AGRITERRA LIMITED

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

Contents

CHAIR'S STATEMENT AND STRATEGIC REVIEW

I am pleased to present the annual report of the Company for the year ending 31 March 2022. During the year, the Company focused on improving the existing operating systems, improving sales and building the DECA Snax brand in the local market.

The Company continues to observe the principles of the QCA Corporate Governance Code (the "Code") to the extent that they consider them to be applicable and appropriate for a Company of Agriterra's size and stage of development, through the maintenance of efficient and effective management frameworks accompanied by good communication. Further details are available at:
http://www.agriterra-ltd.com/investor-relations/corporate-governance/

Strategy and Business Model

The Company's strategy is to operate efficient, profitable businesses in Mozambique to create value for its shareholders and other stakeholders by supplying beef and milled maize products to the local market.

The Company continues to focus on adding value along the entire maize and beef value chain, by developing and offering new products to the market. It currently has three operating divisions:

- Beef, which sources cattle from local farmers and then processes them through its own feedlot, abattoir operations and retail units through Mozbife Limitada ('Mozbife')
- Grain, which operates maize purchasing and processing businesses through Desenvolvimento e Comercialização Agrìcola Limitada ('DECA') and Compagri Limitada ('Compagri').
- Snax, which sources maize grits from DECA, processing them into flavoured puffs and naks through DECA Snax, an operating entity that was commissioned in December 2020 to add value to our grain meal and sell as a snack.

These three divisions have built strong brands in Mozambique. During the year the Company secured additional debt funding of c.US$2.4m to secure the necessary maize quantities needed to meet the projected meal sales for this financial year.

The Company is aware of its environmental, social and governmental responsibilities and the need to maintain effective working relationships across a range of stakeholders. The major shareholder is represented on the Board ensuring their views are incorporated into the Board's decision-making process. In addition to the Company's staff and shareholders, the local community in Mozambique is a primary stakeholder. In purchasing maize and cattle directly from the local community, the Company plays an important role in local economic development, supporting small scale farmers and the developing commercial sector.

Mozambique overview

FY2022 has proven to be a very challenging year, with the continued impact of COVID-19 restrictions and the security situation in the North of the country.

The Central region was hit by a tropical storm in December 2021; Tropical Storm Anna, passed through destroying crops and flooding fields in the main maize producing belt. Farmers were forced to replant, which in turn caused delays in the harvest and supply of grain to the market. The harvest period moved from April to June and as a result the yields were lower. The impact of the tropical cyclone will affect maize availability and prices for the 31 March 2023 financial year.

Mozambique continued with the COVID-19 lockdown until September 2021, but a further lock down was required from December 2021 to March 2022, as a response to the then new Omnicrom variant. The lockdown affected the economy generally, but in particular the hospitality industry which impacted the operating companies in both direct and wholesale sales.

National infection numbers appear to be under control and the vaccination rates are improving. Beaches, restaurants and general day to day life began to normalise in April 2022. The operating companies were affected in Q1-2022, when at least 10 Management and 60 general staff were infected, but everyone recovered. The companies continued with the training and awareness programmes implemented at the start of the pandemic.

The insurgency in Northern Mozambique (1,500km north of Chimoio) intensified, with SADC and Rwandan security forces assisting the Mozambican army since September 2021. They have had a positive impact in reducing the number of attacks around the O&G fields, but the war has moved further south, towards the town of Pemba. This continues to be a threat, but Total and ENI have indicated that they would be prepared to return in Q4-2022, if the situation improves. This will certainly offer the economy a boost and help move Mozambique forward.

During this same period the Metical remained steady against the US$, but strengthened vs the Rand. This meant that South African imports were slightly cheaper in the Maputo market. Annual inflation was higher at 5.7%, against 3.19% in 2020, in response to the increase in fuel and food prices, due to the Ukrainian war. In response to the inflation, the Bank of Mozambique increased its prime lending rate from 16% to 19%, forcing many business to slow down their growth plans.

Operations review

Grain division

The Grain division has become more efficient over these last 12 months: the mill upgrades have improved the overall extraction rate from 76.7% in FY21 to 78.0%; and cheaper maize purchases have improved the overall gross margin to 26.7% vs the 15.41% achieved in prior period. These efficiencies have enabled the division to improve its overall performance per ton sold. However, volumes sold declined to 17,094 tons (2021: 25,389 tonnes) and average selling price decreased to MZN 26,983 per ton (2021: MZN 27,467).

The drop in sales is mainly due to the excessive volume of maize produced in and being informally imported from Malawi and Zambia, where favourable climatic conditions and government subsidised fertiliser schemes have resulted in exceptionally high maize production for that year. The supply was far greater than the local demand and hence the maize entering Mozambique and eventually making its way south to Chimoio, Beira and Maputo, thus requiring a reduction in price to compete with the cheaper maize available in the informal markets.

A total of $6.1m borrowings were secured from commercial banks, contributing towards the purchase of 29,264 tons of maize needed for this season. The business has in silo a total stock of 7,690 tons of maize at year end (2021: 2,044 tons), which has enabled grain division operations to mill through to June 2022, new crop was available to purchase in mid-June 2022.

Revenue for the year decreased to $7.1m (2021: $11.1m). Operating costs increased by $0.3m to $1.9m resulting from the appointment of senior management and additional bush buying administrative and transport expenses. EBITDA increased to $0.54m (2021: EBITDA of $0.51m) due to extraction efficiencies and reduced maize cost as compared to the prior year. However, finance costs increased to $1.55m (2021: $1.07m) and the assets revaluation led to an increase in depreciation cost to $0.5m from $0.18m in 2021 resulting in a loss before tax of $1.41m (2021: loss $ 0.74m).

Loss after tax amounted to $1,515,000 (FY21: Loss after tax $742,000.

Beef division

The Beef division suffered a loss of business between March and April 2021, following the suspension of all oil and gas related activities by Total Energy and ENI, a response to the terrorist attacks in the north. The division has focussed on identifying new customers, improving operating margins and cutting overheads. Sales volumes were 24% below previous year (1,015 tons vs 1,331 tons in FY21).

The decrease in sales has been mitigated by improved Gross Margin of 23.87% (FY-2021: 9.62%) resulting from higher average selling price of MZN 252 per kg (FY-2021: MZN 221) whilst the average dress out rate of 51.2% (FY-2021: 51.7%) remained the same for the year, improved cattle buying practises and training of small farmers (average quarter weight is now 50kg vs the historical average weight of 40kg) has allowed the business to improve quality and increase unit prices.

The Company has embarked on a right sizing strategy, we offered voluntary retrenchments and agreed not to replace staff that either resigned or whose contract came to an end. We still have the cost of the 3 farms that remain in care and maintenance whilst farming investment opportunities are being evaluated to maximise the utilisation of these farms.

Loss after tax amounted to $504,000 (FY21: Loss after tax $1,063,000).

Snax Division

DECA Snax, a 50:50 joint venture with Snax for Africa Limited has, in its second year of operations, managed to grow sales volumes by 500% to $1.5 million (FY21: $0.2 million) due to the successful launch of new products and creation of an efficient sales distribution network. DECA Snax sold 707,385 bales during the current year (FY21: 128,805 bales).

Production volume is exceeding 80% of the installed capacity and plans are in place to increase the production capacity of the Snax division in the next financial year by utilising internally generated funds. Management is encouraged by the positive demand for the products which is more than the production capacity.

Profit after tax amounted to $109,889 (FY21: Loss after tax - Nil)

Key Performance Indicators

The Board monitors the Company's performance in delivery of strategy by measuring progress against Key Performance Indicators (KPIs). These KPIs comprise a number of operational, financial and non-financial metrics.

	2022	2021	2020
Grain division			
- Average milling yield	78.0%	76.7%	77%
- Meal sold (tonnes)	17,094	25,389	19,926
- Revenue	$7,118,000	$11,061,000	$8,955,000
- EBITDA (note 5)	$535,000	$510,000	$86,000
- Net debt	($9,521,266)	($5,856,106)	($4,001,000)
- Available headroom under banking facilities	-	$884,669	$746,000
Beef division			
- Slaughter herd size – number of head	4,575	5,667	2,100
- Average daily weight gain in feedlot (% of body mass)	0.35	0.35	0.34
- Meat sold (tonnes)	734	890	1,094
- Revenue	$3,159,000	$3,189,000	$3,955,000
- EBITDA (note 5)	($66,000)	($547,000)	($905,000)
- Net debt	($184,283)	($406,244)	($665,000)
- Available headroom under banking facilities	-	-	$99,000
Snax division (note 23)			
- Bales sold (units)	707,385	128,805	
- Revenue	$1,447,000	$117,000	
- EBITDA	$247,000	$10,000	
- Net debt	$Nil	$23	
- Available headroom under banking facilities	N/A	N/A	
Group			
- EPS	(10.7)	(10.3)	(14.1)
- Liquidity - cash plus available headroom under facilities	$107,000	$1,139,000	$1,162,000

Financial Review

In FY 22 Group revenue decreased by 28% to US$10.28m (FY21: US$14.25m) mainly due to:

- Influx of maize from Malawi and Zambia which saturated the Mozambique market and maize meal sales volumes decreased by 33% to 17,094 tons (FY21: 25,389 tons). The strengthening of the Metical against other currencies offered Mozambique as an attractive market in Southern Africa. Grain division purchased 30,000 tons, milled out 23,000 tons and carried forward 7,000 tons into the next financial year.
- Reduction in beef demand during the peak of the pandemic and the loss of key contracts due to the conflict in the north, resulting in lower than budgeted beef sales by 17.5% to 734 tons (FY21: 890 tons). The decline in sales volumes was mitigated by 14.06% improvement in selling price.

Even though sales volumes decreased, the Group's gross profit improved by 25% to $2.6 million (FY21: Gross profit - $2.1 million) as a result operational efficiencies in all divisions which included but are not limited to:

- Improved maize meal extraction rate and low cost of maize in the Grain division.
- Low animal travel mass loss from buying points to the feedlot, management of farm cost and efficient slaughtering process in the Beef division.

