AGRITERRA LIMITED

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2018

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Chair's statement

I am pleased to present the annual report of the Group for the year ending 31 March 2018 ('FY-2018'). During the year, the Group has focussed on the restructuring of the business to concentrate on the core revenue generative branches of the business, being the Grain and Beef divisions based in Mozambique, and disposal of non-core assets, namely the Sierra Leonean cocoa activities. This, coupled with the strategic investment from Magister Investments Limited ('Magister') in September 2017, is intended to provide a solid platform for future growth and profitability.

As shareholders are aware, the Company changed its accounting reference date to 31 March (from 31 May, with effect from 31 March 2017), to more effectively co-ordinate the Group's annual report and accounts with the business cycle of the Group's underlying operations. Accordingly, the comparative periods presented in this report are for the 10 month period ended 31 March 2017 ('FY-2017').

Mozambique overview

The board believe that, following several years of political and economic instability, the outlook for the Mozambique economy in the short to medium term is encouraging. The continued development of the liquefied natural gas ('LNG') industry in the north of the country will underpin this economic growth and is expected in the future to generate additional demand for the Group's products (in particular our beef).

During FY-2018, there was a strengthening of the Metical against both the US$ and South African Rand experienced early in the period, followed by a period of relative stability in the exchange rate at c.60 Metical/US$ and c.4.5 Metical/ZAR. Being a net importer of most goods, the effect of this has been to continue to put downward pressure on inflation in Mozambique – the annualised rate to 31 December 2017 was c.11% which compares to c.25% for the 12 months ended 31 December 2016. Despite the fall in inflation to current annualised rates of c. 5%, interest rates remain high, with Standard Bank's prime Metical lending rate remaining at 24% at 31 March 2018 (31 March 2017: 28%). This persistently high lending rate has led the board to take actions to decrease our outstanding loan and overdraft balances in the period as more fully described below.

New investment and use of funds

During the year the Group secured new investment of c.US$4.3m from Magister Investments Limited in exchange for a 50.01% shareholding in the Company. Full details regarding Magister were provided to shareholders in the Circular to Shareholders and Notice of General Meeting dated 14 August 2017. As a result, Magister is the ultimate controlling party of the Company.

This new funding is being deployed to strengthen the Group's position in Mozambique, with an initial investment of US$0.75m and US$0.25m into the Grain and Beef divisions respectively to reduce their outstanding bank financing. This repayment is in addition to an earlier repayment of US$0.4m in the Beef division following the Group's disposal of its cocoa assets in Sierra Leone. The related saving in interest costs is expected to amount to approximately US$0.3m per annum, assuming interest rates remain at the current levels.

Review

Grain

Agriterra operates an established Maize buying and processing business with its Desenvolvimento E Comercialização Agrícola Limitada ("DECA") facility in Chimoio, which has a 35,000 tonne storage capacity and its 15,000 tonne capacity Compagri Limitada ("Compagri") facility in Tete, north west Mozambique. Maize is purchased from local out-growers through a network of buying stations, which is then stored and processed before being sold to the wholesale market.

FY-2018 saw a bumper harvest season in Mozambique which resulted in subdued demand for our maize flour. The relative weakness in demand has resulted in a fall in sales volume to 16,472 tonnes of maize flour in FY-2018 (10 months to 31 March 2017: c.18,944 tonnes) and c.23,135 tonnes of all maize products (10 months to 31 March 2017: c.24,705), with revenue decreasing in Metical terms from Metical 636.1m to Metical 323.1m and US$ terms from US$8.9m to US$5.1m. Cost reduction measures restricted the fall in EBITDA to a loss of US$0.67m (10 months to 31 March 2017: loss of US$0.20m). The cost base is now more aligned to the level of business and the division is looking to expand its product range and consequently improve margins.

The natural cycle of maize purchases following the harvest leads to a significant working capital requirement for the Grain division in the first half of the year which unwinds in the second half. During the year c.21,800 tonnes of maize were purchased (10 months to 31 March 2017: 27,000 tonnes). Inventory levels at the year end were reduced to 1,686 tonnes (31 March 2017: 4,954 tonnes). The Grain division's working capital is financed by bank facilities provided by Standard Bank. The high interest rates continue to erode the overall profitability of the division. After an interest charge of US$0.95m (10 months to 31 March-2017: US$0.69m), loss before tax for the Grain division was US$1.6m (10 months to 31 March 2017: US$0.89m). In order to mitigate against this high interest cost, the Group has invested US$0.75m during the period in the working capital requirements of the Grain division to reduce its reliance on overdraft financing. With inflation now stable at around 5% per annum, interest rates are expected to fall further. In addition, the division is reviewing its purchasing practices and sales channels in order to smooth out the peak in the working capital cycle.

Beef

Agriterra operates its Beef division through Mozbife Limitada ("Mozbife"). The Group has a feedlot facility, abattoir and its own branded retail units.

In respect of the Beef division, demand remains strong. However, a limiting factor to the ability to expand throughput was an outbreak of foot and mouth in February 2018. Although the slaughter herd at the Dombe ranch and feedlot remained disease free, the country-wide disease outbreak severely curtailed the movement of cattle which limited the division's ability to increase the pipeline of cattle in the feedlot, and throughput to the abattoir. Strict Bio security measures are in force at the feedlot and in addition, all cattle movements are currently cleared by Government vets.

Notwithstanding this setback, revenue for the year was US$4.7m (10 months to 31 March 2017: US$4.3m). The operating loss however increased to US$1.59m (10 months to 31 March 2017: US$1.35m). After a fall in finance costs to US$0.14m (10 months to 31 March 2017: US$0.24m), the loss before tax increased slightly to US$1.73m (10 months to 31 March 2017: US$1.59m).

Restrictions on the movement of cattle continue, limiting the division's ability to increase throughput. However new sources of quality cattle have been identified and will be brought into the feedlot as soon as conditions allow. Significant improvements have been made to feed cropping at the Vanduzi farm and feedlot during the year, which together with the pelletised animal feed sourced from the Grain division, has been reflected in improved feedlot performance. This is expected to be reflected in improved margins once volumes increase.

Cocoa

On 1 June 2017 the Group completed the disposal of its Cocoa division operating subsidiaries in Sierra Leone for US$0.5m. The disposal proceeds were applied to reduce the Group's Beef division borrowing facilities in Mozambique and for general working capital purposes. The Group recorded a profit on the disposal of the Cocoa division of US$0.15m, which was reduced by US$0.13m to US$0.02m following the recycling of translation differences previously reflected in the translation reserve.

Board and senior management changes

As a result of the investment by Magister on 14 September 2017, the Group re-structured the Board with the appointments of Mr. H Rudland, Mr. G Smith and Mr. B Scott. Mr. A Groves stepped down from the Board to focus on his other business interests. On 31 December 2017 Mr. D Cassiano-Silva stepped down from his

Chair's statement

executive role as Finance Director but remained a Non-Executive director. Mr B Scott stepped down on 28 February 2018 and Ms C Havers took on the role of Executive Chair.

Following the disposal of the Group's cocoa activities, the London office has been closed. On 15 January 2018 Mr A Fernandes was appointed Group Finance Director (Mozambique) and is based in Chimoio, Mozambique, the Company's main operational centre.

I would like to once again take this opportunity to thank Dan and Andrew for their considerable input into the development of the Company and wish Brendan the best in his new role.

Results

Revenue for the year ended 31 March 2018 fell to US$9.2m (10 months to 31 March 2017: US$12.8m). The operating loss for the year increased to US$4.0m (10 months to 31 March 2017: US$2.7m). After finance charges of US$1.1m (10 months to 31 March 2017: US$0.9m) the loss for the year from continuing activities increased to US$5.1m (10 months to 31 March 2017: US$3.6m). The loss from discontinued activities for the year fell to US$ 0.03m (10 months to 31 March 2017: US$0.1m). The loss for the year attributable to owners of the company was US$5.1m (10 months to 31 March 2017: US$3.8m). At 31 March 2018, net cash balances were US$3.5m (2017: US$2.4m) and bank borrowings were US$4.2m (2017: US$3.5m). The banking facilities were renewed on 25 May 2018. At the date these facilities were agreed, the Group was in breach of the interest covenant and remains in breach of the covenant. To date the Group has continued to make all repayments of interest and principal and has received no correspondence from the Bank suggesting that the loan might go into default.

Outlook

The recent investment from Magister marks a new period for the Group and we are already benefitting from the experience and connections of our new Board members. With senior executive management now based in Mozambique, supported by regular board meetings in Chimoio, the Group is focussing on addressing the operational issues to move towards profitability and to capitalise on the expected growth from the development of the LNG industry in Mozambique.

CSO Havers
Chair

21 September 2018

Directors' report

The directors of the Company hereby present their annual report together with the audited financial statements for the year ended 31 March 2018 for the Group. During the comparative period the Company changed its accounting reference date to 31 March from 31 May, effective from 31 March 2017 in order to more effectively co-ordinate the Group's annual report and accounts with the business cycle of the Group's underlying business operations. Accordingly, the financial statements present the results and cash flows of the Group for the year ended 31 March 2018, with the comparative period being the 10 months ended 31 March 2017. At the Annual General Meeting held on 30 November 2017, the shareholders approved a resolution to consolidate 100 existing ordinary shares of 0.1p each ("Existing Ordinary Share") into one new ordinary share of 10p each ("New Ordinary Share"). All references to the number of shares in issue at 31 March 2018 and in the comparative period relate to New Ordinary Shares.

Except where otherwise noted, amounts are presented in this Directors' report in United States Dollars ('$' or 'US$').

1. Listing details

Agriterra is a non-cellular Guernsey registered company limited by shares, whose ordinary shares ('Ordinary Shares') are quoted on the AIM Market of the London Stock Exchange ('AIM') under symbol AGTA.

2. Principal activities, business review and future developments

The principal activity of the Group is the investment in, development of and operation of agricultural and associated civil engineering projects in Africa. The Group's current operations are focussed on maize and beef in Mozambique. During the year the Group disposed of its cocoa interests in Sierra Leone. Details of the disposal are set out in note 13. A review of the Group's performance by business segment and future prospects are given in the Chair's statement. A review of the risks and uncertainties impacting on the Group's long term performance is included in the Corporate Governance report.

3. Results and dividends

The Group results for the year ending 31 March 2018 show a loss after taxation and discontinued operations of $5,084,000 (10 month period ending 31 March 2017: loss $3,774,000). The Directors do not recommend the payment of a final dividend (10 month period ending 31 March 2017: $nil). No interim dividends were paid in the period (10 month period ended 31 March 2017: $nil).

Further details on the Group's performance in the period are included in the Chair's statement.

4. Directors

4.1. Directors in office

The Directors who held office during the period and until the date of this report were:

Director	**Position**
CSO Havers	Executive Chair
DL Cassiano-Silva	Non-Executive Director
AS Groves (resigned 14 September 2017)	Chief Executive Officer
HBW Rudland (appointed 14 September 2017)	Non-Executive Director
B Scott (appointed 14 September 2017, resigned 28 February 2018)	Chief Operating officer – Mozambique
GR Smith (appointed 14 September 2017)	Non-Executive Director

Directors' report

4.2. Directors' interests

As at the date of this report, the interests of the Directors and their related entities in the Ordinary Shares of the Company were:

	Ordinary Shares held
HBW Rudland *	10,622,433

* Mr Rudland's interest is held through Magister Investments Limited ('Magister'). Magister is a private limited company incorporated in the Republic of Mauritius, wholly owned by Mauritius International Trust Company Limited, as trustee of the Casa Trust (a Mauritius registered trust). Mr. Hamish Rudland is the settlor of the Casa Trust and the beneficiaries of the Casa Trust are Mr. Rudland, his wife, Mrs. Bridgette Rudland and their three children (all of whom are under 18 years old).

4.3. Directors emoluments

Details of the nature and amount of emoluments payable by the Group for the services of its Directors during the financial period are shown in note 10 to the financial statements.

Directors' share options

Details of the Director's interests in share options of the Company during the financial period are as follows:

Director	At 31 March 2017 and 2018	Exercise price GBP	Date from which exercisable	Expiry date
DL Cassiano-Silva	25,000	£1.47	(1)	(2)

(1) These options were granted on 15 March 2014 and vest 20% per annum on the first to fifth anniversary from the date of grant.
(2) These options expire five years after the date they vest.

4.4. Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its Directors which remain in force at the date of this report.

5. Substantial shareholdings

To the best of the knowledge of the Directors, except as set out in the table below, there are no persons who, as of 14 September 2018, are the direct or indirect beneficial owners of, or exercise control or direction over 3% or more of the Ordinary Shares in issue of the Company.

