

Amala Foods PLC

**Financial Report
For the Half-Year Ended 30 September 2022
(Unaudited)**

AMALA FOODS PLC
FINANCIAL REPORT FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2022 (UNAUDITED)

REPORT OF THE DIRECTORS

The Directors present the report together with the unaudited interim financial statements for the Company for the half-year ended 30 September 2022.

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 period ended 30 September 2022 was a cash shell company. The Company signed a Share Purchase Agreement with Terra Rara UK Ltd that would have resulted in a Reverse Takeover. The proposed transaction was terminated after the period. The Directors are actively seeking new opportunities that will lead to a Reverse Takeover.

Results and Dividends

The results of the Company for the half-year ended 30 September 2022 show a loss before taxation of GBP 82,631 (30 September 2021 showed a loss of GBP 60,101).

No dividends have been paid during the half-year ended 30 September 2022 or during the comparative period.

The Directors note that the 30 September 2021 comparatives are re-stated in this half yearly report as they reflect the Company results only as it had no subsidiaries or associates at the end of 30 September 2022 or 30 September 2021.

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 after the period, 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.

Events after the Reporting Period

Refer note 9 of the unaudited interim financial statements.

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Company Directors

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

Note: Celia Li was appointed as a Non-Executive Director on 17 March 2023 and will join the Remuneration Committee.

Share Capital

At 30 September 2022, the issued share capital of the Company stood at 443,620,823 – with no new shares having been issued during the period.

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

By Order of the Board


Jonathan Morley-Kirk
Chairman
31 March 2023

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STATEMENT OF COMPREHENSIVE INCOME

For the half-year ended 30 September 2022

| | Note | 30 Sep 2022 (unaudited) GBP | 30 Sep 2021 (unaudited) GBP |
|---|-------|-----------------------------------|-----------------------------------|
| Administrative expenses | | (91,327) | (96,302) |
| Interest income | | - | 9,707 |
| Fair value gain | 7 | 8,696 | 66,494 |
| Impairment expenses | | - | (40,000) |
| Loss before taxation | | (82,631) | (60,101) |
| Income tax expense | | - | - |
| Loss for the period | 4 | (82,631) | (60,101) |
| Earnings per share: Basic and diluted loss per share | 6 | (0.0002) | (0.0002) |

The accompanying notes form an integral part of these financial statements.

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STATEMENT OF FINANCIAL POSITION
at 30 September 2022

| | Note | 30 Sep 2022 (unaudited) GBP | 30 Sep 2021 (unaudited) GBP |
|---------------------------------|------|-----------------------------------|-----------------------------------|
| Current assets | | | |
| Trade and other receivables | 5 | 94,675 | 34,656 |
| Cash and cash equivalents | | 10,743 | 212,005 |
| | | | |
| Current liabilities | | | |
| Trade and other payables | | (101,335) | (90,000) |
| Borrowings | | (627,537) | (450,000) |
| | | (728,872) | (540,000) |
| | | | |
| Net assets/(liabilities) | | (623,454) | (293,339) |
| Equity | | | |
| Issued share capital | 6 | 6,488,490 | 6,287,269 |
| Retained earnings | | (8,883,963) | (7,783,516) |
| Other Reserves | 8 | 1,772,019 | 1,202,908 |
| | | (623,454) | (293,339) |

The accompanying notes form an integral part of these financial statements.

These financial statements were approved by the Board of Directors.


Jonathan Morley-Kirk
Chairman
31 March 2023

AMALA FOODS PLC
FINANCIAL REPORT FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2022 (UNAUDITED)