Despite the operating expenses increasing by 11% to $3.5 million (FY21: $3.2 million), the operating loss decreased by 17% to $821 000 (FY21: $987,000) even though low sales volumes were realised for the year. The Group operational performance is expected to be profitable if volumes improve by 25%.

Net Debt at 31 March 2022 was US$9.7m (FY21: US$4.3m). Poor group performance has resulted in the increase in debt due to high interest cost amounting to $1.6 million eroding the significant portion of the Group earnings and ultimately shareholder equity. Subsequent to the year end, the Group's debt has been refinanced by means of a shareholder loan from Magister Investments Limited (see note 26).

Risk management

The Company is subject to various risks and the future outlook for the Company, and growth in shareholder value should be viewed with an understanding of these risks. According to the risk, the Board may decide to tolerate it, seek to mitigate it through controls and operating procedures, or transfer it to third parties. The following table shows the principal risks facing the Company and the actions taken to mitigate these:

Key risk factor	Detail	How it is managed	Change in the period
Foreign Exchange	The Company's operations are impacted by fluctuations in exchange rates and the volatility of the Metical.	The Company's borrowing facilities are denominated in Metical.	**Decreased**. The Metical has been stable in the past 12 months, while inflation has increased, and interest rates increased. IMF and WB have begun lending to the government of Mozambique (GoM), so we expect rates to remain steady.
Political instability	Changes to government policy and applicable laws could adversely affect operations or the financial condition of the Company.	Contingency plans to protect assets and staff should political or military tensions escalate.	**No Change.** Following the peace accords signed with RENAMO, while military tension in Northern Mozambique is slowly being resolved under a SADC military conflict resolution assistance.
Land ownership in Mozambique	Property rights and land are exclusive to the state. The state grants rights to use and develop land "DUATs". The operations are dependent upon maintaining the relevant DUATs.	Observance of any conditions attaching to a DUAT.	**No change**.
Maize growing season	Adverse weather conditions, national or regional could impact on the availability and pricing of grain.	Diversify sources of supply and sign supply agreements. The business has taken the initiative to go directly to the farmer, rather than depending entirely on traders.	**Increased.** Cyclones and flooding have severely affected the farmer yields in central Mozambique.
Cattle and cattle feed	Cattle are subject to diseases and infections. The availability and price of feed impacts profitability.	Stringent Bio-security measures are in place at the Farms and Feedlot. The division is now self-sufficient in roughage crops and acquires most of its feed from the Grain division.	**No Change.**
Access to working capital	The Company is reliant on local banking facilities in Mozambique.	During the year, the Company secured additional overdraft facilities.	**Increased.** The exposure to reliance on the renewal of short-term facilities has increased.
Compliance	There is a risk of a breach of the Company's business or ethical conduct standards and breach of anti-corruptions laws, resulting in investigations, fines and loss of reputation.	The Board reinforces an ethical corporate culture. Anti-bribery policies are in place, with regular training throughout the organization.	**No change**.
COVID-19	COVID-19 has had a significant negative impact globally, both economically and socially. There is a risk that there will be a significant outbreak of the COVID-19 virus in Mozambique which could potentially impact the population through contraction of COVID-19 and Government enforced measures, and in turn impact the Company's operations.	Plans are in place to protect our staff and production capabilities. The Company remains alert to the fast-changing environment and is prepared to put in place mitigating actions as events develop. Our products, meal and beef, are key staples in the domestic Mozambican market and demand is not expected to be significantly affected should the pandemic take hold. The impact on future liquidity has been discussed further in the Going Concern section below.	**No Change.** Staff are being vaccinated and working practises have changed to accommodate the new normal.

The Board is also responsible for establishing and monitoring the Company's systems of internal controls. Although no system of internal control can provide absolute assurance against material misstatement or loss, the Company'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 on a regular basis. In light of this control environment the Board considers that there is no current requirement for a permanent separate internal audit function.

Going concern

Details of the consideration of going concern are set out in note 3. The Company has prepared forecasts for the Group's ongoing businesses covering the period of 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 working capital requirements and currently available borrowing facilities and future renewals.

The forecasts show that the Group needs to achieve its operating targets and secure working capital funding in addition to reducing the borrowing levels by securing other forms of cheaper financing to meet its commitments as they fall due, none of which are certain. Post year end, the Group has secured US$7.9 million from direct shareholder funding which will be used to repay the commercial borrowings and the Group is expected to save at least US$0.7 million by repaying the US$6.1 million overdraft facility and US$1.8 million bank loan after securing maize for the current year. In addition, the Group also secured a US$1.4 million short term loan from Commercial Banks to fund maize purchasing for the FY23 financial year. The group expect further short term funding to be required to fund the current year working capital. These conditions and events indicate the existence of a material uncertainty that may cast significant doubt upon the Group’s ability to continue as a going concern and the Group Companies may therefore be unable to realise their assets and discharge their liabilities in the ordinary course of business. The auditors make reference to going concern in their audit report by way of a material uncertainty. These financial statements do not include the adjustments that would result if the Group were unable to continue as a going concern.

COVID-19

The Mozambican Government continues to implement policies to minimise the spread of COVID-19, but these are now very relaxed, and business is back to normal. The beef and snax sales have been encouraging, but growth is being restricted by the high inflation rates that are affecting the amount of disposable income available in the region. The Grain division has suffered the most with low volume of sales and there is a need to reduce overheads, improve efficiencies and to identify new markets, where the division can increase product up take.

Outlook

The Group had a difficult start to FY-23 as the COVID-19 lock down was re-instated and remained in force until Q3-2022. This has made the overall operation challenging, but management are protecting the gross margins and ensuring that the business does not lose potential advantages in the market.

Grain: In order to improve margins, the division secured an additional working capital facility, enabling it to purchase maize in the period when the market is saturated, and prices are lowest. In addition, some of the larger clients were encouraged to pre-pay for their meal, so as to secure the maize needed at the same time. There has also been renewed focus on the commercial strategy to better align our pricing with the market, to introduce a rebranding program to drive the sales of the 1kg packs which offers better margins, and to incentivise clients to buy more and pay quickly.

Beef: With demand under pressure from lockdown, the focus has been on realigning the cost base with lower projected volumes and refocussing the retail strategy. The depot, opened in 2020 in Maputo in now accounting for 40% of all sales, with demand for our product increasing quickly. On the supply side, the focus has been on strengthening supply chain links with the small farmers who work with us and on getting the efficiencies on the feed lot to improve. A new manager has been contracted and he is having a positive impact on the bottom line.

Snax: The demand for the brand is growing quickly and penetrating new market easily. The division will be introducing new flavours to widen customer choices and further strengthen the brand presence in the market. Snax division is targeting to generate USD 0.5 million revenue per month supported by investment in a new extruder which will improve the production capacity.

Board and senior management changes

In March 2021 Mr. Sant’ana Afonso joined the board as an executive Director and Chief Executive Officer. Mr. Sant'ana Afonso is a Mozambican citizen and has worked with the company since March 2020 before being formally appointed to the role of CEO in April 2021. He was Executive Director for Mozambique of AgDevCo for 6 years and, prior to that, worked for 6 years as the Bulk Cargo Manager at the Port of Maputo, where he gained significant supply chain and logistics experience.Mr. Sant'ana Afonso has a BSc in Agriculture and an MSC in Agricultural Economics and has held non-executive directorships in various companies in the food commodity sector in Mozambique.

After the end of the current reporting period, Mr. Sant’ana Afonso resigned from the Company effective 31 July 2022. Mr Hamish Rudland has assumed the role of Interim Chief Executive Officer.

CSO Havers,
Non-Executive Chair
29 September 2022

Corporate Governance

The Company is quoted on AIM and is required to comply with the provisions of a recognised corporate governance code. The Board elected to adopt the Quoted Company Alliance Corporate Governance Code (the "QCA code"). Further details are available at http://www.agriterra-ltd.com/corporategovernance.aspx.

The Board is committed to applying a standard of corporate governance commensurate with its size and stage of growth and the nature of its activities.

The Board

The board structure continues to be organised to ensure it has the appropriate balance of skills and independence. At the year end the Board comprised the Non-Executive Chair, Chief Executive, two non-independent Non-Executive Directors and two independent Non-Executive Directors. Within Senior Management, there is a Finance Director and General Manager who report to the Board. The Board is looking to further enhance its composition, skills and balance as the Company develops. The Board currently comprises:

Caroline Havers, Non-Executive Chair (AC; IC chair)

Ms. Havers is a highly experienced litigation/dispute resolution lawyer having spent over 30 years within international law firms working with clients operating in a variety of African jurisdictions and industry sectors. During her legal career, Ms. Havers has been both a partner and managing director of different law firms. She provides advice on compliance and governance and is a long qualified CEDR Mediator.

Rui Sant'ana Afonso CEO, (Resigned 31 July 2022)

Mr. Sant'ana Afonso is a Mozambican citizen, who resides in Mozambique. Previously he was Executive Director for Mozambique of AgDevCo for 6 years and, prior to that, worked as Director of Operations for G4S in Mozambique. In addition, he gained significant supply chain and logistics experience through his role as Bulk Cargo Manager at the Port of Maputo, where he worked for 6 years.

Mr. Sant'ana Afonso has a BSc in Agriculture and an MSC in Agricultural Economics and has held non-executive directorships in various companies in the food commodity sector in Mozambique.

Hamish Rudland, Non-Executive Director (IC) (Acting CEO from 1 August 2022)

Mr. Rudland has extensive experience across logistics, agriculture, agro-processing, distribution, and property. After graduating from Massey University, New Zealand, he returned to Zimbabwe to start a passenger transport business that soon diversified into fuel tank haulage. Thereafter Mr. Rudland structured acquisitions of foreign-owned asset rich companies to list on the Zimbabwe Stock Exchange where he has substantial investments which focus on his core competencies but also synergise where advantages can be made.