	Number of Ordinary Shares	% Holding
Magister Investments Limited	10,622,433	50.01%
Gersec Trust Reg.	2,279,592	10.73%
Mr. William Philip Seymour Richards	982,500	4.63%
Global Resources Fund	678,886	3.20%
Peter Gyllenhammar AB	647,500	3.05%

6. Employee involvement policies

The Group places considerable value on the awareness and involvement of its employees in the Group's performance. Within bounds of commercial confidentiality, information is disseminated to all levels of staff about matters that affect the progress of the Group and that are of interest and concern to them as employees.

7. Supplier payment policy and practice

The Group's policy is to ensure that, in the absence of dispute, all suppliers are dealt with in accordance with its standard payment policy which is to abide by the terms of payment agreed with suppliers for each transaction. Suppliers are made aware of the terms of payment. The number of days of average daily purchases included in trade payables at 31 March 2018 was 4 days (31 March 2017: 4 days).

8. Political and charitable donations

During the period no political and charitable donations were made (10 month period ending 31 March 2017: $nil).

9. Social and community issues

As a Group, we strongly believe that it is part of our wider responsibility to promote the development of the countries in which we operate. Central to this development and continued economic growth is employment and training. Wherever possible, the Group continues to ensure that its expertise and specialist skills and facilities are made available to the broader community.

Particular activities undertaken during the year have focussed on (1) practical, 'on the ground' training for students from various universities in Mozambique studying, inter alia, production practices in beef and cattle, milling practices (including mill engineering), veterinary sciences and animal sciences; (2) dissemination of agricultural management knowledge and practices; and (3) provision of health and medical assistance.

With respect to educational activities, these have included a four month internship for three students of animal husbandry. In addition, various animal and veterinary science students visited our abattoir for practical aspects of their university courses (these visits are guided by our in-house vet who has more than 30 years' experience in the field of animal health in Mozambique). We have employed a Veterinary Technician student to help with our small staging feedlot in Tete. As part of our Management development program, we have sponsored a student on a three year economics course. Now in his final year, he is managing our Tete milling facility.

With respect to the promotion of health and medical assistance, a contracted doctor visits our sites and facilities on a regular basis to deal with day to day ailments and concerns. He also coordinates and monitors progress on mid to long term treatments ensuring employees are supported through whatever treatments are required. We have undertaken further work on the clinic in the district of Dombe to provide a service base for this very rural community.

Community relations initiatives have included the provision of roofing materials to repair a school roof in Inhazonia. At Mavonde, additional maintenance work was undertaken to the local school built by the Company. At Vanduzi, manure from the feedlot is given to surrounding small scale farming associations, being out growers for Companhia de Vanduzi, who commercially export to the European market. Both DECA and Mozbife sponsored the annual Christmas party for three orphanages in Msika district, and food was distributed to certain communities during the planting season to ensure local seed stocks were planted.

Wherever possible, the Group is also committed to the promotion of food security in Mozambique. We are particularly proud to be working with a leading international food donor programme, providing high quality maize flour products to both alleviate national hunger and support the education of the younger population – the majority of the maize flour we have provided to this food programme has been distributed to school children. We believe that the partner relationship we have built over the year will remain strong in future years, and we hope to continue working extensively with food donor programmes in the future.

Directors' report

10. Independent auditor and statement of provision of information to the independent auditor

BDO LLP have expressed their willingness to continue in office as independent auditor of the Company and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is not aware; and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

11. Additional information and electronic communications

Additional information on the Company can be found on the Company's website at www.agriterra-ltd.com.

The maintenance and integrity of the Company's website is the responsibility of the Directors; the work carried out by the auditor does not involve consideration of these matters and accordingly, the auditor accepts no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

The Company's website is maintained in compliance with AIM Rule 26.

By order of the Board.

CSO Havers
Chair

21 September 2018

Corporate governance

The Board is accountable to the Company's shareholders for good corporate governance. The Company is quoted on AIM and is therefore required to comply with the provisions of a recognised corporate governance code from the 28th September 2018. The board are reviewing the Company's corporate governance policies and disclosures and have decided to adopt the Quoted Company Alliance Corporate Governance Code (the "QCA code"). Set out below is a summary of how, at the date of this report, the Group was dealing with corporate governance issues.

1. The Board of Directors and the Executive Committee

The Group is led and controlled by a Board comprising the executive Chair, and three Non-Executive directors.

Whilst the Group consolidates its operations in Mozambique, the board appointed Caroline Havers as Executive-Chair. It is intended to appoint a Chief Executive Officer, based in Mozambique in due course.

Both Hamish Rudland and Gary Smith are not considered to be independent directors by virtue of their relations with Magister Investments Limited. Daniel Cassiano-Silva is the former executive finance director of the Group and therefore is also not considered to be independent.

The board are seeking to appoint two independent Non-Executive directors with the experience and skill base to complement those of the existing board.

The Executive Chair is expected to commit a minimum of 2 weeks per month and the non-executive directors are expected to commit 2 days a month. In addition, all directors are expected to devote any additional time that might be required in order to discharge their duties.

Board meetings are held quarterly in Mozambique. Since the reconstitution of the board following the investment by Magister Investments Limited in September 2017, four board meetings have been held, the first in London and the remainder in Mozambique. The attendance record of directors is as follows:

	Meetings Held	**Meetings Attended**
Caroline Havers	4	4
Daniel Cassiano-Silva	4	2
Hamish Rudland	4	4
Brendan Scott (resigned 28 February 2018)	2	2
Gary Smith	4	4

The Board has entrusted the day-to-day responsibility for the direction, supervision and management of the business to the Group Executive Committee (the 'ExCom'). The ExCom is currently comprised of the Executive Chair, the Operations Director and Chief Financial Officer in Mozambique.

Certain matters are specifically reserved to the Board for its decision including, inter alia, the creation or issue of new shares and share options, acquisitions, investments and disposals, material contractual arrangements outside the ordinary course of business and the approval of all transactions with related parties.

Due to the current size of the Board and the Company, there is no separate Nomination Committee and any new Directors are appointed by the whole Board.

There is no agreed formal procedure for the Directors to take independent professional advice at the Group's expense. The Company's Directors submit themselves for re-election at the Annual General Meeting at regular intervals in accordance with the Company's Articles of Incorporation.

The Group has adopted a share dealing code for Directors' dealings which is appropriate for an AIM quoted company. The Directors and the Company comply with the relevant provisions of the AIM Rules and the Market Abuse Regulation (EU) No. 596/2014 relating to share dealings and take all reasonable steps to ensure compliance by the Group's employees.

Corporate governance

The Company has remuneration and audit committees as more fully described below.

2. Directors' remuneration

The remuneration committee reviews the performance of the Directors and makes recommendations to the Board on matters relating to the Directors' remuneration and other terms of employment. The committee makes recommendations to the Board on the granting of share options and other equity incentives and administers any equity incentive schemes. The remuneration committee is constituted on an ad hoc basis and comprises at least two members.

Details of the remuneration of each Director are set out in note 10 to the financial statements.

3. Accountability and audit

The audit committee is responsible for ensuring that the Group's financial performance and position is properly monitored, controlled and reported. The committee meets at least once a year and has unrestricted access to the auditor. In addition to meeting with the auditor and reviewing the report from the auditor relating to the accounts and internal control, the committee is also responsible for reviewing the scope and results of the audit, its cost effectiveness and the independence and objectivity of the auditor. A formal statement of independence has been received from the external auditor for the period. Hamish Rudland and Gary Smith comprise the audit committee which is chaired by Gary Smith. The Executive Chair and Chief Financial Officer are invited to attend meetings with the auditor.

4. Relations with shareholders

The Executive Chair is the Company's principal spokesperson with investors, fund managers, the press and other interested parties. At the Annual General Meeting, investors are given the opportunity to question the Board.

5. Internal audit

The Board acknowledges its responsibility for establishing and monitoring the Group's systems of internal control. Although no system of internal control can provide absolute assurance against material misstatement or loss, the Group's systems are designed to provide the Directors with reasonable assurance that problems are identified on a timely basis and dealt with appropriately.

The Board reviews the effectiveness of the systems of internal control and considers the major business risks and the control environment. No significant control deficiencies have come to light during the year and no weakness in internal financial control has resulted in material losses, contingencies or uncertainties which would require disclosure as recommended by the guidance for directors on reporting on internal financial control.

In light of this control environment the Board periodically reviews the requirement for an internal audit function. It currently considers that there is no such requirement.

6. Compliance with relevant legislation

All Directors are kept informed of changes in relevant legislation and changing commercial risks with the assistance of the Company's legal advisers and auditors where appropriate. The Directors have taken appropriate legal advice and implemented internal training and reporting procedures to ensure compliance with the UK Bribery Act 2010 (the 'Bribery Act') and the Prevention of Corruption (Bailiwick of Guernsey) Law, 2003 which contains broadly similar restrictions. Notwithstanding the fact that the Company is not UK–resident, the Directors have formed a view that it is appropriate for the Company to maintain compliance with the Bribery Act.

7. Going concern

The Board has detailed its considerations relating to Going Concern in note 3.1 to the financial statements.

8. Risks and uncertainties

There are a number of risks and uncertainties facing the Group, principally the following:

8.1. Foreign exchange

The Group's operations are impacted by fluctuations in exchange rates, in particular between the Metical and South African Rand and the Metical and United States Dollar. Fluctuations in exchange rates may affect the underlying amounts that the Group will pay for goods or services, or impact the price competitiveness of the Group's products in certain markets. This risk was particularly noticeable in the previous financial period – the Mozambique to US$ exchange rate has moved from 59.61 Metical/US$ at 31 May 2016 to 66.51 Metical/US$ at 31 March 2017, having reached as high as approximately 80 Metical/US$ in the period; rates for the year ended 31 March 2018 have stabilised. On the one hand, a devaluation in the Metical increases the cost of those areas of the Group's cost base denominated in currencies other than the Metical. On the other hand, a devaluation in the Metical increases the cost of imported beef products, which become relatively more expensive than produce of Mozambique origin. On a net basis, a devaluation in the Metical has been favourable for sales and net income. Future fluctuations in exchange rates could have a net positive or adverse effect on the Group's business. Further details of the Group's foreign currency exposures are set out in note 24.4.1

8.2. Regulatory risk

While the Group believes that its operations are currently in substantial compliance with all relevant material environmental and health and safety laws and regulations, there can be no assurance that new laws and regulations, or amendments to, or stringent enforcement of, existing laws and regulations will not be introduced, which could have a material adverse impact on the Group.

8.3. General risks associated with operating in Africa

Changes in government, monetary policies, taxation, exchange control and other laws can have a significant impact on the Group's assets and operations. Several countries in Africa have experienced periods of political instability, including more recently Mozambique, and there can be no guarantees as to the level of future political stability. Changes to government policies and applicable laws could adversely affect the operations and/or financial condition of the Group. The jurisdictions in which the Group might operate in the future may have less developed legal systems than more established economies, which could result in risks such as (i) effective legal redress in the courts being more difficult to obtain; (ii) a higher degree of discretion on the part of governmental authorities; (iii) the lack of judicial or administrative guidance on interpreting applicable rules and regulations. In certain jurisdictions, the commitment of local business people, government officials and agencies and the judicial system to abide by legal requirements and negotiated agreements may be more uncertain, creating particular concerns with respect to the Group's licenses and agreements for business. These may be susceptible to revision or cancellation and legal redress may be uncertain or delayed.

This risk increased significantly during the period ending 31 March 2017 in Mozambique, which experienced a complex economic crisis (arising through a combination of factors including the decline in commodity prices, strong devaluation of the Metical, a rise in inflation and natural disasters) and military conflict focussed in the central regions of the country. During the year ended 31 March 2018 there has been a relative improvement in Mozambique; in particular, there has been no repeat of political and military unrest. In addition, inflation is slowing down and agricultural commodity prices have stabilised. Combined with a general improvement in the international sentiment towards Mozambique in response to the positive actions undertaken by the Government to address the debt crisis, there is hope that donor funding and private investment (particularly in the natural gas and coal sectors) will contribute to a general economic uplift.

However, in the event that political and military tensions escalate again, the Group will be obligated to assess the risks to staff and re-consider risk mitigation so as to protect staff and assets, so far as practicable.

Corporate governance

8.4. Land ownership in Mozambique

Under the laws of Mozambique, proprietary rights in land are exclusive to the state. The Mozambique constitution prescribes the state's rights of ownership and the power and ability to determine the conditions for the use and development of land by individual or corporate persons. The land cannot be sold, mortgaged or encumbered in any way or by any means. The state grants the right to use and develop the land which is evidenced by a Use and Development of Land License ('DUAT') which allows for the title holder to build and register any infrastructure under its name on such land. Our Mozambique operations are dependent on maintaining the relevant DUATs and, whilst there is currently no indication that the relevant DUATs are invalid, there can be no guarantees that this will not change in future.

8.5. Maize growing season

The Group anticipates a six month buying/growing season for maize. However matters outside the control of the Group, such as adverse weather conditions, could impact upon the amount of production achieved by local farmers in any year, which could consequently have adverse effects on the Group's business and profit margins.

