

Abal Group Plc

Half year results

Operational and strategic overview

In the group's Annual Report for the year ended 31 March 2019, there was an explanation in some detail of the circumstances leading up to the disposal of all the group's Imaginatik innovation business and assets on 5 February 2019. From the date of that disposals, the Company changed its name and became an AIM Rule 15 cash shell seeking new investment opportunities.

On 27 September 2019, the Company announced that a conditional share purchase and sale agreement had been reached to acquire all of the share capital of Supply@Me SRL.

Supply@Me SRL is an Italian company that has developed an innovative, proprietary, digital system which underpins a fintech platform that enables customers to carry out 'inventory monetisation' transactions by transforming their unsold stock of goods to Supply@Me SRL.

The consideration will only be by the issue of new ordinary shares in Abal, the number of which remains uncertain pending final negotiations, and a further share placing is planned to cover the costs of the proposed transaction and to provide working capital and development capital. This transaction would be both a reverse takeover and a related party transaction in accordance with the AIM Rules, because of the relationships between certain persons in relation to the Company and Supply@Me SRL and its shareholders and service providers.

Negotiations for this potential acquisition are approaching a conclusion, but are still subject to several key approvals. There is no assurance that the agreement will complete. Please be assured your board are making every effort to deliver a successful result for shareholders.

Financial overview

As already reported, in February 2019 the Company sold its Imaginatik business and business assets. Consequently, in the current six months reporting period to 30 September 2019, the Company was a cash shell seeking new investment opportunities. In this period, there was no income, except from the close out of a small rented property in the USA, and the Company's costs were that of sustaining the Company and its AIM listing, and the not insignificant costs, mainly professional fees, incurred in the normal processes towards achieving and completing the new investment referred to above in the overview part of this report.

Under IFRS accounting, the results of the Group are separated between continuing and discontinued operations, and prior year consolidated figures have been restated where appropriate. The continuing operations represent the ongoing activities of the holding company as a cash shell with the costs of maintaining the Company and seeking new investment. The discontinued operations include all the trading activities up to the date of the sale plus the profit on the sale.

The financial results for the six months to 30 September 2019 are summarised as follows:

- Continuing Operations:
 - Revenues for H1 2019 £nil (H1 2018: £nil)
 - Corporate expenses H1 2019 £641,000 (H1 2018: £360,000)
 - Taxation H1 2019 £nil (H1 2018: £nil)
 - Loss from Continuing Operations H1 2019 £601,000 (H1 2018: £349,000)
- Discontinued Operations:
 - Pro/(Loss) from Discontinued Operations H1 2019 £nil (H1 2018: Loss (£246,000))
- Total comprehensive loss H1 2019 (£601,000) (H1 2018: Loss (£595,000))
- Cash balances H1 2019 £126,000 (H1 2018: £14,000)

Simon Charles, Chairman

Abal Group PLC

Consolidated Statement of Comprehensive Income

For the six months ended 30 September 2019

	6 Months Ended 30 Sept 2019 Unaudited £'000	6 Months Ended 30 Sept 2018 Unaudited*	Year Ended 31 March 2019 Audited*
Notes	£'000	£'000	£'000
Continuing Operations	2		
Revenue	-	-	-
Cost of Sales	-	-	-
Gross Profit	-	-	-
Administrative Expenses	(190)	(360)	(726)
Exceptional item - Administrative Expenses	(451)	-	-
Other Income	40	31	69
Operating (Loss)	(601)	(329)	(657)
Financial Expense	-	(20)	(42)
(Loss) Before Income Tax	(601)	(349)	(699)
Income tax	3	-	-
(Loss) from continuing operations	(601)	(349)	(699)
Profit / (Loss) from discontinued operations	2	(246)	325
(Loss) and total comprehensive income for the period attributable to the equity shareholders of the parent	(601)	(595)	(374)
Earnings per ordinary share (pence) from continuing and discontinued operations attributable to the equity shareholders:			
Continuing operations basic - pence	4	(0.15)p	(1.26)p
Total basic earnings per share attributable to the equity shareholders of the parent - pence	4	(0.15)p	(0.71)p

*Prior period figures restated to be comparative to current period continuing and discontinued operations.