STATEMENT OF CHANGES IN EQUITY
at 30 September 2022

| | Share Capital GBP | Retained Earnings GBP | Other Reserves GBP | Total Equity GBP |
|---|-------------------------|-----------------------------|--------------------------|------------------------|
| At 31 March 2021 (unaudited) | 6,455,154 | (7,723,415) | 1,306,142 | 37,881 |
| Loss for the period | - | (60,101) | - | (60,101) |
| Total comprehensive income for the period | - | (60,101) | - | (60,101) |
| Issue of new ordinary shares (net) | (167,885) | - | - | (167,885) |
| Reserves | - | - | (103,234) | (103,234) |
| Total transactions with owners | (167,885) | - | (103,234) | (271,119) |
| At 30 September 2021 (unaudited) | 6,287,269 | (7,783,516) | 1,202,908 | (293,339) |
| Loss for the period | - | (1,017,816) | - | (1,017,816) |
| Total comprehensive income for the period | - | (1,017,816) | - | (1,017,816) |
| Issue of new ordinary shares (net) | 201,221 | - | - | 201,221 |
| Reserves | - | - | 511,807 | 511,807 |
| Total transactions with owners | 201,221 | - | 511,807 | 713,028 |
| At 31 March 2022 | 6,488,490 | (8,801,332) | 1,714,715 | (598,127) |
| Loss for the period | - | (82,631) | - | (82,631) |
| Total comprehensive income for the period | - | (82,631) | - | (82,631) |
| Warrants reserves | - | - | (8,696) | (8,696) |
| Shares to be issued reserve | - | - | 66,000 | 66,000 |
| Total transactions with owners | - | - | 57,304 | 57,304 |
| At 30 September 2022 (unaudited) | 6,488,490 | (8,883,963) | 1,772,019 | (623,454) |

The accompanying notes form an integral part of these financial statements.

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CASH FLOW STATEMENT

For the half-year ended 30 September 2022

| | Note | 30 Sep 2022 (unaudited) GBP | 30 Sep 2021 (unaudited) GBP |
|--|------|-----------------------------------|-----------------------------------|
| Cash flows from operating activities | | | |
| Cash paid to suppliers & employees | | (9,124) | (139,838) |
| Net cash from operating activities | | | |
| | | (9,124) | (139,838) |
| Cash flows from financing activities | | | |
| Loan received | | - | 246,284 |
| Net cash used in financing activities | | | |
| | | - | 246,284 |
| Net increase (decrease) in cash | | | |
| | | (9,124) | 106,446 |
| Cash and cash equivalents at start of period | | 19,867 | 105,559 |
| Cash and cash equivalents at end of the period | | 10,743 | 212,005 |

The accompanying notes form an integral part of these financial statements.

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NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 30 September 2022

1. BASIS OF PREPARATION AND ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

The interim financial statements have been prepared in accordance with the recognition and measurement principles of UK adopted International Accounting Standards and expected to be effective at the year-end of 31 March 2023. The accounting policies are unchanged from the financial statements for the year ended 31 March 2022. The interim financial statements, which have been prepared in accordance with International Accounting Standard 34 (IAS 34) as adopted by the European Union, are unaudited. Accounts for the year ended 31 March 2022, prepared in accordance with IFRS, have been filed. The Auditors' Report on these accounts was unqualified, but did include a material uncertainty in respect of going concern.

The interim financial statements are for the six months to 30 September 2022. The interim consolidated financial information does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended 31 March 2022, which were prepared in accordance with UK adopted International Accounting Standards.

2. GOING CONCERN

The Company entered into a Deed of Standstill with a creditor to reprofile outstanding debt to a reduced amount of GBP 690,000 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, after the balance sheet date, 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 and the end of June 2023 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. However, 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 Directors have agreed to not receiving any remuneration due to them as at 30 September 2022 and for their services provided during the period of the suspension of the listing and until a successful transaction is completed that results in a Reverse Takeover.

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

3. SEGMENTAL REPORTING

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

4. LOSS FOR THE PERIOD BEFORE TAX

| | |
|-----------------------------------|-----------------------------------|
| 30 Sep 2022 (unaudited) GBP | 30 Sep 2021 (unaudited) GBP |
|-----------------------------------|-----------------------------------|

Loss for the period has been arrived at after charging:

| | | |
|------------------------|--------|--------|
| Directors remuneration | 70,000 | 70,000 |
|------------------------|--------|--------|

After the period end date, the Directors agreed to receive no remuneration that was due and to receive no further remuneration until a successful transaction resulting in a Reverse Takeover is achieved.

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5. TRADE AND OTHER RECEIVABLES

| | 30 Sep 2022 (unaudited) GBP | 30 Sep 2021 (unaudited) GBP |
|---|-----------------------------------|-----------------------------------|
| Prepaid Consideration – Amala Foods Inc | - | 34,656 |
| Investment – Terra Rara UK Ltd | 94,675 | - |
| Balance at end of period | 94,675 | 34,656 |

Prepaid Consideration – Amala Food Inc was written off as detailed in the 31 March 2022 Annual Report.

