 13,713,018 | 3.1% |

* Includes 55,018,687 shares held by Monza Capital Ventures Limited, which is associated with Aidan Bishop. Monza Capital Ventures Limited continued to hold 55,018,687 shares at the date of this Annual Report.

**Employees**

The Company has a policy of equal opportunities throughout the organisation and is proud of its culture of diversity and tolerance.

**Disclosure of Information to Auditor**

So far as the Directors are aware, there is no relevant audit information of which the company's auditor is unaware; and each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

The Directors confirm to the best of their knowledge that:

- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company;
- the strategic report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that they face; and
- the annual report and accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

**Auditor Appointment**

The Company's auditor, PKF Littlejohn LLP, was initially appointed on 23 March 2020. It is proposed by the Board that they be reappointed as auditors at the forthcoming AGM. The auditors have expressed their willingness to continue in office.

**Statement of Directors Responsibilities**

The Directors are responsible for preparing the Annual Report and the accounts in accordance with applicable laws and regulations. The Directors have prepared the accounts for each financial period which present fairly the state of affairs of the Company and the profit or loss of the Company for that period.

The Directors have chosen to use the UK-adopted International Accounting Standards ("UK-adopted IAS") in preparing the Company's accounts.

International Accounting Standard 1 requires that accounts present fairly for each financial period the Company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of accounts. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable International Financial Reporting Standards.

A fair presentation also requires the Directors to:

- consistently select and apply appropriate accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- make judgements and accounting estimates that are reasonable and prudent;
- provide additional disclosures when compliance with the specific requirements in UK-adopted IAS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance;
- state that the Company has complied with UK-adopted IAS, subject to any material departures disclosed and explained in the accounts; and

- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are also required to prepare accounts in accordance with the rules of the London Stock Exchange for companies trading securities on the Stock Exchange.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company, for safeguarding the assets, for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of accounts. The Directors are committed to ensure effective anti-corruption and anti-bribery policies are observed.

Financial information is published on the Company's website. The maintenance and integrity of this website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may occur to the accounts after they are initially presented on the website.

Legislation in Jersey governing the preparation and dissemination of accounts may differ from legislation in other jurisdictions.

**Directors' Responsibility Statement**

The Directors confirm to the best of their knowledge:

- The Company's accounts have been prepared in accordance with UK-adopted IAS and give a true and fair view of the assets, liabilities, financial position and profit and loss of the Company.
- The annual report includes a fair review of the development and performance of the business and the financial position of the Company, together with a description of the principal risks and uncertainties that they face.

This Directors' Report was approved by the Board of Directors on 31 July 2023 and is signed on its behalf.

By Order of the Board

**Jonathan Morley-Kirk**
Chairman
31 July 2023

**STRATEGIC REPORT**

The Company was mainly focused on identifying a transaction that would lead to a reverse takeover. During the year, the Company entered into a Share Purchase Agreement with Terra Rara UK Ltd to acquire 100% of the share capital that if it had been successful would have led to a Reverse Takeover. As a result, the Company's listing was suspended in order that a regulatory process could begin. The proposed transaction with Terra Rara UK Ltd was terminated due to identified administrative issues relating to some of the mining assets following further due diligence. The Company has introduced other interested parties to Terra Rara where discussions are taking place.

The Company now intends to seek new opportunities and identify a potential transaction that will result in a Reverse Takeover.

The Directors consider the Company to be a cash shell company under the Listing Rules 5.6.5A R.

<u>Key Performance Indicators</u>

The Company intends to identify a suitable target company with the aim of entering into a transaction, resulting in a Reverse Takeover. Whilst the Directors had expected that the proposed transaction with Terra Rara UK Ltd would have achieved this objective the potential transaction was terminated. The Directors will seek to identify other suitable target companies that could be in any sector and once identified will undertake a due diligence process.

**Aidan Bishop**
Executive Director
31 July 2023

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AMALA FOODS PLC**

**Opinion**

We have audited the financial statements of Amala Foods Plc (the 'company') for the year ended 31 March 2023 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with UK-adopted IAS; and
- have been properly prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Material uncertainty related to going concern**

We draw attention to note 2.3 in the financial statements, which indicates that the company incurred a net loss of £440,076 and is in a net current liability position of £896,762 at 31 March 2023 and should the company not complete a reverse takeover by the maturity dates of the Convertible Loan Notes (CLNs) issued, further funding will be required to facilitate repayment of the CLNs. As stated in note 2.3, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- challenging the directors' going concern assessment and the key underlying assumptions and inputs;
- assessing the likelihood of a Reverse Takeover completing within the next 12 months;
- ascertaining the company's latest financial position by reviewing relevant financial documents and its committed costs over the next 12 months from the date of signing financial statements; and
- agreeing the terms of the convertible loan notes in issue at the date of this report to the going concern assessment.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

**Our application of materiality**

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures.

Materiality for the financial statements was set as £45,000 (2022: £28,000) based upon 5% of net liabilities (2022: based upon 2.5% of loss before tax). The change in the current year's basis, in comparison to the prior year, is on account of a substantial fluctuation in the loss before tax. Materiality was set based on the net liabilities given the limited value of assets and the focus of the key stakeholders on the company's ability to remain a going concern.

