Interim Condensed Consolidated Financial Statements
For the six months ended January 31, 2024

August 1, 2023 – January 31, 2024

Prepared by
Rektron Group Inc.
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March 15, 2024

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying interim condensed consolidated financial statements of Rektron Group Inc. were prepared by management in accordance with International Financial Reporting Standards. The most significant of these standards have been set out in the note 1 of these interim condensed consolidated financial statements. Any applicable changes in accounting policies have also been disclosed in these financial statements. Management acknowledges responsibility for the preparation and presentation of the financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances. The Board of Directors is responsible for ensuring management fulfills its financial reporting responsibilities and for reviewing and approving the financial statements together with other financial information. Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

A. Interim Condensed Consolidated statement of income

(unaudited)

USD 1,000	Note	6 month period ended		3 month period ended	
		1/31/2024	1/31/2023	1/31/2024	1/31/2023
Continuing Operations					
Revenue	2	1,348,017	898,421	718,834	470,747
Cost of sales	2	(1,331,967)	(887,098)	(710,271)	(464,026)
Gross profit	**2**	**16,050**	**11,323**	**8,563**	**6,721**
Operating expenses					
Selling and administrative expenses	3	(5,782)	(4,654)	(2,985)	(2,843)
Operating profit		10,268	6,669	5,578	3,878
Non-operating expenses					
Financial income and expense	4	(1,178)	(2,620)	(104)	(1,494)
Net finance cost					
Profit before tax		**9,090**	**4,049**	**5,474**	**2,384**
Income tax expense	5	0	0	0	0
Profit from continuing operations		**9,090**	**4,049**	**5,474**	**2,384**
Profit		**9,090**	**4,049**	**5,474**	**2,384**
Profit attributable to:					
Equity holders of Rektron AQ Limited		9,201	4,134	5,541	2,418
Non-controlling interests		(111)	(85)	(67)	(34)
		9,090	4,049	5,474	2,384

B. Interim Condensed Consolidated statement of Comprehensive Income

(unaudited)

USD 1,000	6 month period ended		3 month period ended	
	1/31/2024	1/31/2023	1/31/2024	1/31/2023
Profit	9,090	4,049	5,474	2,384
Other comprehensive income				
Translation differences foreign associated companies	(165)	-	-	-
Total comprehensive income	8,925	4,049	5,474	2,384
Total comprehensive income atrributable to:				
Equity holders of Rektron AQ Limited	9,036	4,134	5,541	2,418
Non-controlling interests	(111)	(85)	(67)	(34)
Total result	8,925	4,049	5,474	2,384

C. Interim Condensed Consolidated Statement of Financial Position

(unaudited)

CONSOLIDATED BALANCE SHEET

USD 1,000	Note	6 month period ended 1/31/2024	6 month period ended 7/31/2023	3 month period ended 1/31/2024	3 month period ended 1/31/2023
Assets					
Non-current assets					
Property plant and equipment	6	36,591	37,455	36,591	38,624
Total non-current assets		**36,591**	**37,455**	**36,591**	**38,624**
Current assets					
Inventories	7	1,138	-	1,138	2,546
Receivables, prepayments and accrued	8	235,279	201,931	235,279	195,809
Cash and cash equivalents	9	9,156	9,783	9,156	12,181
Total current assets		**245,573**	**211,714**	**245,573**	**210,536**
Total assets		**282,164**	**249,169**	**282,164**	**249,160**
Equity and liabilities					
Equity					
Share capital		742	148	742	1
Reserves and retained earnings		109,924	101,482	109,924	91,891
Equity attributable to the owners of the company	10	110,666	101,630	110,666	91,892
Non-controlling interest	10	6,299	6,410	6,299	6,584
Total equity		**116,965**	**108,040**	**116,965**	**98,476**
Non-current liabilities					
Loans and borrowings	11	1,596	1,933	1,596	-
Total non-current liabilities		**1,596**	**1,933**	**1,596**	-
Current liabilities and accruals	11	163,603	139,196	163,603	150,684
Total current liabilities		**163,603**	**139,196**	**163,603**	**150,684**
Total equity and liabilities		**282,164**	**249,169**	**282,164**	**249,160**

D. Interim Condensed Consolidated Statement of Cash Flows

(unaudited)