Mr. Hamish Rudland is the settlor of the Casa Trust which has interest in Magister Investments and is also a Director of Magister investment. As a result of Mr. Rudland's relationship to Magister Investments Limited, he is not considered to be an "independent" director for the purposes of the QCA Corporate Governance Code.

Gary Smith, Non-Executive Director (AC; RC)

Mr. Smith is an experienced finance professional and qualified Chartered Accountant. He is currently a non-executive director of several companies in Zimbabwe and Mauritius. Mr. Smith worked in the UK for several years where he was employed at Deutsche Bank, University of Surrey, and Foxhills Club & Resort. Upon returning to Africa, he worked for a large transport and logistics company in Mozambique for four years before returning home to Zimbabwe and the above positions.

As a result of Mr. Smith's relationship with Magister Investments Limited, he is not considered to be an "independent" director for the purposes of the QCA Corporate Governance Code.

Neil Clayton, Non-Executive Director (AC Chair; RC Chair)

Mr. Clayton is a Chartered Accountant and has over 30 years of experience in a variety of listed and un-listed companies. Specifically, Mr. Clayton brings significant experience and expertise as regards listed companies operating in Africa as well as particular knowledge of the Company's business and requirements, having held an interim finance role at the Company during 2019.
The Board considers Mr. Clayton to be an "independent" director for the purposes of the QCA Corporate Governance Code.

Sergio Zandamela, Non-Executive Director (appointed 30 April 2021) (IC)

Mr. Zandamela is a Mozambican national with over 20 years' experience in agriculture and business with a degree in Agronomy - Rural Engineering from the Eduardo Mondlane University and subsequently an MBA from the Montford University Southern Africa - Sandton Business School. From 2016 to 2020 Mr. Zandamela was responsible from for all Mozambique commercial activities of Tongaat Hulett (agriculture and agri-processing business, focusing on the complementary feedstocks of sugarcane and maize).
The Board considers Mr. Zandamela to be an "independent" director for the purposes of the QCA Corporate Governance Code.

Following the appointment of the CEO, the Non-Executive Chair is expected to commit a minimum of a day a week 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. Since the outbreak of COVID-19, Board meetings were held quarterly via Zoom. The attendance record of directors who held office for the year is as follows:

	Meetings held	Meetings attended
Caroline Havers	4	4
Neil Clayton	4	4
Hamish Rudland	4	4
Gary Smith	4	4
Sergio Zandamela	4	3
Rui Sant'ana Afonso	4	4

The Board has entrusted the day-to-day responsibility for the direction, supervision and management of the business to the Chief Executive Officer (CEO), who leads an Executive Committee (EXCO). For the financial year ended 31 March 2022 the EXCO was comprised of the CEO, the General Manager, the Operations Director, the Financial Director and the Commercial Director in Mozambique.

The CEO and General Manager have a call each week with the Chair to review strategy and discuss any matters arising.

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.

There is no agreed formal procedure for the directors to take independent professional advice at the Company'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 Company 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.

Board Committees

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

At the Board meeting held in March 2020 the new Audit ("AC"), Investment ("IC") and Remuneration Committees ("RC") were established. The Audit Committee and the Investment Committees have met in the last financial year.

The Audit Committee was chaired by Neil Clayton. The Audit Committee has been actively engaged in the planning and conduct of the Audit of these financial statements. The Committee has met formally since the year end and the Chair has had independent conversations with the Audit partners both in Mozambique and London where executive management have not been present.

Terms and conditions for Directors

The Non-Executive Chair and Non-Executive Directors do not have service contracts but appointment letters setting out their terms of appointment. The appointments may be terminated on three (3) months' notice by either party. The Non-Executive Directors receive an annual base fee reflecting their respective time commitments and do not receive any benefits in addition to their fees, nor are they eligible to participate in any pension, bonus or share-based incentive arrangements.

Directors' remuneration

Remuneration details are set out in note 9 to the financial statements.

Evaluation of Board performance

Given the Company's size, no formal review of the effectiveness of its performance as a unit, as well as that of its committees and the individual directors has been taken. Performance reviews are to be carried out internally from time to time. Reviews will endeavour to identify skills development or mentoring needs of directors and the wider senior management team.

The Board recognizes that the current procedures remain to be formally implemented and therefore do not accord with the QCA Guidelines. However, it is anticipated that these procedures will be augmented to a standard appropriate for the size and stage of development of the Company.

Communication with shareholders

The Company aims to ensure all communications concerning the Group's activities are clear, fair and accurate. The Board is however keen to improve its dialogue with shareholders. The Company's website is regularly updated, and announcements are posted onto the Company's website.

The results of voting on all resolutions in future general meetings will be posted to the Company's website, including any actions to be taken as a result of resolutions for which votes against have been received from at least 20 percent of independent shareholders.

DIRECTORS' REPORT

The Directors the Company hereby present their annual report together with the audited financial statements for the year ended 31 March 2022 for the Group.

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 Company is the investment in, development of and operation of agricultural projects in Africa. The Group's current operations are focussed on maize and beef in Mozambique. A review of the Group's performance by business segment and future prospects are given in the Chair's statement and strategic review, together with a review of the risks and uncertainties impacting on the Group's long-term performance.

3. RESULTS AND DIVIDENDS

The Group results for the year ending 31 March 2022 show a loss after taxation of US$ 2,270,000 (2021: loss of $ 2,194,000). The Directors do not recommend the payment of a final dividend (2021: US$ nil). No interim dividends were paid in the year (2021: US$ nil).

Further details on the Group's performance in the year are included in the Chair's statement and strategic review.

4. DIRECTORS

4.1. Directors in office

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

Director	Position
CSO Havers	Non-Executive Chair
R Sant'ana Afonso (appointed 1 April 2021, Resigned 31 July 2022)	Chief Executive Officer
NWH Clayton	Non-Executive Director
HBW Rudland	Non-Executive Director
GR Smith	Non-Executive Director
S Zandamela	Non-Executive Director

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*	10,743,833

*Mr Rudland's interest is held through Magister Investments Limited ('Magister'). Magister is a private limited company incorporated in the Republic of Mauritius, controlled 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, and their three children.

4.3. Directors' emoluments

Details of the nature and amount of emoluments payable by the Company for the services of its Directors during the financial year are shown in note 9 to the financial statements.

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 20 September 2022, 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	10,743,833	50.58%
Gersec Trust Reg.	2,779,656	13.90%
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 Company 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 Company'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 2022 was 58 days (2021: 32 days).

8. POLITICAL AND CHARITABLE DONATIONS

During the year no political and charitable donations were made in cash.

The most significant event for the year was the continuation of the COVID-19 pandemic as new variants were being discovered and in circulation. Despite that the Country was struck again by 2 cyclones which had made landfall in the Central and Northern parts of Mozambique region in December 2021 and March 2022. Although not as strong as Cyclone Idai these cyclones brought heavy rains with localised flooding and destruction of crops, roads and infrastructure especially in Tete province. Coupled to this was the conflict in the north of Mozambique affecting the oil and gas sector. As a result of the above many programs and initiatives were affected by the pandemic resulting in little or no visits taking place for safety reasons and compliance. However, we did assist in the following areas:

- DECA donated 10 tons of meal and 1 ton of beans to the displaced families in Tete when cyclone Ana struck the region. This was co-ordinated through the Ministry of Agriculture who was distributing the food into rural areas
- A MOU was signed between the group of companies and CHORC, an association of motorcyclists who through their own efforts support many initiatives in the communities in need within the province. CHORC visited the district hospital in Dombe where they assisted in food and perishables for the children. They also visited 2 orphanages in the province donating food and clothing. In all cases DECA contributed dry goods in the form of mealie meal and snax
- DECA participated in World Children's Day where we donated Mealie meal and Snax for over 600 children in conjunction with Save the Children for the days event

9. SOCIAL AND COMMUNITY ISSUES

Due to the ongoing pandemic and the fact that most institutes were closed or working online the Group did its best to facilitate and accommodate programs with minimal risk. These programs involved working in smaller groups, in open air and where the risk of spreading COVID-19 was minimal.

The Group continued its policies of spreading out shifts, reducing transport numbers and opening up working spaces all went hand in hand with community programs. We also worked closely and in line with legislative requirements ensuring we were compliant at all times. This certainly introduced a new way of operating in and out of the business.

Particular activities undertaken during the year have focused 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 medical assistance for employees during the pandemic.

One specific partnership to mention is that with Save the Children. DECA has added the details of the national helpline to its 1kg packages, for children needing assistance and in 1 year the organization has registered a 7% increase in calls for Manica Province alone. This is attributed to the campaign and partnership undertaken with Deca in registering call centre details on its packaging.

Grain Division
Despite the difficulties of the pandemic, DECA did host small groups of students coordinated through Vale de Zambeze. These students were from various Universities and were spread out through the various operations in line with the Companies Covid policy and protocols.
The following students attended the various operations as follows

- 2 students were allocated to DECA on a 3 month attachment in Food Production and Engineering
- 2 students were also allocated to DECA Snax as Food Technologists

Beef Division
During the FY Mozbife hosted the following students in the following sectors of the business

- 2 students were attached to the Abattoir studying Food Technology and Processing
- 1 student attached was studying Environmental Science
- 1 student was allocated to the feedlot studying Agricultural Engineering
- 3 students were attached to the feedlot studying Animal Science

A 2 day workshop was also held with the 9 associations in Mozbife where all the CSCs are registered and in operation. This workshop focused on husbandry practices, communication and processes associated to cattle breeding and condition.

10. INDEPENDENT AUDITOR AND STATEMENT OF PROVISION OF INFORMATION TO THE INDEPENDENT AUDITOR

PKF Littlejohn 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
Non-Executive Chair
29 September 2022

Statement of Directors' responsibilities

The Directors are responsible for preparing the Directors' 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 year in accordance with generally accepted accounting principles.

The Directors are required by the AIM Rules for Companies of the London Stock Exchange to prepare Group financial statements in accordance with International Accounting Standards as adopted by the United Kingdom ('UK').