The performance materiality and the triviality thresholds for the financial statements were set at £33,750 (2022: £21,000), which represents 75% of the materiality, and £2,250 (2022: £1,400) respectively. These thresholds have been determined based on our accumulated knowledge of the company and the assessed risk.

We also agreed to report to the Audit Committee any other differences below that threshold that we believe warranted reporting on qualitative grounds.

**Our approach to the audit**

In designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular we looked at areas involving significant accounting estimates and judgements by the directors and considered future events that are inherently uncertain, such as the carrying value of loan receivables. We also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

**Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material uncertainty related to going concern section we have determined the matter described below to be the key audit matter to be communicated in our report.

| **Key Audit Matter** | **How our scope addressed this matter** |
|---|---|
| **Carrying value of loan receivables** | |
| **In the prior year, the company advanced US$125,000 (£101,189) to Terra Rara UK Limited, a potential acquisition target.**<br><br>**As the balance is overdue for repayment, there is a risk that the loan receivable may not be fully recoverable and thus materially overstated. Additionally, significant judgement is required by the directors in assessing whether an impairment loss is required to be recognised.**<br><br>**Note 10 in the financial statements sets out further details in respect of these balances and note 3.2 explains the judgements made by the directors in their assessment of the expected credit losses in line with IFRS 9 *Financial Instruments*.** | Our work in respect of this risk included, but was not limited to:<br><br>• Reviewing the loan agreement with Terra Rara UK Limited and agreeing the key terms of the agreement to management's impairment assessment;<br>• Evaluating and challenging management's impairment assessment, including the key assumptions and inputs;<br>• Ensuring that the loan has been appropriately measured as at 31 March 2023 in line with IFRS 9 expected credit loss model assessment; and<br>• Reviewing the disclosures in the financial statements, including those relating to estimates and judgements used in the impairment assessment.<br>Based on the audit work performed, the loan is recoverable at 31 March 2023 due to the funding options available to Terra Rara UK Limited. However should the expected funding not arise within the expected timeframe then the loan value will need to be impaired accordingly. |

**Other information**

The other information comprises the information included in the annual financial report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters in relation to which the Companies (Jersey) Law 1991 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

**Responsibilities of directors**

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the company and the sector in which it operates to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussion with management, independent research of the Companies (Jersey) Law 1991 and our accumulated knowledge and experience of the industry.
- We determined the principal laws and regulations relevant to the company in this regard to be those arising from the Listing Rules and Disclosure and Transparency Rules, and the Companies (Jersey) Law 1991.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the company with those laws and regulations. These procedures included, but were not limited to:
    - Discussions with management regarding compliance with laws and regulations by the company;
    - Reviewing board minutes; and
    - Reviewing Regulatory News Services announcements made.
- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, that the potential for management bias was identified in relation to the assessment of the carrying value of the loan receivables. We addressed this by challenging the assumptions and judgements made by management (see the Key audit matters section of our report for further detail).
- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

**Use of our report**

This report is made solely to the company's members, as a body, in accordance with our engagement letter dated 25 January 2023. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone, other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Joseph Archer (Engagement Partner)** **15 Westferry Circus**
**For and on behalf of PKF Littlejohn LLP** **Canary Wharf**
**Statutory Auditor** **London E14 4HD**
**31 July 2023**

**STATEMENT OF COMPREHENSIVE INCOME**

For the year ended 31 March 2023 and 31 March 2022

| | Note | 31 Mar 2023 GBP | 31 Mar 2022 GBP |
|---|---|---|---|
| Administrative expenses | | (269,967) | (357,656) |
| Impairment expense | 9 | - | (204,656) |
| Share based payments expense | 17 | (16,441) | (332,232) |
| Operating loss | | (286,408) | (894,544) |
| Interest and other income | | 6,514 | 9,707 |
| Loan note interest | | (160,182) | (206,004) |
| **Loss before taxation** | | **(440,076)** | **(1,090,841)** |
| Income tax expense | 8 | - | - |
| **Loss after taxation** | | **(440,076)** | **(1,090,841)** |
| Earnings per share: | | | |
| Basic and diluted loss per share (GBP) | 15 | (0.0010) | (0.0028) |

The accompanying accounting policies and notes form an integral part of these accounts.

**STATEMENT OF FINANCIAL POSITION**

At 31 March 2023

| | Note | 31 Mar 2023 GBP | 31 Mar 2022 GBP |
|---|---|---|---|
| **Current assets** | | | |
| Trade and other receivables | 10 | 101,189 | 94,675 |
| Cash and cash equivalents | 11 | 318,217 | 19,867 |
| | | 419,406 | 114,542 |
| **Current liabilities** | | | |
| Trade and other payables | 12 | (143,449) | (85,132) |
| Borrowings | 12 | (1,172,719) | (627,537) |
| | | (1,316,168) | (712,669) |
| **Net liabilities** | | **(896,762)** | **(598,127)** |

| | | | |
|---|---|---|---|
| **Equity** | | | |
| Issued share capital | 15 | 6,488,490 | 6,488,490 |
| Accumulated losses | | (8,046,350) | (8,801,332) |
| Other reserves | 14 | 661,098 | 1,714,715 |
| **Total equity** | | **(896,762)** | **(598,127)** |

The accompanying accounting policies and notes form an integral part of these accounts.