<u>CONSOLIDATED STATEMENT OF CASH FLOW</u>

USD 1,000	6 month period ended		3 month period ended	
	1/31/2024	1/31/2023	1/31/2024	1/31/2023
Operating profit	10,268	6,669	5,578	3,878
Adjustments for:				
- Depreciation (and other changes in value)	873	876	437	438
Working capital changes				
- Movements trade receivables	(14,357)	(11,140)	30,253	90,235
- Movements inventories	(1,138)	(2,424)	(1,138)	(2,546)
- Movements on loans receivable	(18,991)	2,729	(19,456)	1,845
- Movements trade payables	(80)	7,358	(37,592)	(92,116)
- Movements other payables and liabilities	739	(2,577)	514	(2,298)
- Movements trade finance	23,749	1,462	21,369	3,128
Cash flow from operating activities	**1,062**	**2,954**	**(35)**	**2,564**
Investments in other fixed assets	(9)	-	(3)	-
Cash flow from investment activities	**(9)**	**-**	**(3)**	**0**
Repayment of short term liabilities	(337)	-	(41)	0
Other finance income	2,421	-	1,776	0
Other finance expense	(664)	(705)	(284)	(459)
Interest paid	(2,935)	(1,915)	(1,596)	(1,034)
Cash flow from financing activities	**(1,515)**	**(2,620)**	**(145)**	**(1,493)**
Exchange rate and translation differences on movements in cash	(165)	-	(35)	-
Movements in cash	**(627)**	**334**	**(218)**	**1,070**
Opening balance	9,783	11,847	9,374	11,111
Closing balance	9,156	12,181	9,156	12,181
Movement in cash	**(627)**	**334**	**(218)**	**1,070**

E. Interim Condensed Consolidated Statement of Changes in Equity

(before appropriation of result)

USD 1,000	Issued share capital	Share premium	Hedging reserve	Translation reserve	Other reserves	Retained Earnings	Result for the year	Legal entity share in group equity	Non-controlling interest	Group Equity
2023										
Opening Balance 01/08/2022	**1**	**20,719**	**145**	**(485)**	**26,633**	**14,705**	**26,040**	**87,758**	**6,669**	**94,427**
Total comprehensive income and expense for the 6 month period ended 31/01/2023										
Profit/(loss) for the period	-	-	-	-	-	-	4,134	4,134	(85)	4,049
Foreign currency translation differences	-	-	-	-	-	-	-	-	-	-
Total comprehensive income and expense for the period ended 31/01/2023	-	-	-	-	-	-	4,134	**4,134**	(85)	**4,049**
Other movements in equity in 6 month period ended 31/01/2023										
Allocation of prior year result	-	-	-	-	-	26,040	(26,040)	-	-	-
Total other movements in equity	-	-	-	-	-	26,040	(26,040)	-	-	-
Closing balance 31/01/2023	**1**	**20,719**	**145**	**(485)**	**26,633**	**40,745**	**4,134**	**91,892**	**6,584**	**98,476**
Opening Balance 01/02/2023	**1**	**20,719**	**145**	**(485)**	**26,633**	**40,745**	**4,134**	**91,892**	**6,584**	**98,476**
Total comprehensive income and expense for the 6 month period ended 31/7/2023										
Profit/(loss) for the period	-	-	-	-	-	-	9,389	9,389	(174)	9,215
Foreign currency translation differences	-	-	-	349	-	-	-	349	-	349
Total comprehensive income and expense for the period	-	-	-	349	-	-	9,389	**9,738**	(174)	**9,564**
Other movements in equity										
Share issue	147	-	-	-	(147)	-	-	-	-	-
Total other movements in equity	147	-	-	-	(147)	-	-	-	-	-
Closing balance 31/7/2023	**148**	**20,719**	**145**	**(136)**	**26,486**	**40,745**	**13,523**	**101,630**	**6,410**	**108,040**
2024										
Opening Balance 01/08/2023	**148**	**20,719**	**145**	**(136)**	**26,486**	**40,745**	**13,523**	**101,630**	**6,410**	**108,040**
Total comprehensive income and expense for the 6 month period ended 31/01/2024										
Profit/(loss) for the period	-	-	-	-	-	-	9,201	9,201	-111	9,090
Foreign currency translation differences	-	-	-	(165)	-	-	-	-165	-	-165
Total comprehensive income and expense for the period	-	-	-	(165)	-	-	9,201	**9,036**	-111	**8,925**
Other movements in equity										
Allocation of prior year result	-	-	-	-	-	13,523	(13,523)	-	-	-
Share issue (share exchange)	594				(594)			-		-
Total other movements in equity	594	-	-	-	(594)	13,523	(13,523)	-	-	-
Closing balance 31/01/2024	**742**	**20,719**	**145**	**(301)**	**25,892**	**54,268**	**9,201**	**110,666**	**6,299**	**116,965**