Abal Group PLC

Consolidated Statement of Financial Position as at 30 September 2019

	30 Sep 2019 Unaudited £'000	30 Sep 2018 Unaudited £'000	31 March 2019 Audited £'000
Non-Current Assets			
Property, Plant & Equipment	-	16	-
Intangible Assets	-	987	-
Trade & other receivables		127	
Total Non-Current Assets	-	1,130	-
Current Assets			
Trade & Other Receivables	94	897	121
Cash & Cash Equivalents	126	14	771
Total Current Assets	220	911	892
Total Assets	220	2,041	892
Equity			
Ordinary Share Capital	4,767	4,766	4,767
Share premium	9,599	8,911	9,599
Other reserves	1,217	1,278	1,217
Profit and Loss	(15,808)	(15,409)	(15,207)
Equity	(225)	(454)	376
Liabilities			
Current Liabilities			
Trade & Other Payables	392	2,333	463
Derivative financial instruments	53	-	53
Total Current Liabilities	445	2,333	516
Non-Current Liabilities			
Other payables	-	162	-
Total Liabilities	445	2,495	516
Total Equity and Liabilities	220	2,041	892

Abal Group PLC

Consolidated Statement of Cash Flows For the six months ended 30 September 2019

	6 Months Ended 30 Sep 2019 Unaudited £'000	6 Months Ended 30 Sep 2018 Unaudited* £'000	Year Ended 31 March 2019 Audited* £'000
Cash Flows from Operating Activities			
Operating profit/(loss) before tax from:			
Continuing operations	(601)	(575)	(699)
Discontinued operations	-		325
Adjustments to cash flows from non-cash items:			
Depreciation, amortisation and impairments	-	105	203
Profit on sale of business	-		(935)
Share based payment transactions	-	26	(35)
Derivative financial instrument	-		34
Income tax credit	-		(141)
Interest	-		8
Change in Trade & Other Receivables	27	74	156
Change in Trade & Other Payables	(71)	(61)	(512)
Cash (Used in) Operations	(645)	(431)	(1,596)
Finance Costs		(20)	(8)
Tax Received	-		141
Net Cash (Used in) Operating Activities	(645)	(451)	(1,463)
Cash Flows from Investing Activities			
Proceeds from sale of business	-	-	1,207
Purchase of Intangible Assets	-	(157)	(205)
Net Cash Generated (Used) in Investing Activities	-	(157)	1,002
Cash Flows from Financing Activities			
Proceeds from the issue of ordinary shares	-	561	1,171
Net Cash Generated from Financing Activities	-	561	1,171
Net Increase/ (Decrease) in Cash and Cash Equivalents	(645)	(47)	710
Cash and Cash Equivalents at the Start of the Period	771	61	61
Cash and Cash Equivalents at the End of the Period	126	14	771

*Prior period figures restated to be comparative to current period continuing and discontinued operations.

Abal Group PLC

Consolidated Statement of Changes in Equity For the six months ended 30 September 2019 (unaudited)

	Ordinary Share Capital	Share Premium	Share Option Reserve	Retained Losses	Total
	£'000	£'000	£'000	£'000	£'000
At 1 April 2019	4,767	9,599	1,217	(15,207)	376
Comprehensive Loss for the Period	-	-	-	(601)	(601)
At 30 September 2019	4,767	9,599	1,217	(15,808)	(225)

For the six months ended 30 September 2018 (unaudited)

	Share Capital	Share Premium	Share Option Reserve	Retained Losses	Total
	£'000	£'000	£'000	£'000	£'000
At 1 April 2018	4,765	8,350	1,252	(14,814)	(447)
Issue of New Shares	1	561	-	-	562
Share Option Charge	-	-	26	-	26
Comprehensive Loss for the Period	-	-	-	(595)	(595)
At 30 September 2018	4,766	8,911	1,278	(15,409)	(454)

For the year ended 31 March 2019 (audited)

	Share Capital	Share Premium	Share Option Reserve	Retained Losses	Total
	£'000	£'000	£'000	£'000	£'000
At 1 April 2018	4,765	8,350	1,252	(14,814)	(447)
Issue of New Shares	2	1,249	-	-	1,251
Share Option Charge	-	-	(35)	-	(35)
Conversion of debt to Equity	-	-	-	(19)	(19)
Comprehensive Loss for the Period	-	-	-	(374)	(374)
At 31 March 2019	4,767	9,599	1,217	(15,207)	376

Abal Group PLC

Notes to the financial statements

For the six months ended 30 September 2019 (unaudited)

1. Basis of preparation

These interim financial statements have been prepared in accordance with IAS 34 – Interim Financial Reporting using the recognition and measurement principles of International Accounting Standards, International Financial Reporting Standards and Interpretations adopted for use in the European Union (collectively "Adopted IFRS").

The principal accounting policies used in preparing these interim financial statements are those expected to apply to the Group's Consolidated Financial Statements for the year ending 31 March 2020 and are unchanged from those disclosed in the Group's audited Annual Report for the year ended 31 March 2019.