These accounts were approved and signed by the Chairman.

**Jonathan Morley-Kirk**
Chairman
31 July 2023

**STATEMENT OF CHANGES IN EQUITY**
At 31 March 2023

| | Note | Share Capital | Retained Earnings | Other reserves | Total Equity |
|---|---|---|---|---|---|
| | | GBP | GBP | GBP | GBP |
| **At 31 March 2021 (unaudited)** | | **6,455,154** | **(7,723,415)** | **1,306,142** | **37,881** |
| Loss for the period | | - | (1,090,841) | - | (1,090,841) |
| Total comprehensive income for the period | | - | (1,090,841) | - | (1,090,841) |
| Share based payments - options | | - | - | 27,884 | 27,884 |
| Shares to be issued reserve | | - | - | 89,265 | 89,265 |
| Share based payments - warrants | | - | - | 304,348 | 304,348 |
| Expired warrants | | - | 12,924 | (12,924) | - |
| Issue of new ordinary shares (net) | 15 | 33,336 | - | - | 33,336 |
| Total transactions with owners | | 33,336 | 12,924 | 408,573 | 454,833 |
| **At 31 March 2022** | | **6,488,490** | **(8,801,332)** | **1,714,715** | **(598,127)** |
| Loss for the period | | - | (440,076) | - | (440,076) |
| Total comprehensive income for the period | | - | (440,076) | - | (440,076) |
| Shares to be issued waived | | - | 201,000 | (201,000) | - |
| Contingent shares to be issued to Directors | | - | - | 125,000 | 125,000 |
| Expired and cancelled options | | - | 994,058 | (994,058) | - |
| Options reserve | | - | - | 16,441 | 16,441 |

| | | | | |
|---|---|---|---|---|
| Share based payments - options | - | - | - | - |
| Total transactions with owners | - | 1,195,058 | (1,053,617) | 141,441 |
| **At 31 March 2023** | **6,488,490** | **(8,046,350)** | **661,098** | **(896,762)** |

The accompanying accounting policies and notes form an integral part of these accounts.

**CASH FLOW STATEMENT**

For the year ended 31 March 2023 and 31 March 2022

| | Note | 31 Mar 2023<br>GBP | 31 Mar 2022<br>GBP |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Loss before tax for the year | | (440,076) | (1,090,841) |
| Adjustments for: | | | |
| Unrealised foreign exchange gain | | (6,514) | - |
| Contingent shares to be issued to directors | | 125,000 | - |
| Share based payment expenses | | 16,441 | 332,232 |
| Impairment expenses | | - | 204,656 |
| Finance cost | | 160,182 | 206,004 |
| Fair value gain | | - | (21,191) |
| Movement in trade and other receivables | | - | 135,249 |
| Movement in trade and other payables | | 58,317 | (12,470) |
| **Net cash used in operating activities** | | **(86,650)** | **(246,361)** |
| **Cash flows from investing activities** | | | |
| Investments in Amala Foods Inc | | - | (204,656) |
| Loan issued | | - | (94,675) |
| **Net cash used in investing activities** | | **-** | **(299,331)** |
| **Cash flows from financing activities** | | | |
| Loan received | | 385,000 | 250,000 |
| Net proceeds from share capital issue | | - | 210,000 |
| **Net cash from financing activities** | | **385,000** | **460,000** |
| **Net increase/(decrease) in cash** | | **298,350** | **(85,692)** |

| | | | |
|---|---|---|---|
| Cash and cash equivalents at start of period | | | 19,867 |
| 105,559 | | | |
| Cash and cash equivalents at end of the period | 14 | 318,217 | 19,867 |

There were no non-cash transaction in the year ended 31 March 2023. There have been significant non-cash transactions relating to the settlement of operating and financial liabilities in the year ended 31 March 2022 - the Company received 3,700,00 shares into treasury in full and final settlement of a loan receivable of GBP 239,961 and the Company transferred 7,092,617 shares held in treasury to creditors to settle liabilities.

The accompanying accounting policies and notes form an integral part of these accounts.

**NOTES TO THE ACCOUNTS**

**For the year ended 31 March 2023**

**1. <u>GENERAL INFORMATION</u>**

Amala Foods Plc ('**Company**') is a public company limited by shares. It was incorporated on 11 April 2016 and is registered (registered number 121041) and domiciled in Jersey. The Company's ordinary shares are on the Official List of the UK Listing Authority in the standard listing section of the London Stock Exchange (reference DISH).

**2. <u>BASIS OF PREPARATION AND ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)</u>**

The Company's accounts have been prepared in accordance with UK-adopted International Accounting Standards at 31 March 2023.

The accounts are prepared under the historical cost convention unless otherwise stated in the accounting policies.

The accounts are presented in GB Pounds ('**GBP**'), which is the functional currency of the Company and are rounded to the nearest pound.

Certain amounts included in the accounts involve the use of judgement and/or estimation. Judgements, estimations and sources of estimation uncertainty are discussed in note 3.