F. Notes to the Interim Condensed Consolidated Financial Statements

NOTE 1 – ACCOUNTING POLICIES

1.1 CORPORATE INFORMATION

Rektron Group Inc. ("Rektron" or "the Company") is a company incorporated in Canada under the legislation of the province of British Columbia. The registered office of the Company is located at Suite 406, 5307 Victoria Drive, Vancouver, British Columbia.

The Company is a holding company that primarily invests in operating enterprises in the commodities sector. The group's trading expertise includes principal energy and metals products. In particular, the primary products traded are ferrous and nonferrous metals, crude oil and refined oil products. Rektron optimizes its balance sheet to support the trading activities of its subsidiaries (in oils and metals), further enhancing its ability to transect competitively and efficiently.

The financial year end of the Company is July 31st.

These Interim Condensed Consolidated Financial Statements comprise the financial information of the Company and of its investments in which it exercises a controlling interest. These investments are fully included in the consolidation.

1.2 STATEMENT OF COMPLIANCE

The Interim Condensed Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards as adopted by the International Accounting Standards Board (IASB), The above Standards and Interpretations are collectively referred to as "IFRS" in these financial statements.

1.3 BASIS OF PREPARATION

METHODOLOGY

These interim condensed consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board (IASB) and interpretations of the IFRS Interpretations Committee (IFRIC). These interim condensed consolidated financial statements should be read in conjunction with the Financial Statements and the notes thereto included in the audited 2023 Annual Report of Rektron AQ Ltd.

These Interim Condensed Consolidated Financial Statements for the six months ended January, 31 2024 do not constitute statutory accounts. Certain financial information that is included in the audited annual financial statements but is not required for interim reporting purposes has been condensed or omitted.

GOING CONCERN

The interim financial report for the six-months ended January 31, 2024 has been prepared on a going concern basis as the directors believe there are no material uncertainties that lead to significant doubt that the Group can continue as a going concern in the foreseeable future, a period not less than 12 months from the date of this report. Further information is included in the Directors report.

FUNCTIONAL CURRENCY

All amounts are expressed in thousands of US Dollars, unless otherwise stated, consistent with the predominant functional currency of the company's operations.

SEASONALITY AND CYCLICALITY

The impact of seasonality or cyclicality on operations is not regarded as significant to the unaudited condensed interim consolidated financial statements.

CHANGES IN ESTIMATES

There are no changes in estimates reported in prior (interim) periods of the current financial year or prior financial years that have a material effect in the current interim period.

NOTE 2 – SEGMENT INFORMATION

2.1 GENERAL

The Company is organized in three segments, Energy, Metals and Soft commodities and other. This structure is used by management to assess the performance of the Company. Note that this assessment is based on revenue and gross margin. Overhead expenses, assets and liabilities are not allocated to the various segments.

	6 month period ended			
	Revenue		Gross Profit	
USD 1,000	1/31/2024	1/31/2023	1/31/2024	1/31/2023
Product Segment				
Metals	1,347,466	809,833	15,498	10,827
Oil and other	551	88,588	551	496
Total	**1,348,017**	**898,421**	**16,049**	**11,323**

2.2 GEOGRAPHICAL INFORMATION

The group operates globally and operations are managed by the following geographical analysis. Note that the assets (apart from minor office furniture and equipment) are all located in Europe:

	6 month period ended			
	Revenue		Gross Profit	
USD 1,000	1/31/2024	1/31/2023	1/31/2023	1/31/2023
Regional Segment				
Europe	13,805	187,457	629	1,380
Middle east	2,774	2,847	779	28
Asia - Pacific	1,331,438	707,213	14,641	9,889
Americas & Others	-	904	-	25
Total	**1,348,017**	**898,421**	**16,049**	**11,323**

The allocation of Revenue is on the point of delivery of the product in accordance with agreement made with our customers. This may not necessarily be the country of the counterparty's ultimate parent and/or final destination of product.