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 UK 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 UK; 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 Company transactions and disclose with reasonable accuracy at any time the financial position of the 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 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 Company'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 group financial statements of Agriterra Limited (the 'group') for the year ended 31 March 2022 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 group financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards.

In our opinion, the group financial statements:

- give a true and fair view of the state of the group's affairs as at 31 March 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- 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 group 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 group 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 in the group financial statements, which indicates that the group is reliant upon achieving sales volumes, selling prices, cost reductions and renewal of its bank facility in order for the group to meet committed expenditure requirements. There is currently uncertainty regarding the renewal of the bank facility which is required to meet the working capital requirement. As stated in note 3, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the group financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the group financial statements is appropriate. Our evaluation of the directors' assessment of the group's ability to continue to adopt the going concern basis of accounting included:

- consideration of the group's objectives, policies and processes in managing its working capital as well as exposure to financial, credit and liquidity risks;
- reviewing the cash flow forecasts for the ensuing twelve months from the date of approval of these group financial statements and assessment thereof;
- performing sensitivity analysis on the cash flow forecast prepared by management, and challenging the assumptions included thereto;
- reviewing the management's going concern memorandum assessment and discussing with management regarding the future plans and availability of funding; and
- reviewing the adequacy and completeness of disclosures in the group financial statements.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Our application of materiality

For the purposes of determining whether the financial statements are free from material misstatement, we define materiality as the magnitude of misstatement that makes it probable that the economic decisions of a reasonably knowledgeable person, relying on the financial statements, would be changed or influenced. We also determine a level of performance materiality which we use to assess the extent of testing needed to reduce an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.
We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. Materiality is used to determine the group financial statement areas that are included within the scope of our audit and the extent of sample sizes during the audit. No significant changes have come to light during the course of the audit which required a revision to our group materiality for the group financial statements as a whole.

Materiality for the group financial statements was set at $205,000 (2021: $254,000). This was calculated based on 1.75% of gross revenue for the year. Using our professional judgement, we have determined this to be the principal benchmark within the group financial statements as it will be most relevant to stakeholders in assessing the financial performance of the group as the key focus of the group is to grow its business to meet its working capital needs by increasing revenue from operations.
Materiality for the significant components of the group ranged from $44,000 (2021: $41,000) to $108,000 (2021: $150,000) based on 1.75% of turnover for each component.

Performance materiality for the group financial statements was set at $143,000 (2021: $178,000) being 70% of materiality for the group financial statements as a whole respectively. The performance materiality for the significant components is calculated on the same basis as group materiality. In determining performance materiality, we considered the following factors:

- our cumulative knowledge of the group and its environment, including industry specific trends;
- the change in the level of judgement required in respect of the key accounting estimates;
- the stability in key management personnel; and
- the level of misstatements identified in prior periods

We agreed to report to those charged with governance all corrected and uncorrected misstatements we identified through our audit with a value in excess of $10,000 (2021: $12,000). We also agreed to report any other audit misstatements below that threshold that we believe warranted reporting on qualitative grounds.

Our approach to the audit

Our audit is risk based and is designed to focus our efforts on the areas at greatest risk of material misstatement, together with areas subject to significant management judgement.
In designing our audit, we determined materiality and assessed the risks of material misstatement in the group financial statements. In particular we looked at areas involving significant accounting estimates and judgements by the directors and considered future events that are inherently uncertain. These included, but were not limited to the valuation of biological assets and the impairment of the underlying assets of the beef and grain divisions. We also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

The scope of our audit focused on the principal area of operation, being Mozambique, where subsidiaries of the ultimate parent company trade. Each component was assessed as to whether they were significant or not to the group by either their size or risk. The ultimate parent company and the three operating subsidiaries were considered to be significant due to identified risk and size. A joint venture was set up within the group was considered to be material but not significant. We have performed the full scope audit of the ultimate parent company that is registered in Guernsey. The four remaining components located in Mozambique have been subject to full scope audits by component auditor. As group auditor, we maintained oversight and regular contact with the component auditor throughout all stages of the audit and we were responsible for the scope and direction of their work.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the group 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 group financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material uncertainty related to going concern section we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How the scope of our audit responded to the key audit matter
Valuation of Biological Assets (see Note 15)	
The group has a material biological asset in respect of livestock within the beef division. In accordance with IAS 41- *Agriculture*, this is held at fair value and there are significant estimates and assumptions required to determine the fair value. As such, there is a risk that the biological asset is misstated in the group financial statements and the valuation is not appropriate.	Our work in this area included reviewing the work performed by the component auditor in relation to the: ➢ documents prepared by the board detailing the basis of the valuation of the biological assets, including the key assumptions and estimation factors therein; ➢ reasonableness of the underlying inputs of the fair value calculation; ➢ physical verification of the assets as at the reporting date; and ➢ consideration of whether there were any indicators of impairment We reviewed the financial presentation and disclosures in the group financial statements to ensure it is in accordance with requirements of IAS 41.
Impairment of the underlying assets of the beef and grain division (see Note 4)	
The group's assets relate to beef and grain divisions and the continuing losses incurred by the group may indicate that there is a risk these assets are impaired. **Management is required to assess whether there are potential indicators of impairment at each reporting date and, if potential indicators of impairment are identified, management are required to perform a full assessment of the recoverable value of the assets.** **Given the uncertainty in the future production and sales profiles and the volatility in cost, there is a risk that management may not adequately identify all impairment indicators.**	Our work in this area included reviewing the work performed by the component auditor in relation to: ➢ ownership and good title to the group's assets; ➢ understanding of the internal control environment in operation surrounding the impairment review of fixed assets; and ➢ review of assets for any indicators of impairment; We further performed the below procedures: ➢ the review of managements considerations of impairment, including challenging the key assumptions made; ➢ the sensitivity analysis performed on the cash flow forecast prepared by management, and

	➢ ensuring the presentation and disclosures in the group financial statements are sufficient and in accordance with requirements of IAS 36- *Impairment of assets*.

Other information

The other information comprises the information included in the annual report, other than the group financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the group financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the group financial statements or our knowledge obtained in the course of 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 this gives rise to a material misstatement in the group financial statements themselves. 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

In the light of the knowledge and understanding of the group and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the group financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the statement of director's responsibilities, the directors are responsible for the preparation of the group 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 group financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the group financial statements, the directors are responsible for assessing the group'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 to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the group financial statements

Our objectives are to obtain reasonable assurance about whether the group 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 group financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the group and the industry in which it operates to identify laws and regulations that could reasonably be expected to have a direct effect on the group financial statements. We obtained our understanding in this regard through discussions with management and the application of our cumulative audit knowledge and experience of the industry.

- We determined the principal laws and regulations relevant to the group in this regard to be those arising from AIM Listing Rules, Companies (Guernsey) Law 2008, UK-adopted international accounting standards, Employment Laws, Health and Safety Regulations and License requirements and local laws and regulations in Mozambique. The team remained alert to instances of non-compliance with laws and regulations throughout the audit.

- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the group with those laws and regulations. These procedures included, but were not limited to: enquiries of management and legal counsel; discussion with component auditor about compliance with laws and regulations in Mozambique; review of minutes of meetings; review of the Regulatory News Service announcements and correspondence.

- We have also discussed among the engagement how and where fraud might occur and any potential indicators of fraud. We then challenged the key assumptions made by management in respect of their significant accounting estimates (see key audit matter).

- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

- The component auditors designed audit procedures for each of the components. This included reviewing journal entries for evidence of material misstatement due to fraud; reviewing accounting estimates, judgements and assumptions for evidence of management bias; and performing a review of the bank transactions to ensure appropriate authorisation.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the group financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the group financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the group 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.

Use of our report

This report is made solely to the company's members, as a body, in accordance with our engagement letter dated 1 August 2022. 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.

Joseph Archer

Joseph Archer (Engagement Partner)
For and on behalf of PKF Littlejohn LLP
Registered Auditor

15 Westferry Circus
Canary Wharf
London E14 4HD

30 September 2022

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2022

	Note	**Year ended 31 March 2022 US$000**	Year ended 31 March 2021 US$000
Revenue	5	**10,277**	14,250
Cost of sales		**(7,715)**	(11,581)
Increase/(Decrease) in fair value of biological assets		**1**	(615)
Gross profit		**2,563**	2,054
Operating expenses		**(3,490)**	(3,156)
Other income		**86**	78
Profit on disposal of property, plant and equipment		**20**	37
Operating loss	6	**(821)**	(987)
Finance costs	10	**(1,627)**	(1,207)
Share of profit in equity-accounted investees, net of tax	23	**55**	-
Loss before taxation		**(2,393)**	(2,194)
Taxation	11	**123**	-
Loss for the year attributable to owners of the Company		**(2,270)**	(2,194)
		US cents	US cents
Earnings per Share			
Basic and diluted earnings per share	12	**(10.7)**	(10.3)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2022

		Year ended 31 March 2022 US$000	Year ended 31 March 2021 US$000
Loss for the year		**(2,270)**	(2,194)
Items that may be reclassified subsequently to profit or loss:			
Foreign exchange translation differences		**932**	1,433
Items that will not be reclassified to profit or loss			
Revaluation of Property, plant and equipment	13	**-**	12,563
Other comprehensive income for the year		**932**	13,996
Total comprehensive income for the year attributable to owners of the Company		**(1,338)**	11,802

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2022

	Note	31 March 2022 US$000	31 March 2021 US$000
Non-current assets			
Property, plant and equipment	**13**	**25,051**	23,974
Intangible assets	**14**	**18**	59
Equity-accounted investees	**23**	**56**	1
		25,125	24,034
Current assets			
Biological assets	**15**	**463**	451
Inventories	**16**	**2,176**	933
Trade and other receivables	**17**	**824**	1,752
Cash and cash equivalents		**107**	231
		3,570	3,367
Total assets		**28,695**	27,401
Current liabilities			
Borrowings	**18**	**8,809**	4,016
Trade and other payables	**19**	**960**	2,046
		9,769	6,062
Net current liabilities		**(6,199)**	(2,695)
Non-current liabilities			
Borrowings	**18**	**1,003**	2,409
Deferred tax liability	**11**	**6,243**	5,912
		7,246	8,321
Total liabilities		**17,015**	14,383
Net assets		**11,680**	13,018
Share capital	**22**	**3,373**	3,373
Share premium		**151,442**	151,442
Share based payment reserve		**67**	87
Revaluation reserve		**12,312**	12,563
Translation reserve		**(16,008)**	(16,940)
Accumulated loss		**(139,506)**	(137,507)
Equity attributable to equity holders of the parent		**11,680**	13,018

The financial statements on pages 18 to 46 were approved and authorised for issue by the Board of Directors on 29 September 2022.