**2.1 In issue and effective for periods commencing on 01 April 2022**

The International Accounting Standards Board (IASB) issued various amendments and revisions to International Financial Reporting Standards and IFRIC interpretations. The amendments and revisions were applicable for the period ended 31 March 2023 but did not result in any material changes to the financial statements of the Company.

Of the other IFRS and IFRIC amendments, none are expected to have a material effect on the future Company Financial Statements.

**2.2 Standards in issue but not yet effective**

At the date of approval of these financial statements, the following standards and interpretations which have not been applied in these financial statements were in issue but not effective:

| Standard | Impact on initial application | Effective date |
|---|---|---|
| Annual improvements | 2018-2020 Cycle | 01 January 2023 |
| IAS 1 | Classification of current liabilities | 01 January 2023 |
| IAS8 | Accounting estimates | 01 January 2023 |
| IASA12 | Deferred tax arising form a single transaction | 01 January 2023 |

The Directors do not believe that the implementation of new standards, amended standards and interpretations issued but not yet effective and have not been early adopted early will have a material impact once implemented in future periods.

**2.3 Going Concern**

The Company has the following loans, which total GBP 1,172,719 at 31 March 2023 (31 March 2022, GBP 627,537):

| | 31 Mar 2023 GBP | 31 Mar 2022 GBP |
|---|---|---|
| Loan from other parties | 1,172,719 | 627,537 |

The Company made a loss before in the year of GBP 440,076. At 31 March 2023, the cash held was GBP 318,217 and the Company had current liabilities of GBP 1,316,168.

The Company entered into a Deed of Standstill with a creditor to reprofile outstanding debt to a reduced amount of GBP 787,719 (amended further after year-end with the conversion of shares to the value of GBP 80,150 - refer note 18 of the audited financial statements) that would convert to shares at the re-admission price upon a Reverse Takeover and that no interest will accrue and for all existing warrants to be cancelled upon a Reverse Takeover. Should a Reverse Takeover not take place by 22 September 2023 then the creditor may call upon cash repayment. Given the passage of time, agreements have been made with certain of these parties that the cash repayments will not be called upon despite the due dates passing.

Furthermore, the Company raised GBP 405,000 in Convertible Loan Notes, of which GBP 20,000 is due after the year-end, that would be largely utilised to fund a transaction leading to a Reverse Takeover. These Convertible Loan Notes are automatically converted into shares upon a Reverse Takeover. However, the holders of the convertible loan notes may call upon cash repayment should there be no Reverse Takeover.

Having prepared and reviewed cashflow forecasts, the Directors have ascertained that further finance will need to be raised should the convertible loans be required to be repaid in cash in the next 12 months. The Directors are confident that should the convertible loan notes, in part or in full, require repayment then they would be able to raise sufficient funds to be able to make such repayments whilst still funding the Company's forecasted expenditure. They are also confident of a transaction occurring and therefore the share conversion option of the convertibles presenting the best value opportunity to holders. The Company has been reviewing several potential transactions and has prepared a shortlist of reverse takeover opportunities in various sectors including healthcare, natural resources, and technology, but as completion of a reverse takeover by the required dates and thus avoiding cash repayment of the convertible loan notes is not guaranteed and given the requirement to raise further funds in such an event within the next 12 months, they acknowledge that a material uncertainty relating to going concern exists.

The accounts have therefore been prepared on a going concern basis.

**3. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND SOURCES OF ESTIMATION UNCERTAINTY**

Certain amounts included in the accounts involve the use of judgement and/or estimation. These are based on management's best knowledge of the relevant facts and circumstances, having regard to prior experience. However, judgements and estimations regarding the future are a key source of uncertainty and actual results may differ from the amounts included in the accounts. Information about judgements and estimation is contained in the accounting policies and/or other notes to the accounts. The key areas are summarised below.

**3.1 Share based payments**

Judgement is required when determining the fair value of options and warrants issued under the scope of IFRS 2 (refer note 17 of the audited financial statements) as a number of the inputs are subjective.

**3.2 Recoverable value of loan receivable**

The amounts advanced to Terra Rara UK Ltd have been classified as a loan receivable under IFRS 9 and therefore the Directors have had to consider the recoverable value of this balance by applying the expect credit loss approach. When applying this approach, the Directors have been required to make judgements regarding the likelihood of the recovery of the balance. The Directors have assessed that in the short time period since the year-end, no events or developments have been noted to suggest that the likelihood of recovery decreased in this period and therefore the Directors have assessed the balance to be fully recoverable. The Directors of the Company are in contact with the management of Terra Rara UK Ltd and are aware of the efforts being made to repay the loan and financing options being discussed, thus they are confident that the loan advanced to Terra Rara UK Ltd will be recovered during the next financial year. The Directors will continue to monitor the situation closely and reassess the recoverability of the loan as new information becomes available.

**3.3 Post year-end settlement of convertible loan notes**

The convertible loan notes issued prior to 31 March 2023 are due for repayment in cash within 12 months of the approval date of these financial statements should a Reverse Takeover not take place by the dates noted within the underlying agreements.

Should the Reverse Takeover not take place by the specified dates, the Directors have made the judgement that the Company would be able to settle the convertible loan notes in cash by deferring payment until such a point that they were able to raise the requisite funds.

**4. ACCOUNTING POLICIES**

The principal accounting policies are as determined below.