Segment revenue reported above represents revenue generated from external customers. The accounting policies of the reportable segments are the same as the group's accounting policies described in note 1.

NOTE 3 – EXPENSES

USD 1,000	6 month period ended 1/31/2024	6 month period ended 1/31/2023	3 month period ended 1/31/2024	3 month period ended 1/31/2023
Administrative expenses				
Personnel	(1,873)	(1,717)	(914)	(1,065)
Sales and marketing expenses	(11)	-	(2)	-
Professional services fees	(1,602)	(1,078)	(872)	(924)
Facilities and offices	(928)	(572)	(504)	(98)
Other operating expenses	(495)	(411)	(255)	(318)
Depreciation and amortization	(873)	(876)	(437)	(438)
Operating expenses	**(5,782)**	**(4,654)**	**(2,985)**	**(2,843)**

Personnel and Professional service fees increased due to the larger number of staff and service providers as well as performance related payments. Facilities and offices increased due to the expansion of our teams that required additional office space.

Depreciation and amortization relate to the depreciation of PPE and reference is made to note 6.

NOTE 4 – FINANCIAL INCOME AND EXPENSE

USD 1,000	6 month period ended 1/31/2024	6 month period ended 1/31/2023	3 month period ended 1/31/2024	3 month period ended 1/31/2023
Financial income and expense				
Interest expenses and similar charges	(2,935)	(1,915)	(1,596)	(1,034)
Other financing income	2,422	-	1,776	-
Other financing costs	(652)	(703)	(280)	(459)
Foreign currency translation effects	(13)	(2)	(5)	(1)
Total financial income and expense	**(1,178)**	**(2,620)**	**(104)**	**(1,494)**

Interest expenses and other financing costs increased due to the increase in sales.

Other financing income is related to the risk management activities in relation to the physical trading activities as well as the treasury activities of any excess cash that is available within the group.

NOTE 5 – TAXATION

The taxation will be calculated for the Group's global operations and in accordance with each relevant jurisdiction on an annual basis. The best estimate is that the taxation is in line with prior year.

No deferred taxes were accounted for in the consolidated statement of income or in other comprehensive income/loss.

Note 6 – Property Plant and Equipment

The movements in Property plant and equipment are as follows:

USD 1,000		Total
Gross carrying amount		
1 August 2022		42,968
Additions and other movements		1
31 July 2023	-	**42,969**
Accumulated depreciation and impairments		
1 August 2022		3,468
Depreciation		2,046
31 July 2023	-	**5,514**
Net book value at 31 July 2023		**37,455**
USD 1,000		
Gross carrying amount		
1 August 2023		42,969
Additions and other movements		9
31 October 2023		**42,978**
Accumulated depreciation and impairments		
1 August 2023		5,514
Depreciation		873
31 January 2024		**6,387**
Net book value at 31 January 2024		**36,591**

There are no significant changes in PPE compared to the last financial statements and only depreciation is accounted for. Management has considered all the factors and concluded on the basis of the internal documents and management reports available that no impairment is required.

Note 7 – Inventories

USD 1,000	31/01/2024	31/07/2023
Trading		
Finished products	1,138	-
Total financial income and expense	**1,138**	**-**

The Trading inventories in general are commodities that are already sold by, but still held by the Trading companies as the Company still retains the principal risks and rewards of ownership. As of January 31, 2024 this position comprise of one metals transaction of which the goods are sold to a customer and in transit. The customer received the material in the first week of February and is invoiced accordingly.

There is no indication that an impairment is to be recorded.

NOTE 8 – RECEIVABLES PREPAYMENTS AND ACCRUED INCOME

USD 1,000	31/01/2024	31/07/2023
Trade receivables	208,963	194,606
Other receivables	5,485	5,564
Financial instruments	20,358	1,551
Taxation	-	25
Prepayments and accrued income	473	185
Total receivables, prepayments and accrued income	**235,279**	**201,931**

None of the Trade receivables are overdue and the credit risk of these trade receivables is insured at renowned insurance firms.

USD 1,000	31/01/2024	31/07/2023
Not yet due	208,963	194,606
0 - 30 days overdue	-	-
30 - 60 days overdue	-	-
60 - 90 days overdue	-	-
>90 days overdue	-	-
Total	**208,963**	**194,606**

Other receivables and Prepayments and accrued income include receivables and prepayments in relation to down payments made in order to secure material for trading purposes.