Loan receivables at 30 September 2022 relates to USD 125,000 loaned to Terra Rara UK Ltd on 22 February 2022 with a 1 year term and carries a 0.5% interest rate. On 17 March 2023, the Company announced that the proposed acquisition of Terra Rara UK Ltd was terminated.

6. SHARE CAPITAL

6.1 Share Capital

| | 30 Sep 2022 (unaudited) Number | 30 Sep 2021 (unaudited) Number | 30 Sep 2022 (unaudited) GBP | 30 Sep 2021 (unaudited) GBP |
|---|--------------------------------------|--------------------------------------|-----------------------------------|-----------------------------------|
| Opening balance | 373,620,823 | 348,950,355 | 5,972,980 | |
| Ordinary shares – new shares issued during the period | 70,000,000 | 24,670,468 | 210,000 | 471,690 |
| Loan receivables settlement and adjustments | - | - | (8,759) | (157,401) |
| Closing balance | 443,620,823 | 373,620,823 | 6,488,490 | 6,287,269 |

The shares have no par value. The Group holds 19,607,383 shares in treasury (30 September 2021, 11,000,000).

6.2 Earnings Per Share

| | 30 Sep 2022 (unaudited) GBP | 30 Sep 2021 (unaudited) GBP |
|--|-----------------------------------|-----------------------------------|
| Basic and diluted earnings per share | (0.0002) | (0.0002) |
| Loss used to calculate basic and diluted earnings per share | (82,631) | (60,101) |
| Weighted average number of shares used in calculating basic and diluted earnings per share | 443,620,823 | 373,620,823 |

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 2022 and 2021, the potential ordinary shares were anti-dilutive as the Group 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 noted in note 7 could potentially dilute EPS in the future.

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7. SHARE WARRANTS

Warrants are denominated in Sterling and are issued for services provided to the Company

Warrants at 30 September 2022:

| Exercise price | No. issued and exercisable at 01 Apr 2022 | No. exercised in period | No. lapsed in period | No. outstanding and exercisable at 30 Sep 2021 | Expiry date |
|------------------------|--|--------------------------------|-----------------------------|---|--------------------|
| 1.35p | 4,324,320 | - | - | 4,324,320 | 19 October 2023 |
| 1.10p | 5,404,400 | - | - | 5,404,400 | 19 November 2023 |
| 1.15p | 43,478,260 | - | - | 43,478,260 | 16 July 2025 |
| Closing balance | 53,206,980 | - | - | 53,206,980 | |

8. RESERVES

| | 30 Sep 2022 (unaudited) GBP | 30 Sep 2021 (Re-stated unaudited) GBP |
|---------------------------------|-----------------------------------|--|
| Share options reserve | 977,617 | 949,733 |
| Warrants reserve | 372,463 | 23,239 |
| Shares to be issued reserve | 421,939 | 229,936 |
| Balance at end of period | 1,772,019 | 1,202,908 |

9. EVENTS AFTER THE REPORTING PERIOD

The Company announced on 17 March 2023 that the proposed acquisition of Terra Rara UK Ltd (announced on 23 May 2022) was terminated. The Directors determine this to be a non-adjusting event due to their being no intention or negotiations as at 31 March 2022 to terminate the transaction and therefore no adjustments have been made to the balance due from Terra Rara UK Ltd as at 31 March 2022 as a result of this subsequent event.

The Company entered into a Deed of Standstill with a creditor to reprofile outstanding debt to a reduced amount of GBP 690,000 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.

The Company announced on 17 March 2023 that GBP 405,000 had been raised via Convertible Loan Notes to fund a transaction leading to a Reverse Takeover. The Convertible Loan Notes will automatically convert to shares upon a successful Reverse Takeover at a 50% discount to the Readmission should a Reverse Takeover be achieved by April 2023 and will be repayable in cash if not.

The Directors agreed to receive no remuneration that was due and to receive no further remuneration until a successful transaction resulting in a Reverse Takeover is achieved.

The Company announced on 17 March 2023 the appointment of Celia Li to the Board as a Non-Executive Director.