**4.1 Financial assets**

Financial assets are classified as either financial assets at amortised cost, at fair value through other comprehensive income or at fair value through profit or loss depending upon the business model for managing the financial assets and the nature of the contractual cash flow characteristics of the financial asset.

A loss allowance for expected credit losses is determined for all financial assets, other than those at fair value through profit or loss (FVPL), at the end of each reporting period. The Company applies a simplified approach to measure the credit loss allowance for trade receivables using the lifetime expected credit loss provision.

The lifetime expected credit loss is evaluated for each trade receivable taking into account payment history, payments made subsequent to year end and prior to reporting, past default experience and the impact of any other relevant and current observable data. The Company applies a general approach on all other receivables classified as financial assets. The general approach recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

**4.2 Foreign currency translation**

Functional and presentational currency

The functional currency of the Company is GBP in the reporting period as it is the currency which most affects each company's revenue, costs and financing. The Company's presentation currency is the GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at reporting period end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the income statement.

**4.3 Cash and cash equivalents**

Cash and cash equivalents are defined as cash on hand, demand deposits and short term highly liquid investments and are measured at cost which is deemed to be fair value as they have short-term maturities.

**4.4 Financial liabilities**

Financial liabilities include convertible loans and trade and other payables. In the statement of financial position these items are included within Current liabilities. Financial liabilities are recognised when the Company becomes a party to the contractual agreements giving rise to the liability. Interest related charges are recognised as an expense in Finance costs in the income statement unless they meet the criteria of being attributable to the funding of construction of a qualifying asset, in which case the finance costs are capitalised.

Trade and other payables and convertible loans are recognised initially at their fair value and subsequently measured at amortised costs using the effective interest rate, less settlement payments. Convertible loans issued in the year are classified as a financial liability as there is a contractual obligation to pay cash that the issuer cannot avoid, the exceptions in IAS 32.16A-D are not met and it is not a derivative.

The Company derecognises financial liabilities when the Company's obligations are discharged, cancelled or have expired.

**4.5 Income taxes**

Current income tax liabilities comprise those obligations to fiscal authorities in the countries in which the Company carries out operations and where it generates its profits. They are calculated according to the tax rates and tax laws applicable to the financial period and the country to which they relate. All changes to current tax assets and liabilities are recognised as a component of the tax charge in the income statement.

Deferred income taxes are calculated using the liability method on temporary differences. This involves the comparison of the carrying amount of assets and liabilities in the consolidated accounts with their respective tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects taxes or accounting profit.

Deferred tax liabilities are provided for in full. Deferred tax assets are recognised when there is sufficient probability of utilisation. Deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date.

**4.6 Segmental Reporting**

An operating segment is a component of the Company engaged in revenue generation activity that is regularly reviewed by the Chief Operating Decision Maker (CODM) for the purposes of allocating resources and assessing financial performance. The CODM is considered to be the Board of Directors.

The Company's operating segments are based on geographical location and determined solely as Jersey (refer note 5 of the audited financial statements).

**4.7 Share capital and unissued share capital**

Financial instruments issued by the Company are treated as equity only to the extent that they do not meet the definition of a financial liability. The Company's ordinary shares are classified as equity and have no par value. Costs directly associated with the issue of shares are charged to share capital.

Where the Company has a contractual right to issue a fixed number of shares to settle a fixed liability it recognises unissued share capital pending the issue of shares.

Treasury shares are held by the Company at no par value and are adjusted through share capital for receipts and disbursements.

**4.8 Provisions, contingent liabilities and contingent assets**

Provisions are recognised when the present obligations arising from legal or constructive commitment, resulting from past events, will probably lead to an outflow of economic resources from the Company which can be estimated reliably.

Provisions are measured at the present value of the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the balance sheet date. All provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

**4.9 Share-based payments and valuation of share options and warrants**

The calculation of the fair value of equity-settled share-based awards requires assumptions to be made regarding future events and market conditions. These assumptions include the future volatility of the Company's share price. These assumptions are then applied to a recognised valuation model in order to calculate the fair value of the awards.

Where employees, directors or advisers are rewarded using share-based payments, the fair value of the employees', directors' or advisers' services are determined by reference to the fair value of the share options/warrants awarded. Their value is appraised at the date of grant and excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). In some instances, warrants issued in association with the issue of Convertible Loan Notes also represent share-based payments and a share-based payment charge is calculated for these instruments.

In accordance with IFRS 2, a charge is made to the statement of comprehensive income for all share-based payments including share options based upon the fair value of the instrument used. A corresponding credit is made to other reserves, in the case of options/warrants awarded to employees, directors, advisers and other consultants.

If service conditions or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options/warrants expected to vest. Non-market vesting conditions are included in assumptions of the number of options / warrants that are expected to become exercisable, and hence reflected in the share-based payment charge.

Estimates are subsequently revised, if there is any indication that the number of share options/warrants expected to vest differs from previous estimates. No adjustment is made to the expense or share issue cost recognised in prior periods if the number of share options ultimately vest differs from previous estimates.

Upon exercise of share options, the proceeds received, net of any directly attributable transaction costs, up to the nominal value of the shares issued, are allocated to share capital.

