

Ross Group Plc Half Yearly Financial Report 30th June 2022

HALF YEARLY FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 30 JUNE 2022

Financial Summary (6 months to 30 June 2022)

	2022 £'000	2021 £'000	Change
Group Revenue	-	-	-
Gross Profit/(Loss)	-	-	-
Profit/(Loss) before tax	(686)	(85)	500.3%
Basic earnings per share	-0.28p	-0.04p	500.3%
Diluted earnings per share	-0.22p	-0.03p	500.3%

Chairman's Statement

It is once again my pleasure to report to you on both the business activities and the financial interim results of the Ross Group PLC ("Group") for the six month period ended 30th June 2022.

I would like to report that, in this period, Ross Group PLC ("the Group") has continued to proceed to implement its planned business strategy, notwithstanding continuing to endure exceptional circumstances related to COVID and its consequential economic effects, all of which as a result has therefore subsequently resulted in a net loss after tax of £685,000 (2021 £85,000 loss) without revenue.

The Board during the first half of 2022 has faced uniquely unprecedented challenges in the process of endeavouring to restructure its respective start-up businesses within the existing overall operations that were both acquired in 2019/2020 and subsequently effect by COVID during the last 2 years and also required restructuring of its Ross Diversified division into a more defined water, hydrogen, oil and gas specialist supply chain management and service-providing operation, including, but not limited to, supply chain financing, in addition to its existing Commodity business (including, but not limited to, teak wood and others)

Consequently, this division is currently in detailed discussions with two exciting start-up businesses that are wanting to engage in such specialist supply chain management services and related operations.

As a result, the Group is therefore currently in the process of implementing and/or amending its specialistic supply chain management protocols, procedures and respective disciplines, in order to put in place a more appropriate robust financial and investment infrastructure through the adoption and application of a more horizontal integrational sub-strategy that will hopefully place the Group to be in a better position so as to try to provide more efficient and successful specialist supply chain management services in the foreseeable future.

The Group has also recently extended an invitation to Mr Stephen Johanns to be appointed as a Director-Designate (subject to his formal election approval at the forthcoming 2022 AGM)

and believe that his specialist skill set in both the Group's supply chain management services in areas of energy and critical infrastructure, as well as his own expertise in critical mineral supply chain solutions, will help the Group produce some exciting and dynamic opportunities in the near future. As in previous years, whereby we have utilised our specialist supply chain management services in order to sustain our operational overhead, we will also now be endeavouring to explore specifically some strategic specialist supply chain opportunities and in doing we have recently initiated a specific restructuring of Ross Diversified Trading Ltd, a wholly-owned subsidiary of some 30 years, whereby it is envisioned that this division should specifically provide a particular platform for another specialist supply chain related business or businesses.

Whilst there has been no revenue during this particular period from any outside third party contracts, it is now the Group's intention to significantly revert and re-implement resources that will enable the Group to grow its global supply chain services and produce a more substantial revenue stream in the future.

Business Outlook

For the second half of 2022 the Board will continue, along with our team of Advisors and Consultants, to work tirelessly with our specialist supply chain management team in trying to successfully build a business of a specialist supply chain strategy centered around its Standard Incorporate Coding of Mining & Mineral business in order to try and ensure that the Group has a more balanced structure that can allow and enable the exploring other opportunities that may also arise during this uncertain and unique time.

The Directors have prepared cashflow forecasts to December 2023. These cashflows have been sensitized to assess the adequacy of cash and funding available should future economic effects of recession and/or inflation impinge the activities of the Group. The directors have also confirmed additional independent financial support should additional resources be required. Based on the sensitivity testing and additional resources available the Directors are satisfied the Group can continue as a going concern for the foreseeable future.

Principal Risks and Uncertainties

The main risk to the existing operations of the Group is the possibility of depleting necessary working capital in the event of not being able to achieve enough specialist supply chain management service revenues and/or incurring excessive expenses and/or overhead within a viable period of time. The Board is both fully aware of these risks and, as a result, has always endeavoured to managed its cash and cashflow conservatively and prudently; having already ensured that its exposure to any RGP-525 liabilities in this instance are primarily limited to its initial investment. In addition, the Board is equally endeavouring to ensure that funds are being made available to the Group, whilst also exploring other opportunities, specifically in the supply chain of water, hydrogen, oil and gas sectors for future growth.