Financial instruments comprise of the derivatives that the Company acquired in order to mitigate the key trading risks (price and currency risk). Reference is made to note 11 for further information.

NOTE 9 – CASH AND CASH EQUIVALENTS

The total (unrestricted) cash position at January 31, 2024 amounts to USD 9,156 thousand as compared to USD 9,783 thousand as at January 31, 2023.

NOTE 10 – SHARE CAPITAL AND RESERVES

The movement in Equity is provided in E. Interim Condensed Consolidated statement of changes in equity.

The Company was incorporated on 22 March 2023 with the objective to restructure the group in preparation for an Initial Public Offering of the Group on the Canadian Securities Exchange. At the incorporation, 100 shares of USD 0.02 were issued.

On 15 October 2023, the Company received clearance from the Tax Authorities of the United Kingdom and completed the reverse acquisition of Rektron Group AQ Limited. Before this date, on 5 May 2023, already 74,168,960 shares of USD 0.01 were issued in exchange for the shares of Rektron AQ Limited and were held in escrow pending close of the transaction.

Following note 15 Business Combinations, the history of Rektron AQ Limited is reflected in the Equity movement as provided in E. Interim Condensed Consolidated Statement of Changes in Equity. The above mentioned amendments are reflected in the three months period that ended 31 October 2023 in the line item "Share Issue (share exchange)".

	As At January 31, 2024			As At July 31, 2023		
Class	Number of Shares	Issue price in USD	Total amount in USD	Number of Shares	Issue price in USD	Total amount in USD
Ordinary shares	74,169,060	0.01	741,692	74,168,960	0.002	148,338
Total	**74,169,060**	0.01	**741,692**	**74,168,960**	0.002	**148,338**

The table below shows the share capital continuity of Rektron Group Inc.:

	As At January 31, 2024		
Class	Number of Shares	Issue price in USD	Total amount in USD
Incorporation	100	0.02	2
Share Exchange Agree	74,168,960	0.01	741,690
Total	**74,169,060**	**0.01**	**741,692**

NOTE 11 – LIABILITIES

USD 1,000	1/31/2024	7/31/2023
Long-term liabilities		
Subordinated related party loan	1,596	1,933
	1,596	**1,933**
Current liabilities and accruals		
Bank loans and similar (< 1 year)	60,340	36,591
Trade payables	101,525	101,605
Taxes and social security charges payable	201	306
Financial instruments	1,112	352
Other current liabilities	39	39
Accrued liabilities and deferred income	387	303
Total Current Liabilities	**163,603**	**139,196**
Total Liabilities	**165,199**	**141,129**

LONG-TERM LIABILITIES

The Subordinated related parties' loan is a payable to Plutus Partners, the management company of the shareholders. The loan is provided at arm's length condition and is subordinated to other debt.

Current liabilities and accruals

Bank loans and similar (<1 year) consists of lines provided by specialized institutions to facilitate the trades that the Company executes. The pricing of the facilities is within market standards. A breakdown is presented below.

Financial instruments comprise of the derivatives that the Company acquired in order to mitigate the key trading risks (price and currency risk). Reference is made to note 12 for further information.

Uncommitted working capital finance lines

At January 31, 2024, the Company has the following uncommitted working capital finance lines in place. These lines comprise of framework agreements with reputable banks and similar institutions that can accept transactions on a deal-by-deal basis, but are not obliged to do so. This type of financing is perceived as “self-liquidating”: these facilities finance the purchase of commodities at a point in the supply chain of commodities and these are repaid through the payment from the customer. Securities taken by the financing institutions comprise of the underlying material, transport and credit insurances only to the extent that it is related to the transaction itself.

Type of Working capital financing	Uncommitted lines in USD 1 Million	Annualized interest rate
Letters of Credit	180	Libor + 2 to 4%
Transactional Lines	100	Libor + 2 to 4%
Receivables financing	48	Libor +4%
Warrant purchasing	50	Libor+2%
Total uncommitted working capital lines	**378**	

The facilities provided by these institutions are letter of credit lines, transactional lines, bill of lading financing, receivables financing and warrants purchase financing.