Where share options are cancelled, this is treated as an acceleration of the vesting period of the options. The amount that otherwise would have been recognised for services received over the remainder of the vesting period is recognised immediately within the Statement of Comprehensive Income.

All goods and services received in exchange for the grant of any share-based payment are measured at their fair value.

**5. SEGMENTAL REPORTING**

The Company's operating segments are based on geographical location and determined solely as Jersey.

**6. LOSS FOR THE PERIOD BEFORE TAX**

| | 31 Mar 2023 | 31 Mar 2022 |
|---|---|---|
| | GBP | GBP |
| Loss for the period has been arrived at after charging: | | |
| Auditors remuneration | 37,400 | 34,000 |
| Directors remuneration | 125,000* | 140,000 |
| Share based payments expense ` | 16,441 | 332,232 |
| Write off of prepaid consideration to AFI | - | 204,656 |

* Stock award contingent on a successful Reverse takeover, upon which this will be issued in equity

**7. REMUNERATION**

**7.1 Remuneration of Management Personnel and Employees**

In accordance with IAS 24 - Related party transactions, all Executive and Non-executive Directors, who are the Company's key management personnel, are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. Details of Directors Remuneration is outlined in the Report of the Directors.

| | 31 Mar 2023 | 31 Mar 2022 |
|---|---|---|
| | GBP | GBP |
| Directors emoluments during the period | 125,000 | 140,000 |

Remuneration of GBP 23,000 was paid in the year ended 31 March 2022. The balances due at 31 March 2022 were transferred to Shares to be issued reserve through the Company's salary sacrifice scheme.

The Directors have agreed to waive the right to receive or accrue any and all outstanding remuneration or any unissued equity prior to the completion of a successful reverse takeover. The GBP 125,000 shown in the year ended 31 March 2023 is a stock award contingent on a successful Reverse takeover, upon which this will be issued in equity at the readmission price.

**7.2 Average Number of Employees**

The average number of Employees during the period was made up as follows:

| | 31 Mar 2023 | 31 Mar 2022 |
|---|---|---|
| Directors | 2 | 2 |

| | | |
|---|---|---|
| **Average during the period** | **2** | **2** |

**8. TAXATION**

The Company is taxed at the standard rate of income tax for Jersey companies which is 0%. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

| | 31 Mar 2023 GBP | 31 Mar 2022 GBP |
|---|---|---|
| Current tax charge | - | - |
| Deferred tax charge | - | - |
| Total tax charge | - | - |

The tax charge for the period can be reconciled to the loss per the income statement as follows:

| | 31 Mar 2023 GBP | 31 Mar 2022 GBP |
|---|---|---|
| Loss before taxation | (440,076) | (1,090,841) |
| Jersey Corporation Tax at 0% | - | - |
| **Total tax charge** * | **-** | **-** |

***** No deferred tax asset has been recognised as jersey having a 0% corporation tax, which means the there are no unutilised tax losses

**9. INVESTMENTS & IMPAIRMENTS**

In the year ended 31 March 2022, the Company entered into a joint venture agreement with Amala Foods Inc ('**AFI**'), advancing GBP 204,656 (USD 227,488) This agreement stated that up to 70% of the share capital of AFI could be purchased by the Company for consideration of USD 1,000,000 but USD 333,333 was required to be advanced by the Company before they would be entitled to receive any shares in AFI. It also stated that if the Company decided not to advance funds equal to or exceeding that threshold then those funds advanced would not be reimbursed to the Company.

As at the year ended 31 March 2022, this threshold had not been met and the Directors did not intend to advance any further funds to AFI post year-end due to signing a term sheet with Terra Rara UK Ltd. This set the Company on a path to a new strategic direction that resulted in the signing of a Share Purchase Agreement. That led to the suspension of the Company's listing in order for a regulatory process to commence that if successful would have resulted in a Reverse Takeover. One of the conditions precedent to the Share Purchase Agreement was that the Company should have no interest in AFI. The Directors assessed therefore that this prepaid consideration was not recoverable and therefore impaired the balance in full.

The changes in business structure have generated the following impairment losses:

| | 31 Mar 2023 GBP | 31 Mar 2022 GBP |
|---|---|---|
| Write off of prepaid consideration - AFI | - | 204,656 |
| **Total impairment** | **-** | **204,656** |

**10. TRADE AND OTHER RECEIVABLES**

| | 31 Mar 2023 GBP | 31 Mar 2022 GBP |
|---|---|---|

| | | | |
|---|---|---|---|
| Loan Receivables | * | 101,189 | 94,675 |
| **Balance at end of period** | | **114,675** | **94,675** |

* Relates to USD 125,000 loaned to Terra Rara UK Ltd, which the Directors believe is fully recoverable at 31 March 2023.

**11. CASH AND CASH EQUIVALENTS**

| | 31 Mar 2023 GBP | 31 Mar 2022 GBP |
|---|---|---|
| **Cash at Bank** | **318,217** | **19,867** |

Cash is only held at substantial banks with high credit ratings.