Your Directors are therefore reasonably confident that the Group currently has both the financial resources and capability to fund existing expenses for future specialist supply chain management growth.

Dividend

No ordinary interim dividend is proposed after considering the result for the first half of the year, and the existing deficiency of retained reserves.

I would very much like to thank the members of the Board of Directors, as well as our contractors, consultants and advisors for all their continued, and highly appreciated, support, expertise and hard work.

Finally, as always, on behalf of our Board of Directors, I would also like to personally extend my sincere thanks to our extraordinarily loyal and also new shareholders for all their continued confidence, patience and truly exceptional understanding.

Sincerely,

A handwritten signature in black ink, appearing to read 'Barry Pettitt', with a stylized flourish at the end.

Barry Richard Pettitt
Chairman and Group Managing Director

Approved 30 September 2022

CONDENSED CONSOLIDATED INCOME STATEMENT UNAUDITED

	6 months ended 30 June 2022 £'000	6 months ended 30 June 2021 £'000 Restated	Year ended 31 Dec 2021 £'000
Group Revenue	-	-	-
Gross Profit	-	-	-
Profit / (Loss) before Finance Cost	<u>(505)</u>	<u>131</u>	<u>(1,873)</u>
Finance Cost	181	216	703
(Loss) before Taxation	<u>(686)</u>	<u>(85)</u>	<u>(2,576)</u>
Taxation	-	-	-
(Loss) for the Period	<u>(686)</u>	<u>(85)</u>	<u>(2,576)</u>
Earnings per share (pence)	-0.28	-0.04	-1.11
Diluted earnings per share (pence)	-0.22	-0.03	-0.85

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY UNAUDITED

	Share Capital	Accumulated Losses Restated	Translation Reserve Restated	Other Reserves
Balance at 1 Jan 2021	11,218	(39,820)	(199)	15,384
(Loss) / Profit for the period	-	(85)	-	-
Foreign exchange adjustment	-	-	(13)	-
Total comprehensive income / (deficit)	-	(85)	(212)	-
Balance at 30 June 2021	11,218	(39,905)	(212)	15,384
(Loss) / Profit for the period	-	(2,491)	-	-
Foreign exchange adjustment	-	-	-	-
Total comprehensive income / (deficit)	-	(2,491)	-	-
Share issue	14	-	-	-
Movement on convertible loans	-	453	-	-
Balance at 31 Dec 2021	11,232	(41,943)	(212)	15,384
Balance at 1 Jan 2022	11,232	(41,943)	(212)	15,384
(Loss) / Profit for the period	-	(686)	-	-
Foreign exchange adjustment	-	-	(387)	-
Total comprehensive income / (deficit)	-	(686)	(387)	-
Share issue	10	-	-	-
Balance at 30 June 2022	11,242	(42,629)	(599)	15,384

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION UNAUDITED

	6 months ended 30 June 2022 £'000	6 months ended 30 June 2021 £'000 Restated	Year Ended 31 Dec 2021 £'000
Non Current Assets	53	802	68
Current Assets:			
Trade and Other Receivables	171	129	117
Cash and Cash Equivalents	12	307	209
	<u>183</u>	<u>436</u>	<u>326</u>
Total Assets	<u>236</u>	<u>1,238</u>	<u>394</u>
Equity and Liabilities			
Shareholders' Equity:			
Share Capital	11,242	11,218	11,232
Share Premium Account	3,708	3,146	3,540
Other Reserves	15,384	15,384	15,384
Convertible debentures	4,692	5,145	4,692
Translation reserve	(599)	(212)	(212)
Retained Earnings	<u>(42,629)</u>	<u>(39,905)</u>	<u>(41,943)</u>
Total Equity	(8,202)	(5,224)	(7,307)
Non-Current Liabilities:			
Lease Liabilities	22	28	10
Long Term Borrowings	3,345	2,552	3,003
Provisions	813	-	813
Current Liabilities:			
Trade and Other Payables	3,673	3,178	3,315
Shareholders funds in advance	-	378	-
Lease Liabilities	10	35	37
Bank Overdraft and Loans	<u>575</u>	<u>291</u>	<u>523</u>
Total Liabilities	8,438	6,462	7,701
Total Equity and Liabilities	<u>236</u>	<u>1,238</u>	<u>394</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS UNAUDITED