- **Letter of Credit Lines**: Letter of credit lines are usually utilised for the energy trading business where a buyer would be required to issue a documentary letter of credit to the Company. The financing institution would, in turn, use this letter of credit from the client to issue a letter of credit to the Company’s supplier. This is generally termed as a back-to-back letter of credit transaction. Furthermore, there are two types of letters of credit: stand-by letters of credit and documentary letters of credit. Stand-by letters of credit are a bank’s unconditional commitment to pay, while documentary letters of credit are conditional on the approval of cargo documents, inspection reports, etc. In our energy business, we only operate with documentary letter of credit, as that ensures that all documents are in order and inspected which massively reduces the risk of releasing payment for products that may not meet the specifications required.
- **Transactional Lines**: In transactional lines, the financier assumes the direct risk of the Company’s buyer. In particular, when the buyer is a large, reputed company, or state-owned or has a good credit rating, the financier would issue a letter of credit to the Company’s supplier without any security from the buyer. The contract between the reputed buyer and DL Hudson is sufficient for the financing party.
- **Receivables Financing**: This is generally used for the metals business. the Company provides credit to a maximum of 90 days. The credit is contingent on getting insurance coverage on the buyer, and if insurance limits are provided, DL Hudson would sell to clients on credit. A receivables financier would provide cash against these credit insured receivables.
- **Warrant Purchase Financing**: Metals traded on the London Metals Exchange (“**LME**”) are traded as warrants. The Company, through its brokers, buys warrants at certain geographical locations. These warrants are then converted to

warehouse receipts at which point the Company is in control of the physical product while the title of the product is still held by the financier as security. The metals are then shipped to the end buyer. A warrant financier would finance the purchase of the warrant to the point where they are converted to warehouse receipts, the transport and until it arrives at the destination warehouse. The buyer would then pay for the goods for the financier to authorise the release of the product to them.

At balance sheet date, an amount of USD 60,340 thousand is utilized and reflected in the balance sheet under current liabilities (Bank loans and similar >1year).

NOTE 12 – FINANCIAL INSTRUMENTS

The table below provides an overview of the financial instruments of the group divided into the classes Fair Value through Profit and Loss ("FVTPL"), Available-for-sale, and Loans and Receivables. Held-to-maturity instruments are not applicable.

	Carrying amount				Fair Value			
31 July 2023 USD 1,000	**Note**	**FVTPL**	**Loans and receivables**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Receivables, prepayments and accrued income	8	1,551	200,380	201,931	1,551	-	-	1,551
Cash and cash equivalents	9	9,783	-	9,783	9,783	-	-	9,783
Total financial assets		**11,334**	**200,380**	**211,714**	**11,334**	**-**	**-**	**11,334**
Borrowings	11	-	1,933	1,933	-	-	-	-
Current liabilities and accruals	11	352	138,844	139,196	352	-	-	352
Total financial liabilities		**352**	**140,777**	**141,129**	**352**	**-**	**-**	**352**

31 January 2024 USD 1,000	**Note**	**FVTPL**	**Loans and receivables**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Receivables, prepayments and accrued income	7	20,358	214,921	235,279	20,358	-	-	20,358
Cash and cash equivalents	8	9,156	-	9,156	9,156	-	-	9,156
Total financial assets		**29,514**	**214,921**	**244,435**	**29,514**	**-**	**-**	**29,514**
Borrowings	10	-	1,596	1,596	-	-	-	-
Current liabilities and accruals	10	1,112	162,491	163,603	1,112	-	-	1,112
Total financial liabilities		**1,112**	**164,087**	**165,199**	**1,112**	**-**	**-**	**1,112**

FAIR VALUE MEASUREMENTS

Fair values are primarily determined using quoted market prices or standard pricing models using observable market inputs where available and are presented to reflect the expected gross future cash in/outflows. The Company classifies the fair values of its financial instruments into three level hierarchy based on the degree of the source and observability of the inputs that are used to derive the fair value of the financial asset or liability as follows:

- Level 1 – Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can assess at the measurement date; or
- Level 2 – Inputs other than quoted inputs included in Level 1 that are observable for the assets or liabilities, either directly or indirectly; or
- Level 3 – Unobservable inputs for the assets or liabilities, requiring the Company to make market-based assumptions.

In the table above (in which the financial instruments are presented) cash and the financial instruments that are included in the receivables and liabilities are valued at fair value. All of these positions qualify as Level 1.

FINANCIAL AND CAPITAL RISK MANAGEMENT

The Group has exposure to the following risks arising from financial instruments:

A. Credit risk
B. Liquidity risk
C. Market risk

This note presents information about the group's exposure to each of the above risks, the group's objectives, policies and processes for measuring and managing risk, and the group's management of capital.