8.6. Cattle ranching and feedlots

The Group has significant cattle ranching and feedlot assets in Mozambique, with approximately 4,000 head as at 31 March 2018 (31 March 2017: 3,500). While all necessary measures are taken to ensure the cattle remain disease and infection free, there is a risk that the animals may be affected by unforeseen illnesses which could impact on the future profitability of these operations. Mozambique is also subject to significant temperature and precipitation changes during and between years. In some years, particularly 'El Nino' years such as calendar year 2016, the country may be subject to drought conditions which impact on the availability of grazing feed for cattle (thereby necessitating the implementation of supplementary feeding programmes to maintain the condition of the animals). Any unexpected supplementary feeding programmes, or increases in the price of purchased feed (such as maize, bran, sunflower cake etc) resulting from lower than anticipated local supplies, may impact on the profitability of the ranching operations.

8.7. Health risks

The Group operates in countries that are, or may be, subject to significant health risks. For example, due to the Ebola epidemic in Sierra Leone in 2014 and 2015, the Group suspended the development of its Cocoa plantation and has subsequently disposed of this asset. In the event of other unforeseen epidemics in the future, there is a risk that the Group's operations may be further temporarily disrupted, or require additional precautionary measures. Accordingly, in such circumstances, the Group may be unable to develop its projects in the timeframe and budget initially projected, which may impact on the cash requirements or profitability of these projects.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Director' Report and the financial statements in accordance with applicable law and regulations.

The Companies (Guernsey) Law, 2008, as amended (the '2008 Law') requires the Directors to prepare group financial statements for each financial period in accordance with generally accepted accounting principles.

The Directors are required by the AIM Rules of the London Stock Exchange to prepare group financial statements in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union ('EU').

The financial statements of the Group are required by law to give a true and fair view and are required by IFRS as adopted by the EU to present fairly the financial position and financial performance of the Group.

In preparing the Group financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements are properly prepared in accordance with the Companies (Guernsey) Law, 2008. They are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors confirm they have discharged their responsibilities as noted above.

Independent auditor's report to the members of Agriterra Limited

Opinion

We have audited the financial statements of Agriterra Limited and its subsidiaries (the 'group') for the year ended 31 March 2018 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion:

- the financial statements give a true and fair view of the state of the group's affairs as at 31 March 2018 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- the financial statements have been prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

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 group 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 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 3.1 to the financial statements concerning the group's ability to continue as a going concern which shows that the group will need to meet its cash flow forecasts, renew its overdraft facility and maintain its current borrowings or raise further finance in order to continue as a going concern. As disclosed in note 22, the Group's overdraft facilities require renewal in May 2019 and its loan is currently in breach of its covenants.

The matters explained in note 3.1 indicate that a material uncertainty exists that may cast significant doubt on the group's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the group was unable to continue as a going concern. Our opinion is not modified in respect of this matter.

Given the conditions and uncertainties noted above, we considered going concern to be a Key audit matter. We critically assessed management's financial forecast over their period of going concern assessment to December 2019. This included consideration of the key underlying assumptions and involved reviewing actual performance against budget. We noted that the forecast is dependent upon the successful execution of the new business plans in both the beef and grain divisions, and the forecasts show a significant increase in revenues and a reduction in costs, as disclosed in note 3.1. We reviewed the recent renewal of the overdraft facility and obtained representations from the Board that there has been no correspondence from the bank in respect of the breach of covenants. We reviewed the letter of support provided by the parent company to the Mozambique subsidiaries of the Group. We discussed these matters with management and the Audit Committee and obtained representations from the Board in respect of the future plans of the group. We evaluated the adequacy of disclosures made in the financial statements. We found that the disclosure of this matter was adequately described.

Key Audit Matter
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.

Impairment assessment of the beef and grain divisions
As detailed in note 4.1, the Group's principal non-current assets relate to the beef and grain divisions. Management must assess at each reporting date whether there is any objective evidence of impairment of the Group's assets. Management noted that indicators of impairment exist, such as the losses incurred during the year. Management undertook impairment tests using the value in use (VIU) method to determine if as at 31 March 2018 the recoverable amount of each of the divisions was greater than its carrying value. This assessment involved significant Management judgement and estimates, as detailed in the significant accounting policies and estimates note and note 4.1. We therefore considered the impairment assessment and the appropriateness of the estimates and disclosures to be a key audit matter.

Our Response Impairment assessment of the beef and grain divisions
We evaluated management's value in use impairment models for the grain and beef divisions and critically challenged the key estimates and assumptions used by management. In doing so, we confirmed that the forecasts were formally reviewed and approved by the Board and were consistent with operational budgets. We reviewed the discount rate used and involved our specialist valuations department. We reviewed the sensitivity analysis over individual key inputs, together with a combination of sensitivities over such inputs. We reviewed the disclosures in the financial statements, particularly the disclosures of key estimates and assumptions which impact the fair values, and the sensitivity analysis thereon.

Our application of materiality
Group materiality $200,000 (2017 – $200,000). Basis for determining materiality 1.5% of total assets.

Group performance materiality $100,000 (2017 – $100,000). Basis for performance materiality 50% of group materiality.

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole. We have determined an assets based measure is appropriate as the group is currently loss making and has recently raised significant equity financing. Whilst materiality for the financial statements as a whole was $200,000, each significant component of the group was audited to a lower level of materiality of $120,000. Performance materiality has been set at 50% of materiality, which is used to determine the financial statement areas that are included within the scope of our audit and the extent of sample sizes during the audit. We agreed with the Audit Committee that we would report to the Committee all individual audit differences identified during the course of our audit in excess of $4,000. We also agreed to report differences below these thresholds that, in our view warranted reporting on qualitative grounds.

An overview of the scope of our audit
Our group audit was scoped by obtaining an understanding of the group and its environment, including the group's system of internal control, and assessing the risks of material misstatement in the financial statements at the group level. Our group audit scope focused on the group's principal operating businesses being the grain and beef divisions, which were subject to a full scope audit. Together with the parent company and its group

Independent auditor's report to the members of Agriterra Limited

consolidation, which was also subject to a full scope audit, these represent the significant components of the group. The remaining components of the group were considered non-significant and these components were principally subject to analytical review procedures. 100% of the group's revenue and 100% of the group's total assets were subject to full audit procedures. The audits of each of the components were principally performed in the United Kingdom and Mozambique. All of the audits were conducted by BDO LLP and BDO Mozambique. As part of our audit strategy, the senior members of the BDO LLP audit team visited each of the principal operating locations in the year.

Other information
The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the Company; or
- the financial statements are not in agreement with the accounting records; or
- we have failed to obtain all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

Responsibilities of directors
As explained more fully in the directors' responsibilities statement, within the Directors' report, 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 group's and the parent 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 group or the parent 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. 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. The engagement director on the audit resulting in this independent auditor's report is Jack Draycott.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Section 262 of the Companies (Guernsey) Law, 2008. 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.

Jack Draycott (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London

21 September 2018

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated income statement

For the year ended 31 March 2018

	Note	Year ended 31 March 2018 US$000	10 months ended 31 March 2017 US$000
Continuing operations			
Revenue	5	9,222	12,807
Cost of sales		(8,184)	(11,915)
Gross profit		1,038	892
Increase in value of biological assets	18	510	487
Operating expenses		(5,619)	(4,532)
Other income		25	29
Profit on disposal of property, plant and equipment and adjustments to the carrying value of assets classified as held for sale		88	439
Operating loss	7	(3,958)	(2,685)
Investment revenues		13	12
Other gains and losses		–	(16)
Finance costs	11	(1,097)	(927)
Loss before taxation		(5,042)	(3,616)
Taxation	12	(4)	(22)
Loss for the year/period from continuing operations		(5,046)	(3,638)
Discontinued operations			
Loss for the year/period from discontinued operations	13	(38)	(136)
Loss for the year/period attributable to owners of the Company		(5,084)	(3,774)

		US cents	US cents
LOSS PER SHARE			
Basic and diluted loss per share from continuing operations	14	(30.9)	(34.2)
Basic and diluted loss per share from continuing and discontinued operations	14	(31.1)	(35.5)

Consolidated statement of comprehensive income

For the year ended 31 March 2018

	Year ended 31 March 2018 US$000	**10 months ended 31 March 2017 US$000**
Loss for the year/period	(5,084)	(3,774)
Items that may be reclassified subsequently to profit or loss:		
Foreign exchange translation differences	764	(1,119)
Other comprehensive income for the year/period	764	(1,119)
Total comprehensive income for the year/period attributable to owners of the Company	(4,320)	(4,893)

Consolidated statement of financial position

As at 31 March 2018

	Note	31 March 2018 US$000	31 March 2017 US$000
Non-current assets			
Property, plant and equipment	15	6,315	6,094
Interests in associates	16	–	4
		6,315	6,098
Current assets			
Biological assets	18	1,137	746
Inventories	19	938	1,253
Trade and other receivables	20	1,096	1,557
Assets classified as held for sale	21	19	573
Cash and cash equivalents		3,541	2,425
		6,731	6,554
Total assets		13,046	12,652
Current liabilities			
Borrowings	22	4,235	2,730
Trade and other payables	23	469	634
Liabilities directly associated with assets classified as held for sale	21	–	128
		4,704	3,492
Net current assets		2,027	3,062
Non-current liabilities			
Borrowings	22	–	734
		–	734
Total liabilities		4,704	4,226
Net assets		8,342	8,426
Share capital	25	3,373	1,960
Share premium		151,442	148,622
Share based payment reserve		1,988	1,985
Translation reserve		(16,737)	(17,501)
Accumulated losses		(131,724)	(126,640)
Equity attributable to equity holders of the parent		8,342	8,426

The financial statements on pages 17 to 54 were approved and authorised for issue by the Board of Directors on 21 September 2018. Signed on behalf of the Board of Directors by:

CSO Havers
Chair

21 September 2018

Consolidated statement of changes in equity

For the year ended 31 March 2018

	Note	Share capital US$000	Share premium US$000	Share based payment reserve US$000	Translation reserve US$000	Accumulated losses US$000	Total equity US$000
Balance at 1 June 2016		1,960	148,622	1,980	(16,382)	(122,866)	13,314
Loss for the period		–	–	–	–	(3,774)	(3,774)
Other comprehensive income:							
Exchange translation loss on foreign operations		–	–	–	(1,119)	–	(1,119)
Total comprehensive income for the period		–	–	–	(1,119)	(3,774)	(4,893)
Transactions with owners							
Share-based payments	26	–	–	5	–	–	5
Total transactions with owners for the period		–	–	5	–	–	5
Balance at 31 March 2017		1,960	148,622	1,985	(17,501)	(126,640)	8,426
Loss for the year		–	–	–	–	(5,084)	(5,084)
Other comprehensive income:							
Exchange translation gain on foreign operations		–	–	–	764	–	764
Total comprehensive income for the year		–	–	–	764	(5,084)	(4,320)
Transactions with owners							
Issue of shares net of expenses		1,413	2,820	–	–	–	4,233
Share-based payments	26	–	–	3	–	–	3
Total transactions with owners for the year		1,413	2,820	3	–	–	4,236
Balance at 31 March 2018		3,373	151,442	1,988	(16,737)	(131,724)	8,342

Consolidated cash flow statement

For the year ended 31 March 2018

	Note	Year ended 31 March 2018 US$000	10 months ended 31 March 2017 US$000
Cash flows from operating activities			
Loss before tax from continuing operations		(5,042)	(3,616)
Adjustments for:			
Depreciation	15	490	445
Profit on disposal of property, plant and equipment		(87)	(460)
Adjustments to the carrying value of assets classified as held for sale		–	21
Share-based payment expense	26	3	5
Foreign exchange (gain)/loss		(181)	104
Net decrease in biological assets	18	194	1,454
Increase in value of biological assets	18	(510)	(487)
Finance costs	11	1,097	927
Investment revenues		(13)	(12)
Decrease in fair value of investments	17	–	16
Impairment of current and non-current assets	16	4	–
Operating cash flows before movements in working capital		(4,045)	(1,603)
Decrease/(increase) in inventories		481	(151)
Decrease/(increase) in trade and other receivables		772	(729)
Decrease in trade and other payables		(297)	(13)
Cash used in operating activities by continuing operations		(3,089)	(2,496)
Corporation tax paid		(4)	(22)
Interest received		13	12
Net cash used in operating activities by continuing operations		(3,080)	(2,506)
Net cash used in operating activities by discontinued operations	13	(38)	(48)
Net cash used in operating activities		(3,118)	(2,554)
Cash flows from investing activities			
Proceeds from disposal of subsidiary net of costs and cash balances disposed of	13	476	–
Proceeds from disposal of property, plant and equipment net of expenses incurred		232	927
Acquisition of property, plant and equipment	15	(116)	(204)
Net cash from investing activities by continuing operations		592	723
Net cash from investing activities by discontinued operations		–	33
Net cash from investing activities		592	756
Cash flows from financing activities			
Issue of shares (net of expenses)		4,233	–
Net draw down of overdrafts	22	1,506	1,145
Net repayment of loans	22	(1,035)	(110)
Finance costs		(1,097)	(927)
Net cash from financing activities from continuing operations		3,607	108
Net increase/(decrease) in cash and cash equivalents		1,081	(1,690)
Effect of exchange rates on cash and cash equivalents		35	60
Cash and cash equivalents at beginning of the year/period		2,425	4,055
Cash and cash equivalents at end of the year/period		3,541	2,425

Notes to the consolidated financial statements

1. General information

Agriterra is incorporated and domiciled in Guernsey, the Channel Islands, with registered number 42643. Further details, including the address of the registered office, are given on page 55. The nature of the Group's operations and its principal activities are set out in the Directors' report. A list of the investments in subsidiaries and associate companies held directly and indirectly by the Company during the year and at the year end, including the name, country of incorporation, operation and ownership interest is given in note 3.2.