	6 months ended 30 June 2022 £'000	6 months ended 30 June 2021 £'000	Year Ended 31 Dec 2021 £'000
Net Cash From/(Used In) Operating Activities	(661)	(281)	(885)
Net Cash Used In Investing Activities	(1)	567	793
Cash Flows From Financing Activities:			
Amount withdrawn by Directors	35	5	-
Issue of ordinary shares	178	-	408
Net Increase/(Decrease) In Borrowings and Lease Liabilities	379	(75)	(198)
Net Cash Flow From Financing Activities	<u>(70)</u>	<u>(70)</u>	<u>210</u>
Net Increase/(Decrease) In Cash and Cash Equivalents	(197)	216	118
Cash and Cash Equivalent at Beginning of Period	<u>209</u>	<u>91</u>	<u>91</u>
Cash and Cash Equivalent at End of Period	<u>12</u>	<u>307</u>	<u>209</u>

Notes to the Interim Report

(1) The financial information contained in these statements for the six months ended 30 June 2022 and 30 June 2021 is unaudited and does not constitute statutory accounts as defined in section 434 of the Companies Act 2006.

These statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the UK.

The interim financial statements have been prepared on the basis of the accounting policies set out in the audited statutory accounts for the year ended 31 December 2021.

The comparative information at 30 June 2021 has been restated as detailed in note 11.

(2) Reconciliation of Operating (Loss) / Profit to Net Cash Flows From Operating Activities

	6 months ended 30 June 2022 £'000	6 months ended 30 June 2021 £'000 Restated	Year Ended 31 Dec 2021 £'000
Operating Profit / (Loss)	(505)	134	(1,873)
Profit on sale of fixed assets	-	(578)	(337)
Exchange differences	(391)	(13)	(4)
Depreciation and Amortisation	21	260	525
(Increase)/ Decrease In Trade and Other Receivables	(18)	135	212
Increase/(Decrease) In Trade and Other Payables	232	(219)	592
Net Cash Generated From/(Used In) Operations	<u>(661)</u>	<u>(281)</u>	<u>(885)</u>

(3) No ordinary interim dividend is proposed for 2022 (2021 - £Nil).

(4) The comparative cash flow for the year ended 31 December 2021 has been extracted from the audited accounts. The cash flows for the six months ended 30 June 2021 and 30 June 2022 are unaudited.

(5) Reconciliation of Movements In Equity

	6 months ended 30 June 2022 £'000	6 months ended 30 June 2021 £'000 Restated	Year Ended 31 Dec 2021 £'000
Share Premium Account			
Brought Forward	3,540	3,146	3,146
Movement	168	-	394
Carried Forward	<u>3,708</u>	<u>3,146</u>	<u>3,540</u>
Other Reserves			
Brought Forward	15,384	15,384	15,384
Movement	-	-	-
Carried Forward	<u>15,384</u>	<u>15,384</u>	<u>15,384</u>
Translation Reserve			
Brought Forward	(212)	(199)	(199)
Foreign exchange adjustment	(387)	(13)	(13)
Carried Forward	<u>(599)</u>	<u>(212)</u>	<u>(212)</u>
Retained Earnings			
Brought Forward	(41,943)	(39,820)	(39,820)
(Loss) / Profit for the Period	(686)	(85)	(2,576)
Value of conversion rights on convertible loans	-	-	453
Carried Forward	<u>(42,629)</u>	<u>(39,905)</u>	<u>(41,943)</u>
Convertible Debenture			
Brought Forward	4,692	5,145	5,145
Movement	-	-	(453)
Carried Forward	<u>4,692</u>	<u>5,145</u>	<u>4,692</u>

On 14 June 2022 the company made an announcement to the London Stock Exchange confirming the issue of 9,087,000 shares equivalent to 4% of its existing shareholding at a fixed price of 1.79 pence per new ordinary share.