A. Credit risk

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the group's receivables from customers and loans related to resources development:

The Receivables, prepayments and accrued income mainly consists of Trade Receivables which is secured by adequate credit insurance. The group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk.

The group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the group's payment and delivery terms and conditions are offered. This is done in close cooperation with the Trade Finance institutions and Credit insurance companies. Nevertheless, in principle insurance coverage is obtained for all Trade Receivables.

B. Liquidity risk

Liquidity risk is the risk that the group will encounter difficulties in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation. The group has extensive facilities that are provided by brokers in order to provide sufficient flexibility to the hedging activities in relation to the trades.

C. Market risk

Market risk is the risk that results out of changes in market prices, such as foreign exchange rates, interest rates, market prices and equity prices and will affect the group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The group buys and sells derivatives in order to manage market risks. All such transactions are carried out within the guidelines set by the group. In principle all derivatives are accounted at FVTPL; if required and appropriate, the group seeks to apply hedge accounting in order to manage volatility in profit or loss.

Currency risk

The currency risk is limited as most of the contract deals are denominated in USD for both purchases and sales. Purchases are financed by means of trade finance in USD as well. As the purchase, sale and financing are all in USD, and as trading occurs in principle on a back-to-back basis, the deals are naturally hedged. In some circumstances, activities can be exposed to EUR and GPB in which case adequate hedging is applied.

Interest rates

To limit the interest rate risk, the Company decided to only give out and obtain loans with a fixed interest rate.

Market price risk

The Company mainly enters into back-to-back deals, which means that the market price risk is naturally hedged. In case that that a trade is subject to price risk, this is hedged through adequate instruments. When instruments are required, the Company prepares a sensitivity analysis with regards to the impact of the changes in commodity price and (if applicable) the changes in foreign currency risks. Based on this analysis an adequate non speculative hedging strategy is applied.

At January 31, 2024, the Company has a number of hedging instruments, which are presented under Current receivables as well as current liabilities. These instruments are designated as FVTPL and include trade related financial and physical forward purchase and sale commitments. Fair values are primarily determined using quoted market prices or standard pricing models using observable market inputs where available and are presented to reflect the expected gross future cash in/outflows.
It is the Group's policy that transactions and activities in trade related financial instruments are netted.

Note that the Company only purchases futures and options.

USD 1,000	31/01/2024	31/07/2023
Commmodity related contracts		
Futures	20,358	1,443
Options	-	108
Total Current assets FVTPL	**20,358**	**1,551**
Commmodity related contracts		
Futures	1,112	325
Options	-	27
Total Current liabilities FVTPL	**1,112**	**352**

In the profit and loss account an income of USD 1.8 million is reflected in other financing income. All instruments mature within 12 months.

NOTE 13 – TRANSACTIONS WITH RELATED PARTIES

In the reporting period, the Company conducted various transactions with related parties.

USD 1,000	Note	31-Jan-24	31-Jul-23
Related parties <1yr	7	-	-
Total Receivables		**-**	**-**
Subordinated related parties >1yr	10	1,596	1,933
Total Liabilities		**1,596**	**1,933**

The Subordinated related parties' loan is a payable to Plutus Partners, the management company of the shareholders. The loan is provided at arm's length condition and is subordinated to other debt.

The following amounts are accounted for in the profit and loss accounts:

USD 1,000	Six-month period ended 31 January 24	Six-month period ended 31 January 23	Three-month period ended 31 January 24	Three-month period ended 31 January 23
Plutus Partners Ltd.	1,115	930	589	528
Traders	78	155	41	83
Operations	146	103	73	16
Accounting, Legal and IT	279	113	133	56
Rent and facilities	56	70	26	35
Travelling	82	55	10	24
COO	129	50	64	50
Shareholders	345	384	242	264
CEO	130	43	65	28
CFO	60	-	30	-
Total	**1,305**	**973**	**684**	**556**

Plutus Partners Ltd. (hereinafter “Plutus) is the management company of the shareholders. Initially, all contracts with personnel and facilities were entered into with Plutus. In preparation for the IPO, all contracts are gradually being transitioned to the Group, so that in the future only the compensation for the work performed by the shareholders for their respective roles in the Company.

The Six-month period ended January 31, 2024 is relatively higher compared to the increase in staff (Traders, operations and accounting, legal and IT) as well as travel expenses.