Signed on behalf of the Board of Directors by:

____

CSO Havers
Chair
29 September 2022

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2022

	Note	Share capital	Share premium	Share based payment reserve	Translation reserve	Revaluation reserve	Accumulated losses	Total Equity
		US$000	US$000	US$000	US$000	US$000	US$000	US$000
Balance at 1 April 2020		3,373	151,442	87	(18,373)	-	(135,313)	1,216
Loss for the year		-	-	-	-	-	(2,194)	(2,194)
Other comprehensive income:								
Revaluation of land and buildings		-	-	-	-	12,563	-	12,563
Exchange translation gain on foreign operations restated		-	-	-	1,433	-	-	1,433
Total comprehensive income for the year		-	-	-	1,433	12,563	(2,194)	11,802
Transactions with owners								
Balance at 31 March 2021		3,373	151,442	87	(16,940)	12,563	(137,507)	13,018
Loss for the year		-	-	-	-	-	(2,270)	(2,270)
Other comprehensive income:								
Exchange translation gain on foreign operations		-	-	-	932	-	-	932
Total comprehensive income for the year		-	-	-	932	-	(2,270)	(1,338)
Transactions with owners								
Share based payments	**24**	-	-	(20)	-	-	20	-
Revaluation surplus realised		-	-	-	-	(251)	251	
Total transactions with owners for the year		-	-	(20)	-	(251)	271	-
Balance at 31 March 2022		3,373	151,442	67	(16,008)	12,312	(139,506)	11,680

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2022

	Note	Year ended 31 March 2022 US$000	Year ended 31 March 2021 US$000
Cash flows from operating activities			
Loss before tax		**(2,393)**	(2,194)
Adjustments for:			
Amortisation and depreciation	**13/14**	**874**	574
Profit on disposal of property, plant and equipment		**(20)**	(47)
Foreign exchange gain		**162**	1,411
Net decrease in biological assets	**15**	**(12)**	(401)
Decrease in value of biological assets	**15**	**(1)**	615
Share of profit in associate	**23**	**(55)**	-
Net finance costs	**10**	**1,627**	1,207
Operating cash flows before movements in working capital		**182**	1,165
Increase in inventories		**(1,243)**	(108)
Decrease/(Increase) in trade and other receivables		**928**	(503)
Decrease in trade and other payables		**(1,086)**	(1,269)
Net cash used in operating activities		**(1,219)**	(715)
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment net of expenses incurred		**20**	47
Acquisition of property, plant and equipment	**13**	**(79)**	(77)
Acquisition of intangible assets	**14**	**-**	(9)
Net cash used in investing activities		**(59)**	(39)
Cash flows from financing activities			
Net draw down of overdrafts	**18**	**2,236**	1,170
Net draw down of loans	**18**	**644**	43
Net repayment of leases		**(99)**	(55)
Finance costs		**(1,627)**	(1,207)
Net cash generated from / (used in) financing activities		**1,154**	(49)
Net decrease in cash and cash equivalents		**(124)**	(803)
Effect of exchange rates on cash and cash equivalents		**-**	-
Cash and cash equivalents at beginning of the year		**231**	1,034
Cash and cash equivalents at end of the year		**107**	231

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 46. 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.

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 International Accounting Standards as adopted by United Kingdom.
The financial statements have been prepared on the historical cost basis, except for the following items, which are measured at on alternative basis on each reporting date:

Items	Measurement basis
Biological assets	Fair value
Property, plant and equipment – Land and building	Subsequent measured at revalued amount- i.e. fair value at the date of revaluation less subsequent depreciation and impairment losses.

2. ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS

Adoption of new and revised Standards

During the current year, the Group has adopted all of the new and revised standards and interpretations issued by the IASB and the IFRS-IC that are relevant to its operations and effective for annual reporting periods beginning on 1 April 2021. The revised standards and interpretations has not resulted in material changes to the Group's accounting policies.

The following new and amended standards are not expected to have a significant impact on the Group's separate financial statements in the future being FY 2023.

- Onerous Contracts: Cost of Fulfilling a Contract (Amendments to IAS 37).
- COVID-19: Related Rent Concessions (Amendment to IFRS 16).
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16).
- Reference to Conceptual Framework (Amendments to IFRS 3).
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1).
- Insurance Contracts and amendments to Insurance Contracts (Amendment to IFRS 17)
- Disclosure of Accounting policies (Amendment to IAS 1 and IFRS Practice Statement 2).
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)

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.

Going concern

The Company has prepared forecasts for the Group's ongoing businesses covering the period of 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 working capital requirements and currently available borrowing facilities.

These forecasts show that, following the debt restructuring after the period end (note 26), with active management of working capital and the timing of capital expenditure, there is sufficient headroom under the banking facilities currently available to the Group. Certain short-term facilities fall due for renewal in June 2023. The group expect to renew this financing facilities. The shareholder loan facility amounts to USD 7.9 million and was utilised to repay commercial debt and secure grain for the current year financial year.

The Company's focus remains on continuing to improve operational performance of the Grain and Beef divisions with emphasis on volume, cost reduction and pricing to increase gross margins.

Over the last 12 months, the Grain division has made significant progress in resolving the operating challenges to improve operating margins by controlling the cost of maize and improving mealie meal extraction, but was unable to achieve budgeted sales volumes which affected the overall performance of the Grain division. A low positive EBIDTA of US$5355,000 was achieved and the division was burdened with high finance costs. A loss of US$1.4 million was incurred in the Grain division. With the divisions debt restructured after the year end, the current year Grain division strategy is based on continuing the improved operational performance achieved in prior year.

The Beef division has shown resilient performance even though it was operating at less than 40% capacity. Most of the costs are fixed in nature and efficiencies can only be improved by ramping up volume. The Beef division will be supported with US$0.3 million to ramp up feedlot processing in the next financial year. Beef division is expected to at least break even by 31 March 2023, processing at least 800 animals per month.

Snax division is expected to continue to penetrate the market. Sales revenue increased to US$1.4 million and demand is strong in the market. A new extruder will be installed to increase the production capacity of Snax division. After the installation of the new extruder, Snax division will have the capability to generate US$0.5 million in sales per month.

Corporate overheads are forecast to be consistent with the current run rate.

These divisional forecasts for FY-23 show a significant improvement in operating performance as compared to that reported for the year ended 31 March 2022. However, there can be no certainty that these plans will be successful, and the forecasts are sensitive to small adverse changes in the operations of the divisions. As set out in notes 18 and 21 the Group is funded by a combination of short and long-term borrowing facilities. The group has repaid $6.3m of overdraft facilities after year end and the Group is required to make $2.4m of repayments in respect of the bank loan instalments amount together with principal on finance leases of $115,000. As set out in note 26, the Group debt has been refinanced since the year end.

Based on the above, whilst there are no contractual guarantees, the directors are confident that the existing and new financing will be available to the Group. The directors, with the operating initiatives already in place and funding options available are confident that the Group will achieve its cash flow forecasts. Therefore, the directors have prepared the financial statements on a going concern basis.

The forecasts show that the Group needs to achieve its operating targets in order to remain within its existing bank and shareholder loan facilities and to meet its commitments as they fall due. These conditions and events indicate the existence of material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern and the Group companies may therefore be unable to realise their assets and discharge their liabilities in the ordinary course of business. The auditors make reference to going concern in their audit report by way of a material uncertainty. These financial statements do not include the adjustments that would result if the Group were unable to continue as a going concern.

Basis of consolidation

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which controls ceases.

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.

Interest in equity accounted investees

The Group's interest in equity accounted investees comprise interest in a joint venture.

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement rather than rights to its assets and obligations for its liabilities.

Interest in Joint Ventures are accounted for using the equity method. There are initially recognised at cost, which include transaction cost. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of the equity accounted investees, until the date on which joint control ceases.

As at 31 March 2022, 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

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	Dormant
Aviação Agriterra Limitada	100%	Mozambique	Dormant
Joint venture			
DECA Snax Limitada	50%	Mozambique	Snax

Foreign currency

The individual financial statements of each company in the Group are prepared in Mozambican Metical, 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 the year, unless exchange rates fluctuate significantly during the year, 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 year in which the operation or branch is disposed of.

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

	Average Rate		Closing Rate	
	2022	2021	**2022**	2021
Mozambican Metical: US$	**66.31**	68.12	**63.83**	68.78

Operating segments

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

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.

Performance obligations and timing of revenue recognition:
All of the Group's revenue is derived from selling goods with revenue recognised at a point in time when control of the goods has transferred to the customer. This is generally when the goods are collected by or delivered to the customer. There is limited judgement needed in identifying the point control passes once physical delivery of the products to the agreed location has occurred, the Group no longer has physical possession, usually it will have a present right to payment. Consideration is received in accordance with agreed terms of sale.

Determining the contract price:
All of the Group's revenue is derived from fixed price lists and therefore the amount of revenue to be earned from each transaction is determined by reference to those fixed prices.

Allocating amounts to performance obligations:
For most sales, there is a fixed unit price for each product sold. Therefore, there is no judgement involved in allocating the price to each unit ordered.

There are no long-term contracts in place. Sales commissions are expensed as incurred. No practical expedients are used.