The financial information for the six months ended 30 September 2019 and 30 September 2018 is unaudited and does not constitute statutory financial statements for those periods.

The comparative financial information for the year ended 31 March 2019 is not statutory accounts within the meaning of s434 of the Companies Act 2006 but has been derived from the audited statutory financial statements for that year. The statutory accounts for the year ended 31 March 2019 have been reported on by the Company's auditor, delivered to the Registrar of Companies and have been posted on the Group's website.

The auditor's opinion on the Group's financial statements for the year ended 31 March 2019 was unqualified.

2. Continuing operations, discontinued operations and exceptional item

2a Summary

On 4 February 2019 the group sold all of its business and assets. Consequently, disclosure of segmental information is no longer appropriate, and instead the group's results are reported separately under headings for the group's continuing operations as a holding company and for the discontinued operations. The comparative statement of profit and loss has been restated as is the operation had been discontinued from the start of the prior year.

2b Continuing operations and exceptional item

As all the trading activities have been discontinued, there is no ongoing segmental information. The following results for continuing operations are for the administrative costs of the Group's parent company.

	6 Months Ended September 2019 Unaudited £000	6 Months Ended September 2018 Unaudited £000	Year Ended March 2019 Audited £000
Corporate expenses	(190)	(360)	(726)
Exceptional item - Corporate expenses – see note below	(451)	-	-
Other income	40	31	69
Finance cost	-	(20)	(42)
Loss after tax	(601)	(349)	(699)

The exceptional item relates to the cost of professional fees incurred in preparation for the proposed acquisition that is explained in Note 5.

2c Discontinued operations

On 4 February 2019 the group sold all of its business and assets. The financial performance for this disposed business may be summarised:

	6 Months Ended September 2019 Unaudited £000	6 Months Ended September 2018 Unaudited £000	Year Ended March 2019 Audited £000
Revenue	-	1,423	2,297
Expenses	-	(1,669)	(3,048)
Loss before income tax	-	(246)	(751)
Income tax expense	-	-	141
Loss after tax for discontinued operation	-	(246)	(610)
Gain on sale of the subsidiary after tax - see below	-	-	935
Comprehensive income/(loss) from discontinued operation	-	(246)	325

3. Income Tax

There was no income tax for the six month periods ended 30 September 2018 and 2019. There was an income tax credit of £141,000 for the year ended 31 March 2019. This income tax credit represented the research and development tax credits receivable for that period.

4. Earnings per share

Basic EPS loss per share:

	6 months ended September 2019	6 months ended September 2018	Year ended March 2019
(Loss) from continuing operations	£(601,000)	£(349,000)	£(699,000)
Total comprehensive (loss)	£(601,000)	£(595,000)	£(374,000)
Weighted number of Ordinary Shares - thousands	388,372	27,731	52,990
Basic (Loss) per share - continuing operations - pence	(0.15p)	(1.26p)	(1.32p)
Basic total comprehensive (loss) per share - pence	(0.15p)	(2.15p)	(0.71p)

The diluted EPS for the continuing operations and the diluted EPS in total (and in the prior periods) were the same as the Basic EPS as they were all losses. The diluted EPS for the discontinued operations in the year ended 31 March 2019 was a profit of 0.57p. For the calculation of this diluted EPS for the discontinued operations, the profit used was the same as for the Basic EPS, and the Basic weighted average number of shares was increased by 4,428,860 shares in respect of the outstanding share options and convertible loan note. At 31 March 2019, 7,946,158 options were excluded from the diluted EPS because their effect would have been anti-dilutive. The average market value of the shares for the purposes of calculating the dilutive effect was based on quoted market prices for the year during which the options were outstanding.

5. Subsequent event

On 27 September 2019, the group announced that a conditional share purchase and sale agreement had been reached to acquire all of the share capital of Supply@Me SRL. Supply@Me SRL is an Italian company that has developed an innovative, proprietary, digital system which underpins a fintech platform that enables customers to carry out 'inventory monetisation' transactions by transforming their unsold stock of goods to Supply@Me SRL. The consideration will only be

by the issue of new ordinary shares in Abal, the number of which is uncertain, and a further share placing is planned to cover the costs of the proposed transaction and to provide working capital and development capital. This transaction would be both a reverse takeover and a related party transaction in accordance with the AIM Rules, because of the relationships between certain persons in relation to the Company and Supply@Me SRL, its shareholders and service providers and is still subject to several key approvals. There is no assurance that the agreement will complete.

6. Copies of Interim Report

Copies of this interim report are available upon request to members of the public from the Company's registered office, 27/28 Eastcastle Street, London, W1W 8DH. This interim report can also be viewed on the Group's website: www.abalplc.com