The CEO’s remuneration based on the existing pre-IPO contract provides for a minimum base compensation in hours. As a result of the IPO and year-end process, additional hours were required and as such additional billings have gone through.

NOTE 14 – CONTINGENT ASSETS AND LIABILITIES

In the course of business, the company is involved in discussions with business partners from time to time. These discussions may include the interpretation and compliance with the terms and conditions of agreements and may also include claims made by the company, as well as against the company. As at January 31, 2024 the Group is not aware of any claims that have been assessed to be probable.

NOTE 15 – BUSINESS COMBINATIONS

On October 16, 2023, the Company completed the Reverse Takeover with Rektron AQ. In connection with the Reverse Takeover, the Company issued 74,168,960 shares in exchange for all the share outstanding in Rektron AQ.

Immediately following the completion of the Reverse Takeover, on a non-diluted basis, the former holders of Rektron AQ. shares held 100% of the voting rights of the Company.

At the time of the Reverse Takeover, the Company did not meet the definition of a business as defined under IFRS 3 "Business Combinations". Hence, the qualifying transaction was accounted for as an asset acquisition in accordance with IFRS 2, "Share-Based Payment". Rektron Group Inc. was identified as the accounting acquirer that issued shares to acquire all of the net assets of the Company, the accounting acquiree, and its legal status. These consolidated financial statements are considered to be a continuation of the financial statements of Rektron AQ., the accounting acquirer, present the value of its assets and liabilities at historical cost, up to the date of the qualifying transaction.

The fair value of the consideration issued to acquire the net assets of the Company is as follows:

	$USD
Consideration transferred as at October 16, 2023:	
100 shares at fair value of $1.58 per share	158
Total Consideration	158
Net assets of Rektron Group Inc. as at October 16, 2023:	
Cash and cash equivalents	2
GST/HST receivable	592
Accounts payable & Accrued liabilities	10,238
Total Net Assets	9,648
Listing expenses	9,490

The fair value of the Company's 100 shares was determined to be approximately USD$1.52 per share pursuant to the financing to be completed as part of the IPO closing shortly after the Reverse Takeover transaction.

NOTE 16 – LIST OF PRINCIPAL OPERATING, FINANCIAL AND INDUSTRIAL SUBSIDIARIES AND INVESTMENTS

Name	Country of incorporation	Ownership interest 2024	2023
Consolidated (direct)			
Rektron AQ Ltd.	United Kingdom	100.0%	0.0%
Consolidated (indirect)			
DL Hudson Ltd.	United Kingdom	100.0%	100.0%
DL Hudson Dunes LLC	United Emirates	100.0%	100.0%
DL Hudson Germany GmbH	Germany	100.0%	100.0%
DLH Istros Ltd.	United Kingdom	86.7%	86.7%
Inland Shipping and Service Ltd.	Marshall Islands	100.0%	100.0%
River Bunker Balkans D.O.O.	Serbia	100.0%	100.0%

The minority shareholders of DLH Istros Ltd. As well as DL Hudson Dunes LLC have preference shares that entitle each holder to an additional 2% profit allocation.

As described in Note 15 Business Combinations, the Company acquired Rektron AQ Ltd. through a reverse acquisition in the financial year 2024.

OTHER INFORMATION

1. REPORT IS UNAUDITED

This report has not been subject to an audit or review.

2. SUBSEQUENT EVENTS

Initial Public Offering

The Company received from the British Columbia Securities Commission (the "**BCSC**") a receipt for the filing of its final long form prospectus on March 5, 2024. The Company endeavors completing its initial public offering in order to list its securities on the Canadian Securities Exchange (the "**CSE**"). The CSE issued a condition approval for listing on February 23, 2024. Listing will be subject to the Company fulfilling all of the requirements of the CSE.

MACA Special Warrants Conversion

On January 29, 2024, the Company completed a private placement for the issuance of 2,595,917 special warrants at a deemed price of $1.58 to MidAtlantic Capital Associates Ltd., a consultant to the Company for a value of $4,101,548.86 in exchange for services (the "**Special Warrants**"). The terms of the Special Warrants provide that the Special Warrants will be deemed to be exercised on the date the Company receives the final receipt for the final prospectus. As the final receipt was received on March 5, 2024, the Special Warrants were automatically exercised into 2,595,917 common shares, without payment of any additional consideration and without any further action on the part of the holder.