The reporting currency for the Group is the US Dollar ('$' or 'US$') as it most appropriately reflects the Group's business activities in the agricultural sector in Africa and therefore the Group's financial position and financial performance.

The financial statements have been prepared in accordance with IFRSs as adopted by the EU.

The Company changed its accounting reference date to 31 March from 31 May, effective from 31 March 2017 in order to more effectively co-ordinate the Group's annual report and accounts with the business cycle of the Group's underlying business operations. Accordingly, these financial statements present the results and cash flows of the Group for the year ended 31 March 2018, with the comparative period being the 10 months ended 31 March 2017.

Notes to the consolidated financial statements

2. Adoption of new and revised standards and interpretations to be updated

2.1. New Standards and Interpretations adopted with no significant effect on the financial statements
The following new and revised Standards and Interpretations have been adopted in these financial statements. Their adoption has not had any significant impact on the amounts reported in these financial statements, but may impact the accounting for future transactions and arrangements.

IFRS 10	Amendments 2014	Amendments regarding the application of the consolidation exception (effective for annual periods beginning on or after 1 January 2017)
IFRS 11	Amendments 2014	Amendments regarding the accounting for acquisitions of an interest in a joint operation (effective for annual periods beginning on or after 1 January 2017)
IFRS 12	Amendments 2014	Amendments regarding the application of the consolidation exception (effective for annual periods beginning on or after 1 January 2017)
IFRS 14	New 2014	Regulatory Deferral Accounts (effective for annual periods beginning on or after 1 January 2017)
IAS 27	Amendments 2014	Amendments reinstating the equity method as an accounting option for investments in in subsidiaries, joint ventures and associates in an entity's separate financial statements (effective for annual periods beginning on or after 1 January 2017)
IAS 28	Amendments 2014	Amendments regarding the application of the consolidation exception (effective for annual periods beginning on or after 1 January 2017)
IAS 38	Amendments 2014	Amendments regarding the clarification of acceptable methods of depreciation and amortisation (effective for annual periods beginning on or after 1 January 2017)
IAS 41	Amendments 2014	Amendments bringing bearer plants into the scope of IAS 16 (effective for annual periods beginning on or after 1 January 2017)
September 2014 Annual Improvements to IFRSs	Amendments 2014	Effective for annual periods beginning on or after 1 January 2017

2.2. New Standards and Interpretations in issue but not yet effective

At the date of authorisation of these financial statements, the following Standards and Interpretations are in issue but not yet effective (and in some cases had not yet been adopted by the EU).

The following standards are will impact the Group in future periods:

IFRS 9 (2014)	New 2009, Amendment 2010, 2011, 2013 and 2014	Financial Instruments (Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39) (effective for annual periods beginning on or after 1 January 2018). IFRS 9 establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit and loss. IFRS 9 also changes the method of assessing impairment losses on financial assets. There are not expected to be any changes that will materially affect the Group.
IFRS 15	New 2014, Amendments 2015 and 2017	Revenue from contracts with customers (effective for annual periods beginning on or after 1 January 2018). The accounting policy currently applied by the Group in respect of revenue recognition is not expected to change once this new standard becomes effective.
IFRS 16	New 2017	Leases (effective for annual periods beginning on or after 1 January 2019). A lessee is required to recognise all assets and liabilities on the balance sheet, amortise the assets and charge interest over the term and separately represent the principal amount of cash paid in the cash flow statement.

The directors do not expect there to be a material impact to the financial statements from the adoption of these standards.

The following standards are also not expected to have a material impact on the Group's financial statements:

IFRS 2	Amendments 2017	Amendments to clarify the classification and measurement of share-based payment transactions (effective for annual periods beginning on or after 1 January 2018)
IFRS 4 & IFRS 9	Amendments 2017	Amendments regarding the interaction of IFRS 4 and IFRS 9 (An entity choosing to apply the overlay approach retrospectively to qualifying financial assets does so when it first applies IFRS 9. An entity choosing to apply the deferral approach does so for annual periods beginning on or after 1 January 2018)
IFRS 10	Amendments 2014	Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture (effective date deferred indefinitely)
IAS 28	Amendments 2014	Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture (effective date deferred indefinitely)
IAS 40	Amendments 2017	Amendments to clarify transfers or property to, or from, investment property (effective for annual periods beginning on or after 1 January 2018)
December 2017 Annual Improvements to IFRSs	Amendments 2017	Effective for annual periods beginning on or after 1 January 2018

Notes to the consolidated financial statements

3. Significant accounting policies

The financial statements have been prepared on a historical cost basis, except for certain financial instruments, biological assets and share based payments. Historical cost is generally based on the fair value of the consideration given in exchange for the assets acquired. The principal accounting policies adopted are set out below in this note.

3.1. Going concern

The Group has prepared forecasts for the Group's ongoing businesses covering the period of at least 12 months from the date of approval of these financial statements. These forecasts are based on assumptions including, inter alia, that there are no significant disruptions to the supply of maize or cattle to meet its projected sales volumes and that key inputs are achieved, such as forecast selling prices and volume, budgeted cost reductions, and projected weight gains of cattle in the feedlot. They further take into account planned disposals of property plant and equipment, general working capital requirements and available borrowing facilities.

With senior executive management now based in Mozambique, the Group's focus is on improving operational performance of the Grain and Beef divisions.

Grain division: Plans show volumes increasing to 24,000 tonnes in the year ending 31 March 2019 ("FY19"), (Year ended 31 March 2018: 16,500 tonnes) supported by a new commercial strategy introducing new product lines and distribution channels. Steps to improve quality have already been well received in the market. In addition, cost savings are budgeted to be realised from reorganising the logistics function in the second half of FY19.

Beef division: The rationalisation of the farms over the last couple of years has already realised significant cost reductions, which together with improved performance in the feedlot are budgeted to show lower costs of production. As well as increasing throughput in our existing retail network, focus will be on expanding our direct sales to larger clients. Margins are expected to improve as demand for our beef continues to be strong, with annualised volumes expected to increase to 2,000 tonnes in FY19 (Year ended 31 March 2018: 1,538 tonnes).

The foot and mouth outbreak in the region, has unfortunately restricted the movement of cattle. This has impacted the ability to secure a reliable and consistent supply into the feedlot. Should these restrictions remain in place throughout the forecast period, these volumes may not be achieved.

These forecasts show a significant improvement in operating performance as compared to that reported for the year ended 31 March 2018. However, there can be no certainty that the turnaround plans will be successful.

As set out in note 29, the Group has reorganised its banking facilities with Standard Bank. The Grain division's Metical 300m (US$ 4.9m) overdraft has been replaced by an amortising term loan of Metical 240m (US$ 3.9m) repayable over 5 years and a Metical 60m (US$ 1m) revolving overdraft facility. The Beef division has a Metical 30m (US$0.5m) revolving overdraft facility. At the date of this report approximately Metical 5m (US$ 0.08m) and Metical 10m (US$ 0.16m) respectively remain undrawn.

These facilities have an interest covenant in place. As disclosed in note 29, at the date these facilities were agreed, the Group was in breach of the interest covenant and remains in breach of the covenant. As a result of the breach of covenant, the bank could make the loans immediately repayable. To date the Group has continued to make all repayments of interest and principal and has received no correspondence from the Bank suggesting that the loan might go into default. Consequently the forecasts assume that both the term loan and overdraft facilities will continue to be available and will be renewed for a further year when they are reviewed in May 2019. Negotiations with other banks in Mozambique are well advanced but have not yet been finalised.

Based on the above, whilst there are no contractual guarantees, the directors are confident that the existing financing will remain available to the Group. The directors, with the operating initiatives already in place, are also confident that the Group will achieve its cash flow forecasts.

Notwithstanding the confidence that the board has, the directors, in accordance with financial reporting council guidance in this area, agree that at this time there is a material uncertainty that both the current debt and overdraft facilities will remain in place and the Group's losses will reduce such that the Group has sufficient finances to be able to discharge its liabilities in the normal course of business. Failure to achieve these might cast significant doubt upon the Group's ability to continue as a going concern and that the Group may therefore be unable to realise their assets and discharge their liabilities in the normal course of business. These Financial Statements do not include the adjustments that would result if the Group was unable to continue as a going concern.

3.2. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 March 2018. Control is achieved when the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the Group's share of the total recognised income and expenses of associates on an equity accounted basis, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an associate, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has a binding obligation to make payments on behalf of an associate.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

As at 31 March 2018, the Company held equity interests in the following undertakings:

Direct investments

	Proportion held of equity instruments	Country of incorporation and place of business	Nature of business
Subsidiary undertakings			
Agriterra (Mozambique) Limited	100%	Guernsey	Holding company
Shawford Investments Inc.	100%	British Virgin Islands	Holding company

Indirect investments of Agriterra (Mozambique) Limited

	Proportion held of equity instruments	Country of incorporation and place of business	Nature of business
Subsidiary undertakings			
DECA – Desenvolvimento E Comercialização Agrícola Limitada	100%	Mozambique	Grain
Compagri Limitada	100%	Mozambique	Grain
Mozbife Limitada	100%	Mozambique	Beef
Carnes de Manica Limitada	100%	Mozambique	Beef
Aviação Agriterra Limitada	100%	Mozambique	Dormant

Notes to the consolidated financial statements

3.3. Foreign currency

The individual financial statements of each company in the Group are prepared in the currency of the primary economic environment in which it operates (its 'functional currency'). The consolidated financial statements are presented in US Dollars.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the date of the transaction. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's operations are translated at exchange rates prevailing at the balance sheet date. Income and expense items are translated at the average exchange rates for each month, unless exchange rates fluctuate significantly during the month, in which case exchange rates at the date of transactions are used. Exchange differences arising from the translation of the net investment in foreign operations and overseas branches are recognised in other comprehensive income and accumulated in equity in the translation reserve. Such translation differences are recognised as income or expense in the period in which the operation or branch is disposed of.

The following are the material exchange rates applied by the Group:

	Average Rate		Closing Rate	
	2018	**2017**	**2018**	**2017**
Mozambican Metical: US$	61.15	71.36	61.31	66.51
Sierra Leone Leones: US$	n/a	7,025	n/a	7,400

3.4. Operating segments

The Chief Operating Decision Maker is the ExCom. The ExCom reviews the Group's internal reporting in order to assess performance of the business. Management has determined the operating segments based on the reports reviewed by the ExCom which consider the activities by nature of business.

3.5. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, net of discounts, value added taxes and other sales related taxes.

Sales of goods are recognised when goods are delivered and title has passed. Delivery occurs when the products have arrived at the specified location, and the risks and rewards of ownership have been transferred to the customer.

Income arising from the rental of surplus plant and machinery, or the rental of land and buildings, is stated on an accruals basis at the amount due for rental until the relevant financial period end.

3.6. Operating loss

Operating loss is stated before investment revenues, other gains and losses, finance costs and taxation.

3.7. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. The Group did not incur any borrowing costs in respect of qualifying assets in any period presented.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.8. Share-based payments

The Company issues equity-settled share-based payments to certain employees of the Group. These payments are measured at fair value (excluding the effect of non-market based vesting conditions) at the date of grant and the value is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the shares that will eventually vest and adjusted for non-market based vesting conditions.

Fair value is measured by use of the Black Scholes model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

3.9. Employee benefits

3.9.1. Short-term employee benefits

Short-term employee benefits include salaries and wages, short-term compensated absences and bonus payments. The Group recognises a liability and corresponding expense for short-term employee benefits when an employee has rendered services that entitle him/her to the benefit.

3.9.2. Post-employment benefits

The Group does not contribute to any retirement plan for its employees. Social security payments to state schemes are charged to profit and loss as the employee's services are rendered.