**12. TRADE AND OTHER PAYABLES**

**Current Liabilities**

| | 31 Mar 2023 GBP | 31 Mar 2022 GBP |
|---|---|---|
| Trade payables | 83,109 | 27,243 |
| Accruals | 60,340 | 57,889 |
| Borrowings* | 1,172,719 | 627,537 |
| **Balance at end of period** | **1,316,168** | **712,669** |

***** The borrowings of GBP 787,719 are a short-term loan to be used for working capital purposes with an interest rate of 7.5%. The repayment terms were negotiated and extended to Q1 2022. The Company drew down GBP 250,000 against the loan in the year ended 31 March 2022 and recognised GBP 177,537 of loan re-negotiation and interest chargers in the year. 9,728,720 warrants were issued during the year ended 31 March 2021 in relation to the loan and re-negotiated in the year ended 31 March 2022 (refer note 17 of the audited financial statements). The share based payment of GBP 304,438 related to the loan and the issue of 43,478,260 warrants at 1.15p with an expiry date of 16 July 2015 are detailed in note 17 of the audited financial statements . The repayment terms were further negotiated in the year ended 31 March 2023 to reprofile outstanding debt on the basis that no interest will be accrued until a successful reverse takeover at which time the debt will be reduced to GBP 690,000. No additional warrants were issued to the convertible loan note holders as a result of the renegotiated repayment terms.

Convertible Loan Notes have a 6 month maturity from the date of signing, after which 2% per month interest will be added, and will be converted at 50% of the subscription price at a successful reverse takeover.

**13. FINANCIAL INSTRUMENTS**

**13.1 Financial Assets at amortised cost**

| | 31 Mar 2023 GBP | 31 Mar 2022 GBP |
|---|---|---|
| Trade and other receivables | 101,189 | 94,675 |
| Cash and cash equivalents | 318,217 | 19,867 |

| | | |
|---|---|---|
| **Balance at end of period** | **419,406** | **114,542** |

**13.2 Financial Liabilities at amortised cost**

| | 31 Mar 2023 GBP | 31 Mar 2022 GBP |
|---|---|---|
| Current liabilities - trade payables and accruals | 143,449 | 85,132 |
| Current liabilities - loans | 1,172,719 | 627,537 |
| **Balance at end of period** | **1,316,168** | **712,669** |

**13.3 Liquidity Risk**

The Company monitors constantly the cash outflows from day to day business and monitors long term liabilities to ensure that liquidity is maintained.

**13.4 Interest Rate Risk**

At the balance date the Company does not have any long-term variable rate borrowings. The Directors do not consider the impact of possible interest rate changes based on current market conditions to be material to the net result for the year or the equity position at the year ended 31 March 2023 or the period ended 31 March 2022.

**13.5 Foreign Currency Risk**

The Company is infrequently exposed to transaction foreign exchange risk due to transactions not being matched in the same currency. This is managed, where possible and material, by the Company retaining monies received in base currencies in order to pay for expected liabilities in that base currency. The Company currently has no currency hedging in place.

The Directors do not consider the impact of possible foreign exchange fluctuations to be material to the net result for the year or the equity position at the year-end for either the year ended 31 March 2023 or period ended 31 March 2022.

**13.6 Credit Risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. In order to minimise this risk, the Company endeavours only to deal with companies which are demonstrably creditworthy and this, together with the aggregate financial exposure, is continuously monitored. The maximum exposure to credit risk is the value of the outstanding amounts as follows:

| | 31 Mar 2023 GBP | 31 Mar 2022 GBP |
|---|---|---|
| Trade and other receivables | 101,189* | 94,675* |
| Cash and cash equivalents | 318,217 | 19,867 |

* Equates to USD 125,000

Credit risk on cash and cash equivalents is considered to be acceptable as the counterparties are substantial banks with high credit ratings. All receivables are current assets and due within 12 months. The Company has assessed the expected credit losses as GBP Nil for the years ended 31 March 2023 and 2022.

**14. CAPITAL MANAGEMENT**

For the purposes of the Company's capital management, capital includes called up share capital, share-based payments for options, share-based payments for warrants and equity reserves attributable to the equity holders of the Company as reflected in the Statement of Financial Position.

The Company's capital management objectives are to ensure that the Company's ability to continue as a going concern, and to provide an adequate return to shareholders.

The Company manages the capital structure through a process of constant review and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares, adjust dividends paid to shareholders, return capital to shareholders, or seek additional debt finance.

The nature of the Company's equity reserves are:

- Reserves - including warrants, options and shares to be issued reserves related to the value of equity that investors have secured as part of their funding provided to the Company and that management has agreed to issue for settlement of remuneration;
- Share Capital - represents the nominal value of shares issued;
- Unissued Share Capital - reflects the value of equity that management has agreed to issue for settlement of remuneration, liabilities and funding provided; and
- Accumulated losses - comprise the Company's cumulative accounting profits and losses since inception.