Operating loss

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

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial year 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 year presented.

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

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 year, based on the Company'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.

Employee benefits

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.

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.

Leases

The Group as a lessee.

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in operating expenses in profit or loss.

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 year 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 year. 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 years. 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 year when the liability is settled or the asset realised based on tax rates that have been enacted or substantively enacted by the reporting date.

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.

Property, plant and equipment

Recognition

Items of property, plant and equipment are stated at historical purchase cost. Cost includes expenditure that is directly attributable to the acquisition. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and borrowing costs on qualifying assets.

Subsequent expenditure
Subsequent expenditure is capitalised only if it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent measurement
Following initial recognition at cost, items of land and buildings are subsequently measured using the revaluation model being the fair value at the date of revaluation less any subsequent depreciation and subsequent impairment losses. The revaluation model is only used when fair value can be reliably measured. Revaluations are made regularly enough to ensure that at any reporting date the carrying amount does not differ materially from the fair value. Revaluations are performed by independent sworn valuators. When an item of property, plant and equipment is revalued, the entire class of property, plant, and equipment to which the asset belongs is revalued. Only land and buildings are subsequently valued using the revaluation model and all others are valued at cost model.

Any revaluation surplus is credited to revaluation reserve as part of other comprehensive income, except to the extent that it reverses a revaluation decrease of the same asset previously recognized in the profit or loss, in which case the increase is recognized in the profit or loss. A revaluation deficit is recognized in profit or loss, except to the extent that it offsets an existing surplus on the same recognized in the asset revaluation reserve. The revaluation reserve is realized over the period of the useful life of the property by transferring the realized portion from the revaluation reserve to retained earnings.

Depreciation
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.

Intangible assets

Intangible assets comprise investment in management information and financial software. This is amortised at 10% straight line.

Impairment of property, plant and equipment and intangible assets

At each balance sheet date, the Company 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 Company 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 initially against amounts included in the revaluation reserve in respect of the asset and subsequently in profit and loss.

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.

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 year-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. As there is no ready local market for forage crops, fair value is calculated by reference to the production costs of previous crops. The cost of forage is charged to profit or loss over the year it is consumed.

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.

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.

Financial assets

Financial assets are classified as either financial assets at amortised cost, at fair value through other comprehensive income ("FVTOCI") or at fair value through profit or loss ("FVPL") depending upon the business model for managing the financial assets and the nature of the contractual cash flow characteristics of the financial asset.

A loss allowance for expected credit losses is determined for all financial assets, other than those at FVPL, at the end of each reporting period. The Group applies a simplified approach to measure the credit loss allowance for trade receivables using the lifetime expected credit loss provision. The lifetime expected credit loss is evaluated for each trade receivable taking into account payment history, payments made subsequent to year-end and prior to reporting, past default experience and the impact of any other relevant and current observable data. The Group applies a general approach on all other receivables classified as financial assets. The general approach recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition.

The Group derecognises a financial asset 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 party. The Group derecognises financial liabilities when the Group's obligations are discharged, cancelled or have expired.

Trade and other receivables

Trade receivables are accounted for at amortised cost. Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate expected credit loss allowances for estimated recoverable amounts as the interest that would be recognised from discounting future cash payments over the short payment period is not considered to be material. Other receivables are accounted for at amortised cost and are stated at their nominal value as reduced by appropriate expected credit loss allowances.

Financial liabilities

The classification of financial liabilities at initial recognition depends on the purpose for which the financial liability was issued and its characteristics.

All purchases of financial liabilities are recorded on trade date, being the date on which the Group becomes party to the contractual requirements of the financial liability. Unless otherwise indicated the carrying amounts of the Group's financial liabilities approximate to their fair values.

The Group's financial liabilities consist of financial liabilities measured at amortised cost and financial liabilities at fair value through profit or loss.

A financial liability (in whole or in part) is derecognised when the Group has extinguished its contractual obligations, it expires or is cancelled. Any gain or loss on derecognition is taken to the statement of comprehensive income.

Borrowings

Borrowings are included as financial liabilities on the Group balance sheet at the amounts drawn on the particular facilities net of the unamortised cost of financing. Interest payable on those facilities is expensed as finance cost in the period to which it relates.

Trade and other payables

Trade and other payables are initially recorded at fair value and subsequently carried at amortised cost.

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 Company.

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.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company 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 year.

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 year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years. The effect on the financial statements of changes in estimates in future years could be material on property plant and equipment (Note 13), and biological assets (Note15).

Impairment and revaluation of land and buildings

Impairment reviews for non-current assets are carried out at each balance sheet date in accordance with IAS 36, Impairment of Assets. Reported losses in the Beef and Grain divisions were considered to be indications of impairment and a formal impairment review was undertaken to review whether the carrying amounts of non-current assets are greater than the recoverable amount.

The impairment reviews are sensitive to various assumptions, including the expected sales forecasts, cost assumptions, rent per square metre, capital requirements, and discount rates among others depending on how the recoverable amount is determined. 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.

As at 31 March 2021, the Group engaged an Independent real estate valuer to compute the fair value of land and buildings which also assisted in determining the recoverable amount whilst revaluing non-current assets. The Independent valuer used Royal Institute of Chartered Surveyors (RICS) and International Financial Reporting Standards to determine the fair value of land and buildings. Non-current assets fair value was increased to $23.4 million from a carrying amount of $4.9 million. Based on the assessment performed by the independent real estate valuers at 31 March 2021, and the improved operational outlook, management have concluded that, at 31 March 2022, non-current assets are not impaired as the recoverable value of non-current assets is higher than and or equivalent to the carrying amount of the assets.

No impairments were recorded in the year ended 31 March 2022 or the year ended 31 March 2021. The carrying amount of non-current assets is US$25.1million (2021: $24.0 million).

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 year 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 or slaughter herd, depending on whether it was principally held for reproduction or slaughter. The value of the herd held for slaughter disclosed as a current asset was $0.5m (31 March 2021: $0.5m).

5. SEGMENT REPORTING

The Board considers that the Group's operating activities comprise the segments of Grain, Snax and Beef and which are 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.

Segment revenue and results

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

Year ending 31 March 2022	Grain	Beef	Snax*	Unallo-cated	Elimina-tions	Total
	US$000	US$000	US$000	US$000	US$000	US$000
Revenue						
External sales(2)	7,118	3,159	-	-	-	10,277
Inter-segment sales(1)	226	-	-	-	(226)	-
	7,344	3,159	-	-	(226)	10,277
Segment results						
- Operating loss	(55)	(444)	-	(429)	-	(928)
- Interest expense	(1,548)	(79)	-	-	-	(1,627)
- Other gains and losses	88	19	-	-	-	107
- Share of profit in equity-accounted investees	-	-	55	-	-	55
Loss before tax	(1,515)	(504)	55	(429)	-	(2,393)
Income tax	111	12	-	-	-	123
Loss after tax	**(1,404)**	**(492)**	**55**	**(429)**	**-**	**(2,270)**

* The Snax division is equity accounted for as a Joint venture. Its income statement is set out in note 23.

Year ending 31 March 2021	Grain	Beef	Snax1	Unallo-cated	Elimina-tions	Total
	US$000	US$000	US$000	US$000	US$000	US$000
Revenue						
External sales(2)	11,061	3,189	-	-	-	14,250
Inter-segment sales(1)	309	-	-	-	(309)	-
	11,370	3,189	-	-	(309)	14,250
Segment results						
- Operating profit / (loss)	275	(970)	-	(389)	-	(1,084)
- Interest expense	(1,071)	(136)	-	-	-	(1,207)
- Other gains and losses	54	43	-	-	-	97
Loss before tax	(742)	(1,063)	-	(389)	-	(2,194)
Income tax	-	-	-	-	-	-
Loss after tax	**(742)**	**(1,063)**	**-**	**(389)**	**-**	**(2,194)**

(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 Company making the sale. Sales from the Grain and Beef divisions are principally for supply to the Mozambique market.

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

Year ending 31 March 2022	Grain	Beef	Snax	Unallo-cated	Elimina-tions	Total
	US$000	US$000	US$000	US$000	US$000	US$000
Depreciation and amortisation	502	359	-	13	-	874

Year ending 31 March 2021	Grain US$000	Beef US$000	Snax US$000	Unallo-cated US$000	Elimina-tions US$000	Total US$000
Depreciation and amortisation	181	380	-	13	-	574

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 2022 and capital expenditure for the year then ended are as follows:

	Grain US$000	Beef US$000	Snax US$000	Unallocated US$000	Total US$000
Assets	23,496	5,133	56	10	28,695
Liabilities	(15,838)	(973)	-	(204)	(17,015)
Capital expenditure	65	14	-	-	79

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

	Assets US$000	Liabilities US$000
Segment assets and liabilities	28,685	(16,811)
Unallocated:		
Intangible asset	-	-
Other receivables	10	-
Cash and cash equivalents	-	-
Accrued liabilities	-	(204)
	28,695	(17,015)

The segment assets and liabilities at 31 March 2021 and capital expenditure for the year then ended are as follows:

	Grain US$000	Beef US$000	Snax US$000	Unallocated US$000	Total US$000
Assets	21,495	5,883	1	22	27,401
Liabilities	(12,518)	(1,729)	-	(136)	(14,383)
Capital expenditure	48	29	-	-	77

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

	Assets US$000	Liabilities US$000
Segment assets and liabilities	27,379	(14,246)
Unallocated:		
Intangible asset	14	-
Other receivables	8	-
Cash and cash equivalents	-	-
Accrued liabilities	-	(137)
	27,401	(14,383)

Key performance Indicators

The Board considers that earnings before interest, tax, depreciation and amortisation ("EBITDA") is a key performance indicator in measuring operational performance. EBITDA is a non IFRS measure and alternative performance measure for the group which is calculated as follows:

Year ending 31 March 2022	Grain	Beef	Snax	Unallocated	Total
	US$000	US$000	US$000	US$000	US$000
(Loss) / profit before tax	(1,515)	(504)	55	(429)	(2,393)
- Interest expense	1,548	79	-	-	1,627
- Depreciation and amortisation charge	502	359	-	13	874
- Share of profit in equity-accounted investees	-	-	(55)	-	(55)
EBITDA	535	(66)	-	(416)	53

Year ending 31 March 2021	Grain	Beef	Snax	Unallocated	Total
	US$000	US$000	US$000	US$000	US$000
Loss before tax	(742)	(1,063)	-	(389)	(2,194)
- Interest expense	1,071	136	-	-	1,207
- Depreciation and amortisation charge	181	380	-	13	574
EBITDA	510	(547)	-	(376)	(413)

Significant customers

In the year ended 31 March 2022, two largest customers of the Grain segment generated revenue of $3.2 million (31 March 2021: $3.1m) constituting 44% (31 March 2021: 28%) of the Grain division's revenue. The two largest customers of the Beef segment generated revenue of $0.2m (31 March 2021: $1 million) amounting to 9% (31 March 2021:30%) of the Beef division's revenue.