3.10. Leases

Leases that transfer substantially all the risks and rewards of ownership are classified as finance leases. All other leases are classified as operating leases. As at 31 March 2018 and 31 March 2017 the Group does not have any finance leases. During the periods presented in these financial statements, the Group was counterparty to certain operating lease contracts. Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

3.11. Taxation

The Company is resident for taxation purposes in Guernsey and its income is subject to income tax, presently at a rate of zero per cent per annum. The income of overseas subsidiaries is subject to tax at the prevailing rate in each jurisdiction.

The income tax expense for the period comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised in other comprehensive income or directly in equity, when tax is recognised in other comprehensive income or directly in equity as appropriate. Taxable profit differs from accounting profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Current tax expense is the expected tax payable on the taxable income for the period. It is calculated on the basis of the tax laws and rates enacted or substantively enacted at the balance sheet date and includes any adjustment to tax payable in respect of previous periods. Deferred tax is calculated using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the asset can be utilised. This requires judgements to be made in respect of the availability of future taxable income.

The Group's deferred tax assets and liabilities are calculated using tax rates that are expected to apply in the period when the liability is settled or the asset realised based on tax rates that have been enacted or substantively enacted by the reporting date.

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Deferred income tax assets and liabilities are offset only when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

No deferred tax asset or liability is recognised in respect of temporary differences associated with investments in subsidiaries, branches and joint ventures where the Group is able to control the timing of reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

3.12. Property, plant and equipment

All items of property, plant and equipment are stated at historical cost less accumulated depreciation (see below) and impairment. Historical cost includes expenditure that is directly attributable to the acquisition. Subsequent costs are included in the asset's carrying value when it is considered probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Depreciation is charged on a straight-line basis over the estimated useful lives of each item, as follows:

Land and buildings:

Land		Nil
Buildings and leasehold improvements	2%	– 33%
Plant and machinery	5%	– 25%
Motor vehicles	20%	– 25%
Other assets	10%	– 33%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Gains and losses on disposals are determined by comparing proceeds received with the carrying amount of the asset immediately prior to disposal and are included in profit and loss.

3.13. Impairment of property, plant and equipment

At each balance sheet date, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit and loss because the Group does not record any assets at a revalued amount.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit and loss.

3.14. Biological assets
Consumer biological assets, being the beef cattle herd, are measured in accordance with IAS 41, 'Agriculture' at fair value less costs to sell, with gains and losses in the measurement to fair value recorded in profit and loss. Breeding cattle, comprising bulls, cows and heifers are expected to be held for more than one year, and are classified as non-current assets. The non-breeding cattle comprise animals that will be grown and sold for slaughter and are classified as current assets.

Cattle are recorded as assets at the period end and the fair value is determined by the size of the herd and market prices at the reporting date.

Cattle ceases to be a biological asset from the point it is slaughtered, after which it is accounted for in accordance with the accounting policy below for inventories.

Forage crops are valued in accordance with IAS 41, 'Agriculture' at fair value less costs to harvest. The cost of forage is charged to profit or loss over the period it is consumed.

3.15. Inventories
Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The cost of inventories is based on the weighted average principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

3.16. Non-current assets held for sale
Non-current assets (and disposal groups) held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving the loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria above are met.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in profit or loss.

3.17. Financial instruments
Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

3.17.1. Financial assets
All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit and loss ('FVTPL'), which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets at 'FVTPL', 'held-to-maturity' investments, 'available-for-sale' financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial asset and is determined at the time of initial recognition. The Company and Group currently have financial assets in the category of 'loans and receivables' and FVTPL.

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3.17.1.1. Loans and receivables
Trade receivables, loans receivable, bank balances, cash in hand and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

3.17.1.2. Financial assets at FVTPL
Financial assets are classified as at FVTPL when the financial asset is either held for trading or is designated as at FVTPL upon initial recognition. The Group holds certain investments in companies which were previously quoted on AIM and were designated as held for trading. Financial assets at FVTPL are stated at fair value, with any gains and losses arising on re-measurement recognised in profit or loss. The net gain or loss incorporates any dividends, interest earned, or foreign exchange gains and losses on the financial asset and is included within other gains and losses in the income statement. Fair value is determined in the manner described in note 17.

3.17.1.3. Impairment of financial assets
Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the asset have been affected.

For loans and receivables carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced through the use of an allowance account. When a financial asset is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit and loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

3.17.1.4. De-recognition of financial assets
The Group de-recognises a financial asset only 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 entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

3.17.2. Financial liabilities and equity
Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

3.17.2.1. Financial liabilities
Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'. The Group only has financial liabilities in the category of other financial liabilities.

3.17.2.1.1. Other financial liabilities
Other financial liabilities are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

3.17.2.1.2. De-recognition of financial liabilities
The Group de-recognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

3.18. Fair value measurement
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

For all other financial instruments not traded in an active market, the fair value is determined by using valuation techniques deemed to be appropriate in the circumstances. Valuation techniques include the market approach (i.e., using recent arm's length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (i.e., discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Notes to the consolidated financial statements

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

4. Critical accounting judgments and key sources of estimation uncertainty

In the application of the Group's accounting policies which are described in note 3, the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. The effect on the financial statements of changes in estimates in future periods could be material.

4.1. Impairment

Impairment reviews for non-current assets are carried out at each balance sheet date in accordance with IAS 36, Impairment of Assets. Continued losses in both the Beef and Grain divisions were considered to be indications of impairment and formal impairment reviews were undertaken.

The impairment reviews are sensitive to various assumptions, including the expected sales forecasts, cost assumptions, capital requirements, and discount rates among others. The forecasts of future cash flows were derived from the operational plans in place to address the requirement to increase both volumes and margins across the two divisions. Real commodity prices were assumed to remain constant at current levels.

Discount rate: Current central bank prime MIMO benchmark rate is 15% and with inflation at around 5%, the benchmark real interest rate is around 10%. The real rate assumed in these forecasts is 12.5%, consistent with prior years. A 5% risk premium has been added to give a discount real rate of interest of 17.5%. Current nominal bank borrowing rates are 22.5%, but these are expected to fall further as the economy returns to growth and inflation remains stable. Neither the Grain nor Beef divisions are sensitive to an increase in the discount rate to 30%.

Grain division: The forecasts for the Grain division show a return to the 10 year moving average with meal sales increasing to 24,000 tonnes in FY-19 (Year ending 31 March 2018: 16,500). A shortfall in the projected volumes of 50% or a reduction in the gross margin of more than 11% would lead to an indication of impairment.

Beef division: The forecasts for the Beef division show volumes improving to 2,000 tonnes (Year ending 31 March 2018:1,538 tonnes) in FY-19 and to 2,100 tonnes in FY-20. A fall in forecasted sales volumes of 10% or a reduction in the average daily weight gains in the feedlot of 9% would be required to trigger the need for a further impairment. The assets of the Beef division were impaired by $3.1m in the year ended May 2016 following the decision to destock the ranches. The board continues to evaluate the development of these assets, however it is too early to consider whether or not the previous impairment charge should be reversed.

No impairments were recorded in the year ended 31 March 2018 or the 10 month period ended 31 March 2017.

4.2. Biological assets
Cattle are accounted for as biological assets and measured at their fair value at each balance sheet date. Fair value is based on the estimated market value for cattle in Mozambique of a similar age and breed, less the estimated costs to bring them to market, converted to US$ at the exchange rate prevailing at the period end. Changes in any estimates could lead to the recognition of significant fair value changes in the consolidated income statement, or significant changes in the foreign currency translation reserve for changes in the Metical to US$ exchange rate.

The herd may be categorised as either the breeding herd of slaughter herd, depending on whether it was principally held for reproduction or slaughter. At 31 March 2018 the value of the breeding herd disclosed as a non-current asset was $nil (31 March 2017: $nil). The value of the herd held for slaughter disclosed as a current asset was $1,109,000 (31 March 2017: $746,000).

During the year, the Group has increased its capacity to produce sufficient forage to meet its requirements in the feedlot. Accordingly forage crops have been valued at 31 March 2018 at $28,000 (31 March 2017 $nil), bringing the total biological assets to $1,137,000 (31 March 2017: $746,000).

4.3. Recoverability of input Value Added Tax
Mozambique Value Added Tax ('IVA') operates in a similar manner to UK Value Added Tax ('VAT'). The Group is exempt from IVA on its sales of maize products under the terms of Mozambique tax law. The Group is able to recover input sales tax on substantially all of the purchases of the Grain division. The Group is always therefore in a net recovery position of IVA in respect of its Grain operations. To date the Group has not succeeded in recovering IVA from the Mozambique Government. Due to the significant uncertainty over the recoverability of these IVA balances, the Group has provided in full against the assets as at 31 March 2017 and 31 March 2018. As at 31 March 2018, the gross and net IVA recoverable assets are respectively $1,057,000 (31 March 2017: $857,000) and $nil (31 March 2017: $nil) at the US$ to Metical exchange rate of 61.31 (31 March 2017: 66.51) at that date.

5. Revenue

An analysis of the Group's revenue is as follows:

	Year ended 31 March 2018 US$000	10 months ended 31 March 2017 US$000
Continuing operations		
Sale of goods	9,222	12,759
Hire of equipment and machinery	–	48
	9,222	12,807
Interest received	13	12
	9,225	12,819
Discontinued operations		
Hire of equipment and machinery	–	25
	–	25
	9,225	12,844

All revenue from continuing activities is generated in Mozambique

Notes to the consolidated financial statements

6. Segment reporting

The ExCom consider that the Group's operating activities comprise the segments of Grain, Beef and Cocoa, all undertaken in Africa. In addition, the Group has certain other unallocated expenditure, assets and liabilities, either located in Africa or held as support for the Africa operations.

6.1. Segment revenue and results

The following is an analysis of the Group's revenue and results by operating segment:

Year ending 31 March 2018	Grain US$000	Beef US$000	Cocoa US$000	Unallo-cated US$000	Discon-tinued[4] US$000	Elimi-nations US$000	Total US$000
Revenue							
External sales[2]	4,519	4,703	–	–	–	–	9,222
Inter-segment sales[1]	680	–	–	–	–	(680)	–
	5,199	4,703	–	–	–	(680)	9,222
Segment results							
– Operating (loss)/ profit	(747)	(1,588)	(31)	(1,630)	38	–	(3,958)
– Interest (expense)/ income	(951)	(140)	–	7	–	–	(1,084)
(Loss)/profit before tax	(1,698)	(1,728)	(31)	(1623)	38	–	(5,042)
Income tax	(2)	(2)	–	–	–	–	(4)
(Loss)/profit for the year from continuing operations	(1,700)	(1,730)	(31)	(1,623)	38	–	(5,046)

10 month period ending 31 March 2017	Grain US$000	Beef US$000	Cocoa[3] US$000	Unallo-cated US$000	Discon-tinued[4] US$000	Elimi-nations US$000	Total US$000
Revenue							
External sales[2]	8,468	4,339	25	–	(25)	–	12,807
Inter-segment sales[1]	446	–	–	–	–	(446)	–
	8,914	4,339	25	–	(25)	(446)	12,807
Segment results							
– Operating (loss)/ profit	(204)	(1,346)	(136)	(1,135)	136	–	(2,685)
– Interest (expense)/ income	(686)	(241)	–	12	–	–	(915)
– Other gains and losses	–	–	–	(16)	–	–	(16)
(Loss)/profit before tax	(890)	(1,587)	(136)	(1,139)	136	–	(3,616)
Income tax	(6)	(1)	–	(15)	–	–	(22)
(Loss)/profit for the period from continuing operations	(896)	(1,588)	(136)	(1,154)	136	–	(3,638)

(1) Inter-segment sales are charged at prevailing market prices.
(2) Revenue represents sales to external customers and is recorded in the country of domicile of the group company making the sale. Sales from the Grain and Beef divisions are principally for supply to the Mozambique market.
(3) $25,000 revenue reported in the Cocoa segment for the period ended 31 March 2017 arises on the rental of certain of the Cocoa division's assets.
(4) Amounts reclassified to discontinued operations– refer to note 13.

The segment items included in the consolidated income statement for the year are as follows:

Year ending 31 March 2018	Grain US$000	Beef US$000	Cocoa US$000	Unallo-cated US$000	Discon-tinued US$000	Elimi-nations US$000	Total US$000
Depreciation	152	338	–	–	–	–	490

10 month period ending 31 March 2017	Grain US$000	Beef US$000	Cocoa US$000	Unallo-cated US$000	Discon-tinued US$000	Elimi-nations US$000	Total US$000
Depreciation	123	322	–	–	–	–	445

6.2. Segment assets, liabilities and capital expenditure

Segment assets consist primarily of property, plant and equipment, biological assets, inventories, trade and other receivables and cash and cash equivalents. Segment liabilities comprise operating liabilities, including an overdraft financing facility in the Grain segment, and bank loans and overdraft financing facilities in the Beef segment.

Capital expenditure comprises additions to property, plant and equipment.