(6) Non Current Assets

	Right of use assets Land & Buildings £'000	Property, Plant & Equipment £'000	Total £'000
Cost			
At 1 January 2022	138	33	171
Foreign exchange adjustment	4	1	5
Additions	-	1	1
At 30 June 2022	<u>142</u>	<u>35</u>	<u>177</u>
Depreciation / Amortisation			
At 1 January 2022	97	6	103
Charge for the period	18	3	21
On disposals	-	-	-
At 30 June 2022	<u>115</u>	<u>9</u>	<u>124</u>
Net Book Value			
At 30 June 2022	<u>27</u>	<u>26</u>	<u>53</u>
At 1 January 2022	<u>41</u>	<u>27</u>	<u>68</u>

(7) Current Assets

	30 June 2022 £'000	31 Dec 2021 £'000	30 June 2021 £'000 Restated
Trade receivables	-	-	-
Prepayments and accrued income	11	9	11
Other debtors	62	45	47
Directors loan	98	63	58
Loans to associated undertakings	-	-	13
	<u>171</u>	<u>117</u>	<u>129</u>

Interest is charged on the Directors loan at a commercial rate.

(8) Current Liabilities

	30 June 2022 £'000	31 Dec 2021 £'000	30 June 2021 £'000 Restated
Trade payables	368	293	245
Other creditors	448	407	496
Accruals and deferred income	210	280	191
Amounts owed to associated undertakings	2,647	2,335	2,246
Lease creditor	10	37	35
Other loans	229	177	-
Debentures	346	346	291
Shareholders funds in advance		-	378
	<u>4,258</u>	<u>3,875</u>	<u>3,882</u>

(9) Non Current Liabilities

	30 June 2022 £'000	31 Dec 2021 £'000	30 June 2021 £'000 Restated
Lease creditor	22	10	28
Debentures	1,318	1,256	825
Other loans	2,027	1,747	1,727
Provision	813	813	-
	<u>4,180</u>	<u>3,826</u>	<u>2,580</u>

(10) On 27 September 2018 two convertible loan debentures were issued for £4,010,000 and £2,062,172 with a coupon rate of 5%.

The loan notes are convertible into Ordinary shares of the parent entity in three years after the date of issue.

At the Annual General Meeting on 31 December 2020 it was agreed to extend the conversion period to 26 September 2022.

At the Annual General Meeting on 31 December 2021 it was agreed to extend the conversion period to 26 September 2025.

The convertible loan debenture will give right to a percentage of the issued share capital of the parent company at the date of conversion. Each tranche of £1 million debenture owed by the long term holders correspond to 4.925% of the issued share capital at the date of conversion, resulting in a fixed percentage of the issued share capital of the company to be allotted to the loan holders regardless of the value / amount of the share capital of the company.

	30 June 2022	31 Dec 2021
	£'000	£'000
Face value of notes issued	6,072	6,072
Value of conversion rights	4,692	4,692
Convertible loan debenture liability	<u>1,380</u>	<u>1,380</u>
Interest expense recognized in period	<u>61</u>	<u>222</u>

The other loans have been advanced to the company from One World Limited. The funding was provided for a three year period, and interest is charged on these loans at 6%.

(11) The Group has restated the condensed consolidated income statement, condensed consolidated statement of financial position, and condensed consolidated statement of changes in equity for 30 June 2021. This is due errors in the accounting treatment for convertible loan debentures, foreign exchange translation and recognition of a Group asset which was not owned by the Group. This has been considered as a prior year error and has been corrected in accordance with IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors). Further details on the impact of the restatement were included in the financial statements for the year ended 31 December 2021.

(12) As no revenue has been generated throughout the group in this period nor the prior period, the Chief Operating Decision Maker believes the information already disclosed in the interim financial statements is adequate to fulfill the requirements of IFRS8 segmental reporting. This will be reconsidered at the year end and in future periods as the group begins to trade.

(13) The Interim Report will be sent by mail to all registered shareholders and copies will be available from the Company's registered office at 71-75 Shelton Street, London, WC2H 9JQ. A downloadable copy will also be posted on the Company's website www.ross-group.co.uk

Responsibility statement:

The Directors confirm that, to the best of their knowledge: -

- a) the condensed set of financial statements has been prepared in accordance with International Financial Reporting Standards (IFRS) and IAS 34 'Interim Financial Reporting';
- b) the financial statements give a true and fair view of the assets, liabilities, financial position and loss of the group:
- c) the interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and
- d) the interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties' transactions and changes therein).

On behalf of the Board



B Pettitt
Chief Executive Officer

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