6. OPERATING LOSS

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

	Year ended 31 March 2022 US$000	Year ended 31 March 2021 US$000
Depreciation of property, plant and equipment (see note 13)	**831**	534
Amortisation of intangible asset (see note 14)	**43**	40
Profit on disposal of property, plant and equipment	**(20)**	(47)
Net foreign exchange (gain)/loss	**(1)**	615
Staff costs (see note 8)	**865**	743

7. AUDITORS REMUNERATION

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

	Year Ended 31 March 2022 US$000	Year Ended 31 March 2021 US$000
Fees payable to the Company's previous auditor and their associates		
Overruns in respect of prior years	**14**	-
	14	-
Fees payable to the Company's auditor and their associates		
For the audit of the Company's accounts	**56**	53
For the audit of the Company's subsidiaries	**37**	44
Total audit fees	**93**	97

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

8. STAFF COSTS

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

	Year ended 31 March 2022 Number	Year ended 31 March 2021 Number
Office and Management	**27**	27
Operational	**347**	432
	374	459

Their aggregate remuneration comprised:

	Year ended 31 March 2022 US$000	Year ended 31 March 2021 US$000
Wages and salaries	**775**	683
Social security costs	**90**	60
	865	743

9. REMUNERATION OF DIRECTORS

	Year ended 31 March 2022 US$000	Year ended 31 March 2021 US$000
CSO Havers	**27**	25
NWH Clayton	**8**	8
HBW Rudland	**8**	8
GR Smith	**8**	8
SML Zandamela	**8**	8
	59	57

In addition, N Clayton received $Nil (2021: $4,239) in respect of consultancy services to the Company. All remuneration relates to short term benefits. Directors are considered to be key management personnel.

10. FINANCE COSTS

	Year Ended 31 March 2022 US$000	Year Ended 31 March 2021 US$000
Interest expense on bank borrowings and overdrafts	**(1,556)**	(1,128)
Interest expense on leases	**(71)**	(79)
Net finance costs	**(1,627)**	(1,207)

11. TAXATION

	Year Ended 31 March 2022 US$000	Year Ended 31 March 2021 US$000
Current tax expense		
Current tax	**-**	-
Deferred tax	**123**	-
	123	-

Effective tax reconciliation		
Loss before tax from continuing activities	**(2,393)**	(2,194)
Tax credit at the Mozambican corporation tax rate of 32%	**(765)**	(702)
Tax effect of expenses that are not deductible in determining taxable profit	**42**	578
Tax effect of (income not taxable) or losses not allowable	**18**	-
Tax effect of net losses not recognised in overseas subsidiaries (net of effect of different rates)	**582**	124
Tax expense	**(123)**	-

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. Losses amounting to US$ 4 million have been carried forward (2021: US$ 3.5 million).

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 (2021: zero percent per annum). No tax is payable for the year. 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).

Deferred tax

Movement in deferred tax balances

	Net balance as at 1 April 2021 US$000	Recognised in OCI US$000	Recognised in P/L US$000	Foreign exchange gain or loss US$000	Net balance as at 31 March 2022 US$000
Property, plant and equipment	**(5,912)**	**-**	**123**	**(454)**	**(6,243)**
Tax losses carried forward	**-**	**-**	**-**	**-**	**-**
Total	**(5,912)**	**-**	**123**	**(454)**	**(6,243)**

	Net balance as at 1 April 2020 US$000	Recognised in OCI US$000	Recognised in P/L US$000	Foreign exchange gain or loss US$000	Net balance as at 31 March 2021 US$000
Property, plant and equipment	-	(5,912)	-	-	(5,912)
Tax losses carried forward	-	-	-	-	-
Total	-	(5,912)	-	-	(5,912)

Deferred tax liability is resulting from revaluation gain on land and buildings amounting to $18,475,127 recognised using an income tax rate of 32% which is prevailing in Mozambique. $123,000 of the deferred tax has been realised during the year.

The Group has not recognised any tax credits for the year ended 31 March 2022 (2021: $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 $12,621,884 (2021: $10,803,610). 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.

12. EARNINGS PER SHARE

	Year ended 31 March 2022 US$000	Year ended 31 March 2021 US$000
The calculation of the basic and diluted earnings per share is based on the following data:		
Loss for the year for the purposes of basic and diluted earnings per share attributable to equity holders of the Company	**(2,270)**	(2,194)
Weighted average number of Ordinary Shares for the purposes of basic and diluted earnings per share	**21,240,618**	21,240,618
Basic and diluted earnings per share - US cents	**(10.7)**	(10.3)
Basic and diluted earnings per share from continuing activities - US cents	**(10.7)**	(10.3)

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. Details of options are set out in note 24.

13. 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 April 2020	8,135	5,153	1,302	66	14,656
Additions	-	38	6	33	77
Revaluation	15,451	-	-	-	15,451
Disposals	-	(134)	(40)	-	(174)
Exchange rate adjustment	(158)	(73)	(25)	(7)	(263)
At 31 March 2021	23,428	4,984	1,243	92	29,747
Additions	-	58	-	21	79
Disposals	-	-	(142)	-	(142)
Exchange rate adjustment	1,818	367	90	29	2,304
At 31 March 2022	25,246	5,409	1,191	142	31,988
Accumulated depreciation and impairment					
At 1 April 2020	2,801	4,617	1,142	47	8,607
Charge for the year	280	168	58	28	534
Revaluation	(3,024)	-	-	-	(3,024)
Disposals	-	(134)	(40)	-	(174)
Exchange rate adjustment	(57)	(85)	(23)	(5)	(170)
At 31 March 2021	-	4,566	1,137	70	5,773
Charge for the year	601	144	57	29	831
Disposals	-	-	(142)	-	(142)
Exchange rate adjustment	24	339	86	26	475
At 31 March 2022	625	5,049	1,138	125	6,937
Net book value					
31 March 2022	24,621	360	53	17	25,051
31 March 2021	23,428	418	106	22	23,974

In prior year, the Group revised the accounting policy for land and buildings from cost model to revaluation model. In accordance with the International Financial Reporting Standards, such revaluation exercises should be performed regularly. The Group adopted a policy to revalue land and buildings after every 3 years.

The Group revalued the land and buildings by $18,475,127 recognised on land and buildings in Mozambique value for DECA, Compagri and Mozbife amounting to $12,094,969, $4,531,025 and $1,849,133 respectively. Land and buildings accumulated depreciation amounting to $3,024,058 was offset as a result of the revaluation. Property, plant and equipment with a carrying amount of $20,832,740 (2021: $21,153,034) have been pledged to secure the Group's bank overdrafts and loans (note 18). The Group is not allowed to pledge these assets as security for other borrowings or sell them to another entity.

For the year ended 31 March 2022, a depreciation charge of $831,000 (2021: $534,000) has been included in the consolidated income statement within operating expenses. Certain motor vehicles and equipment have been purchased with finance leases. Included in property plant and equipment are right-of-use-assets with a carrying value of $244,282 (2022: $386,719) and $49,883 (2021: $92,585) for machinery and motor vehicles respectively.

14. INTANGIBLE ASSETS

	US$000
Cost	
At 1 April 2020	**126**
Additions	**9**
Exchange rate adjustment	**(2)**
At 31 March 2021	**133**
Additions	**-**
Exchange rate adjustment	**7**
At 31 March 2022	**140**
Accumulated amortisation	
At 1 April 2020	**34**
Charge for the year	**40**
Exchange rate adjustment	**-**
At 31 March 2021	**74**
Charge for the year	**43**
Exchange rate adjustment	**5**
At 31 March 2022	**122**
Net book value	
31 March 2022	**18**
31 March 2021	**59**

Intangible assets comprise investment in management information and financial software.

At 31 March 2022 and 31 March 2021, the Group had no contractual commitments for the acquisition of intangible assets.

15. BIOLOGICAL ASSETS

	US$000
Fair value	
At 31 March 2020	**665**
Purchase of biological assets	**1,924**
Sale, slaughter or other disposal of biological assets	**(1,514)**
Change in fair value of the herd	**(615)**
Foreign exchange adjustment	**(9)**
At 31 March 2021	**451**
Purchase of biological assets	**1,606**
Sale, slaughter or other disposal of biological assets	**(1,630)**
Change in fair value of the herd	**1**
Foreign exchange adjustment	**35**
At 31 March 2022	**463**

At 31 March 2022 and 2021, all cattle are held for slaughter. The slaughter herd has been classified as a current asset. Forage crops included in current assets are US$ 10,802 (2021: US$ Nil).

At 31 March 2022 the slaughter herd comprised 1,334 head (2021: 1,745), with an average weight of 283kgs (2021: 221kgs) and average value of US$339 (2021: US$259).

For valuation purposes, animals in the feedlot, their weight has been estimated based on their individual weigh in data at the closest weigh in date to the year end. Cattle are generally kept for periods less than 3 months before slaughter.