The segment assets and liabilities at 31 March 2018 and capital expenditure for the year then ended are as follows:

	Grain US$000	Beef US$000	Cocoa US$000	Unallocated US$000	Total US$000
Assets	4,984	4,918	–	3,144	13,046
Liabilities	(3,981)	(528)	–	(195)	(4,704)
Capital expenditure	(9)	(107)	–	–	(116)

Segment assets and liabilities are reconciled to Group assets and liabilities as follows:

	Assets US$000	Liabilities US$000
Segment assets and liabilities	9,902	4,509
Unallocated:		
Other receivables	22	–
Cash and cash equivalents	3,122	–
Trade payables	–	72
Accrued liabilities	–	123
	13,046	4,704

Notes to the consolidated financial statements

The segment assets and liabilities at 31 March 2017 and capital expenditure for the period then ended are as follows:

	Grain US$000	Beef US$000	Cocoa US$000	Unallocated US$000	Total US$000
Assets	5,456	4,713	–	2,483	12,652
Liabilities	(2,806)	(1,178)	–	(242)	(4,226)
Capital expenditure	(130)	(74)	–	–	(204)

Segment assets and liabilities are reconciled to Group assets and liabilities as follows:

	Assets US$000	Liabilities US$000
Segment assets and liabilities	10,169	3,984
Unallocated:		
Investments and interests in associates	4	–
Other receivables	13	–
Assets classified as held for sale	453	–
Cash and cash equivalents	2,013	–
Liabilities directly associated with assets classified as held for sale	–	128
Trade payables	–	11
Accrued liabilities	–	103
	12,652	4,226

6.3. Significant customers

In the year ended 31 March 2018, one customer of the Grain division generated revenue of $1,150,000 amounting to 12.5% of Group revenue (10 month period ended 31 March 2017: one customer of the Grain division generated revenue of $2,484,000 amounting to 19.4% of Group revenue).

7. Operating loss

Operating loss has been arrived at after charging/(crediting):

	Year ended 31 March 2018 US$000	10 months ended 31 March 2017 US$000
Depreciation of property, plant and equipment (see note 15)	490	445
Profit on disposal of property, plant and equipment	(87)	(460)
Loss on re-measurement of assets classified as held for sale	–	21
Net foreign exchange (gain)/loss	(162)	104
Impairment of investment in associate (see note 16)	4	–
Impairment of inventory	–	769
Staff costs (see note 9)	2,095	1,838

8. Auditors remuneration

Amounts payable to the auditors and their associates in respect of audit services are as follows:

	Year ended 31 March 2018 US$000	**10 months ended 31 March 2017 US$000**
Fees payable to the Company's auditor for the audit of the Company's accounts	56	94
Fees payable to the Company's auditor and their associates for other services to the Group:		
The audit of the Company's subsidiaries	26	31
Total audit fees	82	125

Other than as disclosed above, the Company's auditor and their associates have not provided additional services to the Group.

9. Staff costs

The average monthly number of employees (including executive Directors) employed by the Group for the period was as follows:

	Year ended 31 March 2018 Number	**10 months ended 31 March 2017 Number**
Office and Management	38	50
Operational	443	492
	481	542
Of which relating to:		
Continuing operations	481	519
Discontinued operations	–	23
	481	542

Their aggregate remuneration comprised:

	Year ended 31 March 2018 US$000	**10 months ended 31 March 2017 US$000**
Wages and salaries	2,036	1,828
Social security costs	56	40
Share based payment charge	3	5
	2,095	1,873
Of which relating to:		
Continuing operations	2,095	1,838
Discontinued operations	–	35
	2,095	1,873

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10. Remuneration of Directors

Year ended 31 March 2018	Salary US$000	Bonus US$000	Share based payment US$000	Total US$000
CS Havers	46	–	–	46
DL Cassiano-Silva	136	82	2	220
AS Groves	65	49	–	114
HWB Rudland	5	–	–	5
B Scott	68	–	–	68
GR Smith	5	–	–	5
	325	131	2	458

10 months ended 31 March 2017	Salary US$000	Bonus US$000	Share based payment US$000	Total US$000
CS Havers	32	–	–	32
AS Groves	106	–	–	106
DL Cassiano-Silva	145	–	5	150
	283	–	5	288

11. Finance costs

	Year ended 31 March 2018 US$000	10 months ended 31 March 2017 US$000
Interest expense on bank borrowings and overdraft	1,097	927

12. Taxation

	Year ended 31 March 2018 US$000	10 months ended 31 March 2017 US$000
Loss before tax from continuing activities	(5,042)	(3,616)
Tax credit at the Mozambican corporation tax rate of 32% (2017: 32%)	(1,613)	(1,157)
Tax effect of expenses that are not deductible in determining taxable profit	18	39
Tax effect of (income not taxable) or losses not allowable	(66)	499
Tax effect of net losses not recognised in overseas subsidiaries (net of effect of different rates)	1,661	634
Statutory taxation payments irrespective of income	4	7
Tax expense	4	22

The tax reconciliation has been prepared using a 32% tax rate, the corporate income tax rate in Mozambique, as this is where the Group's principal assets of its continuing operations are located.

The Group has not recognised any tax credits for the year ended 31 March 2018 (10 month period ended 31 March 2017: $nil). The Group has operations in overseas jurisdictions where it has incurred taxable losses which may be available for offset against future taxable profits amounting to approximately $14,168,000 (31 March 2017: $9,324,000). In addition, the Group has further deductible timing differences relating to property, plant and equipment, and foreign exchange gains and losses on intercompany loans, amounting to approximately $28,876,000 (31 March 2017: $33,926,000). No deferred tax asset has been recognised for these tax losses and other deductible timing differences as the requirements of IAS 12, 'Income taxes', have not been met.

The Company is resident for taxation purposes in Guernsey and its income is subject to Guernsey income tax, presently at a rate of zero percent. per annum (2017: zero percent. per annum). No tax is payable for the period. Deferred tax has not been provided for, as brought forward tax losses are not recoverable under the Income Tax (Zero 10) (Guernsey) Law, 2007 (as amended).

13. Discontinued operations

The loss after tax arising on discontinued operations during the year is analysed by business operation as follows:

	Year ended 31 March 2018 US$000	**10 months ended 31 March 2017 US$000**
Cocoa activities	(8)	(136)
Group rationalisation	(30)	–
Net loss after tax attributable to discontinued operations (attributable to owners of the Company)	(38)	(136)

Cocoa activities

As more fully described in the Chair's statement, the Cocoa division's operating companies were sold on 1 June 2017.

The Cocoa activities represented a business segment of the Group and accordingly the results of the Cocoa activities are presented as discontinued operations within the consolidated income statement. This presentation was already adopted by the Group in the 10 month financial period ended 31 March 2017.

The amounts recorded in the consolidated income statement related to the other cocoa activities were as follows:

	Year ended 31 March 2018 US$000	**10 months ended 31 March 2017 US$000**
Revenue	–	25
Cost of sales	–	(3)
Gross profit	–	22
Operating expenses	(45)	(188)
Profit on disposal of property, plant and equipment	15	30
Loss before taxation	(30)	(136)
Taxation	–	–
Loss after tax from discontinued Cocoa activities in the year/period	(30)	(136)
Profit on disposal of the Cocoa subsidiaries	22	–
Loss from discontinued Cocoa activities attributable to owners of the Company	(8)	(136)

Notes to the consolidated financial statements

The profit on disposal of the cocoa operations was as follows:

	Year ended 31 March 2018 US$000
Proceeds from disposal of subsidiaries	500
Costs of disposal	(20)
Cash held by subsidiaries at disposal	(4)
Net cash inflow from disposal of the Cocoa activities	476
Other net assets disposed of:	
Property, plant and equipment	(363)
Other receivables less other payables	38
	151
Foreign exchange differences recycled from the foreign currency translation reserve	(129)
Profit on disposal of Cocoa activities	22

14. Loss per share

The calculation of the basic and diluted loss per share is based on the following data:

	Year ended 31 March 2018 US$000	10 months ended 31 March 2017 US$000
Loss for the year/period for the purposes of basic and diluted earnings per share from continuing activities	(5,046)	(3,638)
Loss for the year/period for the purposes of basic and diluted earnings per share from discontinued activities	(38)	(136)
Loss for the year/period for the purposes of basic and diluted earnings per share attributable to equity holders of the Company	(5,084)	(3,774)
Weighted average number of Ordinary Shares for the purposes of basic and diluted loss per share	16,351,388	10,618,185
Basic and diluted loss per share – US cents	(31.1)	(35.5)
Basic and diluted loss per share from continuing activities – US cents	(30.9)	(34.2)
Basic and diluted loss per share from discontinued activities – US cents	(0.2)	(1.3)

At the Annual General Meeting held on 30 November 2017, the shareholders approved a resolution to consolidate 100 existing ordinary shares of 0.1p each ("Existing Ordinary Share") into one new ordinary share of 10p each ("New Ordinary Share"). The weighted average number of ordinary shares used for the purposes of calculating loss per share for the year ending 31 March 2018 and period ending 31 March 2017 refer to New Ordinary Shares.

The company has issued options over ordinary shares which could potentially dilute basic loss per share in the future. There is no difference between basic loss per share and diluted loss per share as the potential ordinary shares are anti-dilutive.

15. Property, plant and equipment

	Land and buildings US$000	Plant and machinery US$000	Motor vehicles US$000	Other assets US$000	Total US$000
Cost					
At 1 June 2016	13,936	4,887	2,252	329	21,404
Additions	23	149	9	23	204
Disposals	(170)	(201)	(168)	(12)	(551)
Transfer to assets classified as held for sale	–	(378)	(74)	(1)	(453)
Exchange rate adjustment	(837)	(513)	(240)	(33)	(1,623)
At 31 March 2017	12,952	3,944	1,779	306	18,981
Additions	12	95	1	8	116
Disposals	–	(17)	(168)	(15)	(200)
Disposal of subsidiary	(5,950)	–	–	–	(5,950)
Exchange rate adjustment	645	340	244	26	1,255
At 31 March 2018	7,659	4,362	1,856	325	14,202
Accumulated depreciation and impairment					
At 1 June 2016	9,244	2,387	2,078	190	13,899
Charge for the period	101	235	85	24	445
Disposals	(15)	(144)	(167)	(9)	(335)
Transfer to assets classified as held for sale	–	(238)	(74)	–	(312)
Exchange rate adjustment	(335)	(241)	(216)	(18)	(810)
At 31 March 2017	8,995	1,999	1,706	187	12,887
Charge for the year	124	260	78	28	490
Disposals	(2)	(162)	(15)	(179)	
Disposal of subsidiary	(5,950)	–	–	–	(5,950)
Exchange rate adjustment	157	266	200	16	639
At 31 March 2018	3,326	2,523	1,822	216	7,887
Net book value					
31 March 2018	4,333	1,841	33	108	6,315
31 March 2017	3,957	1,945	73	119	6,094

For the year ended 31 March 2018, a depreciation charge of $490,000 (10 month period ending 31 March 2017: $445,000) has been included in the consolidated income statement within operating expenses and $nil (10 month period ending 31 March 2017: $nil) has been included within discontinued operations.

Property, plant and equipment with a carrying amount of $4,674,000 (31 March 2017: $4,479,000) have been pledged to secure the Group's bank overdrafts and loans (note 22). The Group is not allowed to pledge these assets as security for other borrowings or sell them to another entity.

At 31 March 2018 and 31 March 2017, the Group had no contractual commitments for the acquisition of property, plant and equipment.

16. Interests in associates

The Group's interest in associates represented a 40% equity investment in African Management Services Limited ('AMS'). The Group's share of the result of AMS for all periods presented was $nil. During the year the Company terminated its service agreement with AMS and accordingly has fully impaired its carrying value. On 19 October 2017, the Company disposed of its entire shareholding in AMS to Consolidated Growth Holdings Limited for a nominal consideration (see note 27). The share of the cumulative results and net assets of AMS is $nil (31 March 2017: $4,000). The Group's initial investment in AMS was $nil.

Notes to the consolidated financial statements

17. Investments

'Investments' comprise financial assets at FVTPL. Changes in market value are recorded in profit and loss within other gains and losses. As at 31 March 2018 and 31 March 2017, these investments comprise 8,337,682 ordinary shares in Atlas African Industries Limited ('AAI'), a company quoted on AIM until 18 November 2016, when its listing was cancelled. Movements in the value of the investment in AAI were as follows:

	US$000
At 1 June 2016	16
Decrease in fair value	(16)
At 31 March 2017 and 2018	–

The fair value as at 1 June 2016 was determined based on quoted market prices in an active market and comprised a level 1 fair value in the IFRS 13 fair value hierarchy. As at 31 March 2017 and 2018, AAI is no longer quoted and the fair value has been determined at the Directors best estimate and comprised a level 3 fair value in the IFRS 13 fair value hierarchy.