**14.1 Reserves**

| | 31 Mar 2023<br>GBP | 31 Mar 2022<br>GBP |
|---|---|---|
| Share options reserve | - | 977,617 |
| Warrants reserve | 381,159 | 381,159 |
| Shares to be issued reserve | 279,939 | 355,939 |
| **Balance at end of period** | **661,098** | **1,714,715** |

**15. SHARE CAPITAL**

**15.1 Share Capital**

| | 31 Mar 2023<br>Number* | GBP | 31 Mar 2022<br>Number* | GBP |
|---|---|---|---|---|
| Opening balance | 443,620,823 | 6,488,490 | 373,620,823 | 6,455,154 |
| Ordinary shares - new shares issued during the period | - | - | 70,000,000 | 210,000 |
| Other adjustment** | - | - | - | (176,664) |
| **Balance at end of period** | **443,620,823** | **6,488,490** | **443,620,823** | **6,488,490** |

* Number of shares issued and fully paid

** Reflects changes to treasury shares in the year ended 31 March 2022 - including the receipt of 3,700,000 shares in settlement of the outstanding loan, the issuance of 2,332,617 to settle unissued shares at 31 March 2021 and the issuance of 4,760,000 shares to settle liabilities incurred in the year ended 31 March 2022.

The shares have no par value. At 31 March 2022 and 31 March 2023 the Company held 19,607,383 treasury shares.

**15.2 Earnings Per Share**

| | 31 Mar 2023<br>GBP | 31 Mar 2022<br>GBP |
|---|---|---|
| Basic and diluted earnings per share (GBP) | (0.00010) | (0.0028) |
| Loss used to calculate basic and diluted earnings per share | (440,076) | (1,090,841) |
| Weighted average number of shares used in calculating basic and diluted earnings per share | 443,620,823 | 395,483,837 |

Basic earnings per share is calculated by dividing the loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding and shares to be issued during the period.

In 2023 and 2022, the potential ordinary shares were anti-dilutive as the Company was in a loss making position and therefore the conversion of potential ordinary shares would serve to decrease the loss per share from continuing operations. Where potential ordinary shares are anti-dilutive a diluted earnings per share is not calculated and is deemed to be equal to the basic earnings per share. The warrants and options noted in note 17 could potentially dilute EPS in the future.

**16. RELATED PARTY TRANSACTIONS**

The Company owes GBP Nil to Aidan Bishop at 31 March 2023 (2022 - GBP 166,000). The Company owes GBP Nil to Jonathan Morley-Kirk at 31 March 2023 (2022 - GBP 35,000). The Directors have agreed to not receive any remuneration due and will not receive any further remuneration until a Reverse Takeover is achieved - in lieu of GBP 125,000 stock award contingent on completion of the transaction.

Aidan Bishop agreed to a GBP 40,000 Convertible Loan Note in the year ended 31 March 2023 as part of the GBP 405,000 of Convertible Loan Notes, of which GBP 20,000 was received by the Company at 31 March 2023 as agreed, to fund a transaction leading to a Reverse Takeover.

**17. SHARE OPTIONS AND WARRANTS**

**17.1 Share Warrants**

Warrants are denominated in Sterling and are issued for services provided to the Company or as part of the acquisition of a subsidiary.

In the year ended 31 March 2023 the Company recognised no Share Based Payments expenses in respect of warrants (31 March 2021, GBP 304,348).

In the year ended 31 March 2022, the Company issued 43,478,260 warrants at an exercise price of 1.15p in relation to the short-term funding.

The warrants outstanding and exercisable at 31 March 2023 are:

| **Exercise price** | **No. issued** | **No. exercised** | **No. lapsed or re-negotiated** | **No. outstanding and exercisable** | **Expiry date** |
|---|---|---|---|---|---|
| Issued in the year ended 31 Mar 2021 | | | | | |
| 1.35p | 4,324,320 | - | - | 4,324,320 | 19 October 2023 |
| 1.10p | 5,404,400 | - | - | 5,404,400 | 19 November 2023 |
| Issued in the year ended 31 Mar 2022 | | | | | |
| 1.15p | 43,478,260 | - | - | 43,478,260 | 16 July 2025 |
| **Balance at end of period** | **53,206,980** | **-** | **-** | **53,206,980** | |

**17.2 Share Options**

On 31 July 2018 and 19 February 2019 share options were granted by the Company to an employee, non-executive directors, executive directors and senior managers within the Company. The details of the Options are outlined in detail in the Company's Annual Financial Report to 31 March 2021.

Under the provisions of IFRS 2 a charge is recognised for those share options and awards under the share plan issued. The estimate of the fair value of the services received is measured based on the Black-Scholes model for share options granted under the executive and discretionary share option schemes.

The Company recognised a GBP 16,441 share based payments charge on the year ended 31 March 2023 in respect of options issued in previous periods (2022, GBP 27,884).

Each of the Options noted above have been cancelled or lapsed during the year ended 31 March 2023.

**17.3 Share Awards**

In the period ended 31 March 2019, the Company entered into an agreement with a number of employees to issue a total of 599,156 shares at a price equal to the admission price in two years' time should the employees in questions still be employed by the Company.

Although due, the shares had not been issued to those employees as at 31 March 2023 and 31 March 2022 and thus the fair value of these share awards is included within other reserves.

In the year ended 31 March 2023 former employees and current directors waived their rights to awards and options as a facilitator to the planned reverse takeover.

**18. EVENTS AFTER THE REPORTING PERIOD**

On 18 April 2023, the Company announced the restoration of its listing on the Standard Segment to the Main Market.

On 19 April 2023, the Company issued 23,299,314 shares at a price of GBP 0.00344 per share to a creditor to reduce outstanding liabilities by GBP 80,150.



END

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