18. Biological assets

	US$000
Fair value	
At 1 June 2016	1,994
Purchase of biological assets	1,667
Sale, slaughter or other disposal of biological assets	(3,121)
Change in fair value of the herd	487
Foreign exchange adjustment	(281)
At 31 March 2017	746
Purchase of biological assets	2,913
Sale, slaughter or other disposal of biological assets	(3,107)
Change in fair value of the herd	510
Foreign exchange adjustment	75
At 31 March 2018	1,137

Biological assets comprise cattle in Mozambique held for breeding purposes (the 'Breeding herd') or for slaughter (the 'Slaughter herd'). At 31 March 2018 and 2017, all cattle are held for slaughter. The Slaughter herd has been classified as a current asset. The Breeding herd is classified as a non-current asset. Forage crops included in current assets are US$ 28,000 (31 March 2017 US$ nil). Biological assets are accordingly classified as current or non-current assets as follows:

	31 March 2018 Head	31 March 2017 Head	31 March 2018 US$000	31 March 2017 US$000
Non-current asset	–	–	–	–
Current asset	4,190	3,475	1,137	746
	4,190	3,475	1,137	746

For valuation purposes, cattle that are not in the feedlot are grouped into classes of animal (e.g. bulls, cows, steers etc) and a standard animal weight per breed and class was then multiplied by the number of animals in each class to determine the estimated total live weight of all animals in the herd. For animals in the feedlot, their weight has been estimated based on their individual weigh in data at the closest weigh in date to the period end.

The herd is then valued by reference to market prices for meat in Mozambique, less estimated costs to sell. The valuation is accordingly a level 2 valuation in the IFRS 13 hierarchy whereby inputs other than quoted prices that are observable for the asset are used.

The Group's slaughter herd have been pledged in full to secure the Beef division's bank overdraft and loans (see note 22).

19. Inventories

	31 March 2018 US$000	31 March 2017 US$000
Consumables and spares	304	156
Raw materials	301	907
Work in progress	4	12
Finished goods	329	178
	938	1,253

During the year inventories amounting to $7,077,000 (10 months ended 31 March 2017: $10,925,000) were included in cost of sales and $nil (10 months ended 31 March 2017: $nil) were included within discontinued operations.

Raw materials include a provision against the carrying value of maize inventories amounting to $nil (31 March 2017: $769,000). The provision at 31 March 2017 was recorded to adjust the carrying value of this class of inventory to its expected recoverable amount, being the higher of net realisable value and resale value.

Inventories with a carrying amount of $452,000 (31 March 2017: $917,000) have been pledged to secure the Grain division's bank overdraft and inventories with a carrying value of $166,000 (31 March 2017: $126,000) have been pledged to secure the Beef division bank overdraft and loans (see note 22).

20. Trade and other receivables

	31 March 2018 US$000	31 March 2017 US$000
Trade receivables	1,048	1,459
Other receivables	11	72
Prepayments	37	26
	1,096	1,557

'Trade receivables' and 'Other receivables' disclosed above are classified as loans and receivables and measured at amortised cost. These are stated net of the following balances that have been provided against. Movements in the provision against these receivables are as follows:

	US$000
At 1 June 2016	910
Credited to profit and loss	(1)
Written off in the period	(6)
Foreign exchange gain	9
At 31 March 2017	912
Charged to profit and loss	136
Written off in the period	(8)
Foreign exchange loss	55
At 31 March 2018	1,095

As at 31 March 2018, $1,057,000 (31 March 2017: $857,000) of the allowance account relates to input IVA recoverable in Mozambique (refer to note 4.3). The movement in the allowance account against the IVA recoverable during both periods presented principally reflects the increase in the underlying input IVA balance recorded by the Group and the effect movements in the exchange rate of the Mozambique Metical against the United States Dollar.

Notes to the consolidated financial statements

Trade receivables with a carrying amount of $799,000 (31 March 2017: $1,078,000) have been pledged to secure the Grain division's bank overdraft and trade receivables with a carrying value of $249,000 (31 March 2017: $381,000) have been pledged to secure the Beef division's bank overdraft and loans (see note 22).

The Directors consider that the carrying amount of financial assets approximates their fair value. Included within 'Trade receivables' and 'Other receivables' are receivables which are past due but not impaired as follows:

	31 March 2018 US$000	31 March 2017 US$000
60-90 days	18	101
90-120 days	42	57
Greater than 120 days	–	38
	60	196

There has been no significant change in credit quality of those receivables that are neither past due nor impaired.

Further details on the Group's financial assets are provided in note 24.

21. Disposal groups held for sale

The major classes of assets and liabilities comprising the operations classified as held for sale as at 31 March 2018 are as follows:

	Other assets disposal group US$000
Assets classified as held for sale:	
Property, plant and equipment	19
Total assets classified as held for sale	19

The major classes of assets and liabilities comprising the operations classified as held for sale as at 31 March 2017 are as follows:

	Cocoa disposal group US$000	Other assets disposal group US$000	Total US$000
Assets classified as held for sale:			
Property, plant and equipment	363	120	483
Trade and other receivables	88	–	88
Cash and cash equivalents	2	–	2
Total assets classified as held for sale	453	120	573
Liabilities associated with assets classified as held for sale:			
Trade and other payables	(128)	–	(128)
Total liabilities associated with assets classified as held for sale	(128)	–	(128)
Net assets of the disposal group	325	120	445
Losses recognised on assets classified as held for sale	–	(21)	(21)

Assets and associated liabilities within the 'Cocoa disposal group' represent the net assets of the Group's Cocoa division. This division was sold on 1 June 2017 realising gross proceeds of $500,000 (refer to note 13). No impairments were recorded against the assets in the Cocoa division during the year.

Assets classified as held for sale within the 'Other assets disposal group' comprise various assets identified for disposal as part of the Group's rationalisation programme, being primarily vehicles, heavy plant and machinery, butchery equipment and fixtures and fittings.

Notes to the consolidated financial statements

22. Borrowings

	31 March 2018 US$000	31 March 2017 US$000
Non-current liabilities		
Bank loans	–	734
Current liabilities		
Bank loans	50	264
Overdraft	4,185	2,466
	4,235	2,730
	4,235	3,464

Beef division

On 27 April 2017, the Group agreed revised lending facilities with Standard Bank to finance the Beef division in Mozambique. The existing term loans were consolidated into one loan repayable in twelve monthly instalments commencing May 2017. At 31 March 2018, the remaining balance was $0.05m (2017: $1.0m). The renewal date of the overdraft facility of 30 million Metical ($0.49m) was extended to 25 March 2018 and further extended to 25 May 2018. The amount drawn down at 31 March 2018 was $0.34m (2017: $nil).

On 25 May 2018, the overdraft facility has been renewed for a further 12 months and carries an interest rate at the Bank's prime lending rate (24%) at 31 March 2018.

The facilities are secured as follows:

	31 March 2018 US$000	31 March 2017 US$000
Fixed Charge		
Property, plant and equipment	1,913	1,848
Floating Charge		
Cattle	1,109	746
Meat Inventories	166	126
Trade receivables	249	381
	3,437	3,101

Grain division

On 27 April 2017, the Group formally completed the renewal of the Grain division's 300 million Metical overdraft facility to provide working capital funding, principally for the purchase of maize and related operating expenditure. The amount drawn down at 31 March 2018 was $3.84m (2017: $2.47m).

On 25 May 2018 the facility was restructured into a 240 million Metical ($3.91m) 5 year term loan with an interest rate of the Bank's prime lending rate +0.25% and a 12 month 60 million Metical ($0.98m) overdraft facility at the Bank's prime lending rate less 1.75%.

The facilities are secured as follows:

	31 March 2018 US$000	31 March 2017 US$000
Fixed Charge		
Property, plant and equipment	2,761	2,631
Floating Charge		
Maize and Maize product inventories	452	917
Trade receivables	799	1,078
	4,012	4,626

Notes to the consolidated financial statements

As further security to these borrowings, Agriterra Limited has issued a Corporate guarantee in favour of the bank. Under the terms of the guarantee, it may only be called upon once the bank has exhausted all possible means of recovering the debt in Mozambique.

Reconciliation to cash flow statement

	At 31 March 2017 US$000	Cash flow US$000	Foreign Exchange US$000	At 31 March 2018 US$000
Non-current bank loan	734	(798)	64	–
Current bank loan	264	(237)	23	50
Overdrafts	2,466	1,506	213	4,185
	3,464	471	300	4,235

23. Trade and other payables

	31 March 2018 US$000	31 March 2017 US$000
Trade payables	123	156
Other payables	50	189
Accrued liabilities	296	289
	469	634

'Trade payables', 'Other payables' and 'Accrued liabilities' principally comprise amounts outstanding for trade purchases and ongoing costs. No interest is charged on any balances.

The Directors consider that the carrying amount of financial liabilities approximates their fair value.

24. Financial instruments

24.1. Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to shareholders. The capital structure of the Group comprises its net debt (the borrowings disclosed in note 22 after deducting cash and bank balances) and equity of the Group as shown in the statement of financial position. The Group is not subject to any externally imposed capital requirements.

The ExCom reviews the capital structure on a regular basis and seeks to match new capital requirements of subsidiary companies to new sources of external debt funding denominated in the currency of operations of the relevant subsidiary. Where such additional funding is not available, the Group funds the subsidiary company by way of loans from the Company. The Group places funds which are not required in the short term on deposit at the best interest rates it is able to secure from its bankers.

Current interest rates on borrowings in Mozambique are very high, with the prime lending rate at 24% at 31 March 2018. In light of this, the Group has been rationalising its operations, with particular focus on disposing of surplus assets to reduce external debt levels in the Beef division. The Group has continued to maintain its overdraft facility in Mozambique to finance its Grain operations (note 22 and 29).

As set out in note 29, the Group renewed and reorganised its banking facilities after the year end. The new term loan facility for the Grain division and the overdraft facilities for both the Grain and Beef divisions have an interest covenant in place. At the date these facilities were agreed, the Group was in breach of these covenants. To date the Group has continued to make all repayments of interest and principal and has received no correspondence from the Bank suggesting that the loan might go into default.

24.2. Categories of financial instruments
The following are the Group financial instruments as at the period end:

	31 March 2018 US$000	31 March 2017 US$000
Financial assets		
Cash and bank balances	3,541	2,425
Other loans and receivables	1,059	1,531
	4,600	3,956
Financial liabilities		
Amortised cost	4,637	4,033
	4,637	4,033
	(37)	(77)

24.3. Financial risk management objectives
The Group manages the risks arising from its operations, and financial instruments at ExCom and Board level. The Board has overall responsibility for the establishment and oversight of the Group's risk management framework and to ensure that the Group has adequate policies, procedures and controls to manage successfully the financial risks that the Group faces.

While the Group does not have a written policy relating to risk management of the risks arising from any financial instruments held, the close involvement of the ExCom in the day to day operations of the Group ensures that risks are monitored and controlled in an appropriate manner for the size and complexity of the Group. Financial instruments are not traded, nor are speculative positions taken. The Group has not entered into any derivative or other hedging instruments.

The Group's key financial market risks arise from changes in foreign exchange rates ('currency risk') and changes in interest rates ('interest risk'). The Group is also exposed to credit risk and liquidity risk. The principal risks that the Group faces as at 31 March 2018 with an impact on financial instruments are summarised below.

24.4. Market Risk
The Group is exposed to currency risk and interest risk. These are discussed further below.

24.4.1. Currency risk
Certain of the Group companies have functional currencies other than US$ and the Group is therefore subject to fluctuations in exchange rates in translation of their results and financial position into US$ for the purposes of presenting consolidated accounts. The Group does not hedge against this translation risk. The Group's financial assets and liabilities by functional currency of the relevant Group company are as follows:

	Assets		Liabilities	
	31 March 2018 US$000	31 March 2017 US$000	31 March 2018 US$000	31 March 2017 US$000
United States Dollar ('US$')	3,120	2,013	175	103
Mozambique Metical ('MZN')	1,480	1,942	4,462	3,930
Other	–	1	–	–
	4,600	3,956	4,637	4,033

The Group transacts with suppliers and/or customers in currencies other than the functional currency of the relevant group company (foreign currencies). The Group does not hedge against this transactional risk. As at 31 March 2018 and 31 March 2017, the Group's outstanding foreign currency denominated monetary items were principally exposed to changes in the US$/GBP and US$/MZN exchange rate.

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The following tables detail the Group's exposure to a 5, 10 and 15 per cent increase in the US$ against GBP and separately to a 10, 20 and 30 per cent increase against the Metical. For a weakening of the US$ against the relevant currency, there would be a comparable impact on the profit and other equity, and the balances would be of opposite sign. The sensitivity analysis includes only outstanding foreign currency denominated items and excludes the translation of foreign subsidiaries and operations into the Group's presentation currency. The sensitivity also includes intra-group loans where the loan is in a currency other than the functional currency of the lender or borrower. A negative number indicates a decrease in profit and other equity.

	31 March 2018 US$000	31 March 2017 US$000
GBP Impact		
Profit or loss		
5% Increase in US$	(7)	6
10% Increase in US$	(13)	12
15% Increase in US$	(20)	18
Other equity		
5% Increase in US$	(73)	(59)
10% Increase in US$	(146)	(118)
15% Increase in US$	(219)	(177)
MZN Impact		
Profit or loss		
10% Increase in US$	50	39
20% Increase in US$	100	77
30% Increase in US$	149	116
Other equity[1]		
10% Increase in US$	(6,434)	(3,069)
20% Increase in US$	(12,868)	(6,138)
30% Increase in US$	(19,302)	(9,207)

[1] This is mainly due to the exposure arising on the translation of US$ denominated intra-group loans provided to Metical functional currency entities which are included as part of the Group's net investment in the related entities.

24.4.2. Interest rate risk

The Group is exposed to interest rate risk because entities in the Group hold cash balances and borrow funds at floating interest rates. As at 31 March 2018 and 31 March 2017, the Group has no interest bearing fixed rate instruments.

The Group maintains cash deposits at variable rates of interest for a variety of short term periods, depending on cash requirements. The Grain and Beef operations in Mozambique are also financed through bank facilities. The rates obtained on cash deposits are reviewed regularly and the best rate obtained in the context of the Group's needs. The weighted average interest rate on deposits was 0.25% (10 month period ending 31 March 2017: 0.50%). The weighted average interest on drawings under the overdraft facilities and bank loans was 26.06% (10 month period ending 31 March 2017: 25.23%). The Group does not hedge interest rate risk.

The following table details the Group's exposure to interest rate changes, all of which affect profit and loss only with a corresponding effect on accumulated losses. The sensitivity has been prepared assuming the liability outstanding at the balance sheet date was outstanding for the whole period. In all cases presented, a negative number in profit and loss represents an increase in finance expense/decrease in interest income. The sensitivity as at 31 March 2018 and 31 March 2017 is presented assuming interest rates on cash balances remain constant, with increases of between 20bp and 1000bp on outstanding overdraft and bank loans. This sensitivity to interest rate rises is deemed appropriate because the Group interest bearing liabilities are Metical based. The recent macroeconomic circumstances in Mozambique, particularly due to the significant weakening of the Metical, led to a rapid increase in interest rates during the period ending 31 March 2017 with a prime rate peaking at 28.0% which was 850 bp increase compared to 31 May 2016. The macroeconomic scenario in Mozambique is now improving and interest rates are starting to fall with prime rates 24% at 31 March 2018. As at the date of this report they are 22%.

	31 March 2018[1] US$000	**31 March 2017[1] US$000**
+ 20 bp increase in interest rates	(1)	(7)
+ 50 bp increase in interest rates	(3)	(17)
+100 bp increase in interest rates	(7)	(35)
+200 bp increase in interest rates	(14)	(69)
+500 bp increase in interest rates	(35)	(173)
+800 bp increase in interest rates	(55)	(277)
+1000 bp increase in interest rates	(69)	(346)

[1] The table above is prepared on the basis of an increase in rates. A decrease in rates would have the opposite effect.

24.5. Credit risk

Credit risk arises from cash and cash equivalents, and deposits with banks and financial institutions, as well as outstanding receivables. The Group's principal deposits are held with various banks with a high credit rating to diversify from a concentration of credit risk. Receivables are regularly monitored and assessed for recoverability.

The maximum exposure to credit risk is the carrying value of the Group financial assets disclosed in note 24.2. Details of provisions against financial assets are provided in note 20.

24.6. Liquidity risk

The Group policy throughout the period has been to ensure that it has adequate liquidity by careful management of its working capital. The ExCom continually monitors the Group's actual and forecast cash flows and cash positions. The ExCom pays particular attention to ongoing expenditure, both for operating requirements and development activities, and matching of the maturity profile of the Group's overdrafts to the processing and sale of the Group's maize and beef products.

At 31 March 2018 the Group held cash deposits of $3,541,000 (2017: $2,425,000). At 31 March 2018 the Group had overdraft and bank loans facilities of approximately $5,432,000 (2017: $5,638,000) of which $4,235,000 (2017: $3,464,000) was drawn. Certain of these facilities have been restructured subsequent to the year end as more fully described in note29. As at the date of this report the Group has adequate liquidity to meet its obligations as they fall due.

The following table details the Group's remaining contractual maturity of its financial liabilities. The table is drawn up utilising undiscounted cash flows and based on the earliest date on which the Group could be required to settle its obligations. The table includes both interest and principal cash flows.

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	31 March 2018 US$000	31 March 2017 US$000
1 month	4,612	653
2 to 3 months	25	193
4 to 12 months	–	3,215
1 to 2 years	–	433
3 to 5 years	–	485
	4,637	4,979

24.7. Fair values
The Directors have reviewed the financial statements and have concluded that there is no significant difference between the carrying values and the fair values of the financial assets and liabilities of the Group as at 31 March 2018 and 31 March 2017.

25. Share capital

	Authorised Number	Allotted and fully paid Number	US$000
At 31 March 2017 and 31 May 2016			
Ordinary shares of 0.1p each	2,345,000,000	1,061,818,478	1,722
Issue of shares	–	1,062,243,291	1,413
At 30 November 2017	2,345,000,000	2,124,061,769	3,135
Consolidation 1 new ordinary share of 10p each for 100 ordinary shares of 0.1p each	(2,321,550,000)	(2,102,821,151)	–
At 31 March 2018	23,450,000	21,240,618	3,135
At 31 March 2018 and 31 March 2017			
Deferred shares of 0.1p each	155,000,000	155,000,000	238
Total share capital	178,450,000	176,240,618	3,373

The Company has one class of ordinary share which carries no right to fixed income.

On 30 November 2017, the shareholders approved a resolution to consolidate 100 existing ordinary shares of 0.1p each ("Existing Ordinary Share") into one new ordinary share of 10p each ("New Ordinary Share"). All references to the number of shares in issue at 31 March 2018 and in the comparative period relate to New Ordinary Shares.

The deferred shares carry no right to any dividend; no right to receive notice, attend, speak or vote at any general meeting of the Company; and on a return of capital on liquidation or otherwise, the holders of the deferred shares are entitled to receive the nominal amount paid up after the repayment of £1,000,000 per ordinary share. The deferred shares may be converted into ordinary shares by resolution of the Board.

26. Share-based payments

26.1. Charge in the period
The Group recorded a charge within Operating expenses for share-based payments of $3,000 (10 months ended 31 March 2017: $5,000) in respect of options issued in previous years vesting during the year. No options were issued during the year (10 months ended 31 March 2017: $nil).

26.2. Outstanding options and warrants

The Group, through the Company, has two unapproved share option schemes which were established to provide equity incentives to the Directors of, employees of and consultants to the Group. The schemes' rules provide that the Board shall determine the exercise price for each grant which shall be at least the average mid-market closing price for the three days immediately prior to the grant of the options. The minimum vesting period is generally one year. If options remain unexercised after a period of 4 or 5 years from the date of grant, or vesting, the options expire. Options are forfeited if the employee leaves the Group before the options vest.

In addition to share options issued under the unapproved share option schemes, on 1 June 2015, the Group created a warrant instrument (the 'Instrument') to provide suitable incentives to the Group's employees, consultants and agents, and in particular those based, or those spending considerable time, on site at the Group's operations. Up to 1,000,000 warrants (the 'Warrants') to subscribe for new Ordinary Shares in the Company (the 'Warrant Shares') may be issued pursuant to the Instrument. The exercise price of each Warrant is £0.65 (the share price of the Company being approximately 0.6p when the Instrument was created) and the subscription period during which time the Warrants may be exercised and Warrants Shares issued is the 5-year period from 1 June 2016 to 1 June 2021. Subject to various acceleration provisions, a holder of Warrants is not entitled to sell more than 1,000 Warrant Shares in any day nor more than 10,000 Warrant Shares (in aggregate) in any calendar month, without board consent. 225,000 Warrants are in issue.

The following table provides a reconciliation of share options and warrants outstanding during the period. The number of shares or warrants and their respective exercise prices has been adjusted to reflect the consolidation (see note 25):

	10 months Year ended 31 March 2018 Number	**Weighted Weighted average exercise price (p)**	**12 months 10 months ended 31 March 2017 Number**	**Weighted Weighted average exercise price (p)**
At beginning of period	335,850	160	510,040	200
Granted in the period	–	–	–	–
Terminated in the period	–	–	(51,660)	310
Lapsed in the period	–	–	(122,530)	250
At end of period	335,850	160	335,850	160
Exercisable at period end	325,850	160	302,510	150

At 31 March 2018, the following options and warrants over ordinary shares of 10p each have been granted and remain unexercised:

Date of grant	**Total options**	**Exercisable options**	**Exercise price (p)**	**Expiry date**
29 July 2012	25,000	25,000	350p	29 July 2023
29 July 2012	20,850	20,850	550p	11 January 2020
01 March 2013	20,000	20,000	550p	30 April 2019
01 March 2013	20,000	20,000	275p	11 January 2020
15 March 2014	25,000	15,000	150p	15 March 2024
1 June 2015	225,000	225,000	65p	1 June 2021
	335,850	325,850		

Notes to the consolidated financial statements

27. Related party disclosures

Magister Investments Limited ("Magister"), holds 50.01% of the ordinary share capital of the Company and is the ultimate controlling party.

AS Groves, a director of the Company during the year, is also a director of Liberian Cocoa Corporation ('LCC'), African Management Services Limited ('AMS'), Consolidated Growth Holdings Limited (formerly Sable Mining Africa Limited, 'CGH'), Atlas African Industries Limited ('AAI') and East Africa Packaging Limited ('EAPC'). The Group has transacted with these companies during the year.

On 14 September 2017, shareholders approved the subscription by Magister for 10,622,433 ordinary shares at a price of 31.26p per share.

During the year ending 31 March 2018, AMS provided accounting, office, treasury and administrative services to the Group for fees of $289,500 (10 month period ending 31 March 2017: $305,000). As at 31 March 2018 the Group owed $nil to AMS (31 March 2017: $8,000). On 19th October 2017, the Group disposed of its shareholding in AMS to CGH for a nominal consideration. During the period ending 31 March 2017 the Group provided against $129,000 of amounts due from AMS which were no longer deemed recoverable.

As at 31 March 2018 the Group was owed $nil from LCC (31 March 2017: $89,000 which was included within the Cocoa disposal group).

During the period the Group and CGH incurred certain expenses on each other's behalf, which were refunded in full during the period. At 31 March 2018, the amount due to CGH was $nil (31 March 2017: $nil).

At 31 March 2018 the carrying value of amounts due from AAI was $nil (2017: $nil). During the period ended 31 March 2017, the Group provided $150,000 against amounts receivable from AAI.

The remuneration of the Directors, who are the key management personnel of the Group, is set out in note 10.

28. Operating leases outstanding

At 31 March 2018 the Group had commitments for future minimum lease payments under non-cancellable operating leases for land and buildings, which fall due as follows:

	31 March 2018 US$000	31 March 2017 US$000
Within one year	78	89
In the second to fifth years inclusive	–	–
	78	89

Operating lease rentals recognised as an expense in the consolidated income statement were as follows:

Land and buildings	96	140

29. Events subsequent to the balance sheet date

29.1. Re-structuring of the Company's borrowing facilities with Standard Bank
On 25 May 2018, the Group and Standard Bank agreed to modify the terms of the Group's borrowing facilities as follows:

Beef Division: On 25 May 2018, the overdraft facility has been renewed for a further 12 months and carries an interest rate at the Bank's prime lending rate (24%) at 31 March 2018.

Grain Division: On 25 May 2018, the 300 million Metical overdraft facility was restructured into a 240 million Metical 5 year term loan with an interest rate of the Bank's prime lending rate +0.25% and a 12 month 60 million Metical overdraft facility at the Bank's prime lending rate less 1.75%.

The Term loan and overdraft facilities have an interest covenant in place. At the date these facilities were agreed, the Group was in breach of the interest covenant. To date the Group has continued to make all repayments of interest and principal and has received no correspondence from the Bank suggesting that the loan might go into default.

Company information and advisers

Country of incorporation	Guernsey, Channel Islands
Registered address	Richmond House St Julian's Avenue St Peter Port Guernsey, GY1 1GZ
Directors	Caroline Havers (Executive Chair) Daniel Cassiano-Silva (Non-executive) Hamish Rudland (Non-executive) Gary Smith (Non-executive)
Auditor	BDO LLP 55 Baker Street London W1U 7EU
Solicitors	Carey Olsen 8-10 Throgmorton Avenue London, EC2N 2DL
Nominated adviser and broker	Cantor Fitzgerald Europe One Churchill Place London, E14 5RB
Registrars	Neville Registrars Limited Neville House 18 Laurel Lane Halesowen, B63 3DA

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