16. INVENTORIES

	31 March 2022 US$000	31 March 2021 US$000
Consumables and spares	**310**	189
Raw materials	**1,611**	428
Finished goods	**255**	316
	2,176	933

During the year inventories amounting to US$6,158,016 (2021: US$10,017,225) were included in cost of sales.

17. TRADE AND OTHER RECEIVABLES

	31 March 2022 US$000	31 March 2021 US$000
Trade receivables	**302**	298
Other receivables	**522**	1,454
Prepayments	**-**	-
	824	1,752

Trade receivables

	31 March 2022 US$000	31 March 2021 US$000
Trade receivables - gross	**321**	354
Loss allowance	**(19)**	(56)
	302	298

Trade receivables are amounts due from customers for goods sold in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on the days past due.

At 31 March 2022	Current	More than 30 days	More than 60 Days	More than 90 days	Total
	US$000	**US$000**	**US$000**	**US$000**	**US$000**
Expected loss rate	0%	0%	0%	83%	6%
Gross trade receivables	239	41	18	23	321
Loss allowance	-	-	-	19	19

At 31 March 2021	Current	More than 30 days	More than 60 Days	More than 90 days	Total
	US$000	**US$000**	**US$000**	**US$000**	**US$000**
Expected loss rate	0%	0%	0%	84%	16%
Gross trade receivables	79	208	-	67	354
Loss allowance	-	-	-	56	56

The closing loss allowances for trade receivables as at 31 March reconcile to the opening loss allowances as follows:

	31 March 2022 US$000	31 March 2021 US$000
Loss allowances at 1 April	**56**	350
(Decrease)/Increase in loan loss allowance recognised in profit or loss during the year	**(37)**	20
Receivables written off during the year as uncollectable	**-**	(311)
Exchange rate adjustment	**-**	(3)
Loss allowances at 31 March	**19**	56

Trade receivables are provided for when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 120 days past due. This is used as the basis of the ECL provision disclosed above. The Group determines the percentage based on historic trends. Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Further details on the Group's financial assets are provided in note 21.

18. BORROWINGS

	31 March 2022 US$000	31 March 2021 US$000
Non-current liabilities		
Bank loans	783	2,107
Leases	220	302
	1,003	2,409
Current liabilities		
Bank loans	2,438	263
Leases	115	102
Overdraft	6,256	3,651
	8,809	4,016
	9,812	6,425

Bank Borrowings

Beef division

Beef division does not have any finance facilities except equipment leases as at 31 March 2022.

Grain division

In May 2019 the division's overdraft facility was restructured into a 240 million Metical ($3.77m) 5 year term loan with an interest rate of the Bank's prime lending rate +0.25% and a 12 month 60 million Metical ($0.94m) overdraft facility at the Bank's prime lending rate less 1.75%. On 30 September 2020, the outstanding overdraft facility was subsequently restructured into a 60 million Metical ($0.9m) 33 month term loan at the Bank's prime lending rate less 1.75%. The above mentioned facilities are from one financial institution and mature in July 2023 and are secured by land and buildings.

Grain division also restructured another overdraft facility amounting to 60 million Metical into a 5 year loan at Prime lending rate plus 1.5%. The facility is secured by Grain division land and buildings. At 31 March 2022, the principal outstanding on the term loans were 206 million Metical ($3.22m).

As at 31 March 2022, Grain division had contracted 399 million Meticals ($6.3 million) overdraft facility at Prime Lending rate less 3.75% for working capital funding maturing on 30 July 2022. The overdraft facility was secured by a Bank guarantee from Magister amounting to US$6.1 million and maize pledged value at $0.25 million. The overdraft facility was extended by 3 months and subsequently repaid 31 July 2022.

The facilities are secured as follows:

	31 March 2022	31 March 2021
	US$000	US$000
Fixed Charge		
Property, plant and equipment	**20,833**	21,153
Floating Charge		
Maize and maize product inventories	**250**	-
Trade receivables	**-**	-
	21,083	21,153

As further security to the bank loans and overdrafts, 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 2021	**Cash flow**	**Foreign Exchange**	**At 31 March 2022**
	US$000	**US$000**	**US$000**	**US$000**
Non-current bank loan	**2,107**	**(1,431)**	**107**	**783**
Non-current leases	**302**	**(103)**	**21**	**220**
Current bank loan	**263**	**2,075**	**100**	**2,438**
Current leases	**102**	**4**	**9**	**115**
Overdrafts	**3,651**	**2,236**	**369**	**6,256**
	6,425	**2,781**	**606**	**9,812**

	At 31 March 2020	Cash flow	Foreign Exchange	At 31 March 2021
	US$000	US$000	US$000	US$000
Non-current bank loan	1,661	484	(37)	2,107
Non-current leases	383	(72)	(7)	302
Current bank loan	711	(441)	(10)	263
Current leases	87	17	(2)	102
Overdrafts	2,541	1,170	(60)	3,651
	5,383	1,158	(116)	6,425

Leases

At 31 March 2022, the Group is committed to $335 000 (2021 $404,000) for leases. The total cash outflow for leases (principal and interest) amounts to $335,000 (2021: $531,000).

Maturity Analysis	**31 March 2022**	31 March 2021
	$'000	$'000
Year 1	123	102
Year 2	201	115
Year 3	11	187
Year 4	-	
Year 5	-	-
	335	404
Analysed as:		
Current	115	102
Non-current	220	302
	335	404

The Group does not face a significant liquidity risk with regard to its lease liabilities.

19. TRADE AND OTHER PAYABLES

	31 March 2022 US$000	31 March 2021 US$000
Trade payables	**597**	1,018
Other payables	**44**	1,006
Accrued liabilities	**319**	22
	960	2,046

'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.

20. LEASES

Right of use assets
Right of use assets relate to equipment and motor vehicle acquired under finance leases. These are presented as property plant and equipment.

	Machinery US$000	Motor vehicles US$000	Total US$000
Cost			
At 1 April 2020	721	189	910
Exchange rate adjustment	(14)	(4)	(18)
At 31 March 2021	707	185	892
Exchange rate adjustment	55	15	70
At 31 March 2022	762	200	962
Accumulated depreciation and impairment			
At 1 April 2020	163	47	210
Charge for the year	162	47	209
Exchange rate adjustment	(5)	(1)	(6)
At 31 March 2021	320	93	413
Charge for the year	166	48	214
Exchange rate adjustment	31	9	40
At 31 March 2022	517	150	667
Net book value			
31 March 2022	245	50	295
31 March 2021	387	92	479

Average lease term for motor vehicles and equipment is 5 years. The maturity analysis of lease liability is presented in note 18.

Amounts recognised in profit or loss

	31 March 2022 US$000	31 March 2021 US$000
Depreciation expense on right-of-use assets	**214**	209
Interest expense on lease liabilities	**71**	137
Expenses relating to short term leases and low value assets	**45**	50
	330	396

21. FINANCIAL INSTRUMENTS

21.1. Capital risk management

The Company 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 18 after deducting cash and bank balances) and equity of the Company as shown in the statement of financial position. The Company is not subject to any externally imposed capital requirements.

The Board 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 Company funds the subsidiary company by way of loans from the Company. The Company 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 18.60% at 31 March 2022 (2021: 15.5%). In light of this, the Group has been rationalising its operations, with particular focus on disposing of surplus assets to reduce external debt levels. The Group has restructured its loan facilities in Mozambique to finance its Grain operations (note 18).

21.2. Categories of financial instruments

The following are the Group financial instruments as at the year-end held at amortised cost:

	31 March 2022	31 March 2021
	US$000	US$000
Financial assets		
Cash and bank balances	**107**	231
Other loans and receivables	**321**	354
	428	585
Financial liabilities		
Trade and other payables	**960**	2,046
Borrowings – current	**8,809**	4,016
Borrowings – non-current	**1,003**	2,409
	10,772	8,471
	(10,344)	(7,886)

21.3. Financial risk management objectives

The Group manages the risks arising from its operations, and financial instruments at Executive operating 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 senior executives 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 2022 with an impact on financial instruments are summarised below.

21.4. Market Risk

The Group is exposed to currency risk and interest risk. These are discussed further below on note 21.5 and note 21.6.

21.5. 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 Company does not hedge against this translation risk. The Group's financial assets and liabilities by functional currency of the relevant company are as follows:

	Assets		Liabilities	
	31 March 2022 US$000	31 March 2021 US$000	**31 March 2022 US$000**	31 March 2021 US$000
United States Dollar ('US$')	**-**	-	**-**	-
Great British Pound ('GBP')	**-**	-	**109**	136
Mozambique Metical ('MZN')	**922**	1,711	**10,447**	12,007
	922	1,711	**10,556**	12,143

The Group transacts with suppliers and/or customers in currencies other than the functional currency of the relevant Company (foreign currencies). The Group does not hedge against this transactional risk. As at 31 March 2022 and 31 March 2021, the Group's outstanding foreign currency denominated monetary items were principally exposed to changes in the US$ / GBP and US$ / MZN exchange rate.

The following tables detail the Group's exposure to a 5, 10 and 15 per cent depreciation in the US$ against GBP and separately to a 10, 20 and 30 per cent depreciation of the US$ against the Metical. For a strengthening 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-Company 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 2022 US$000	31 March 2021 US$000
GBP Impact		
Profit or loss		
5% Increase in US$	**(5)**	(7)
10% Increase in US$	**(11)**	(13)
15% Increase in US$	**(16)**	(18)
Other equity		
5% Increase in US$	**(5)**	(7)
10% Increase in US$	**(11)**	(13)
15% Increase in US$	**(16)**	(18)
MZN Impact		
Profit or loss		
10% Increase in US$	**-**	-
20% Increase in US$	**-**	-
30% Increase in US$	**-**	-
Other equity[(1)]		
10% Increase in US$	**(1,561)**	(94)
20% Increase in US$	**(3,122)**	(2,103)
30% Increase in US$	**(4,683)**	(7,542)

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

21.6. 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 2022 and 31 March 2021, 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 nil% (2021: nil). The weighted average interest on drawings under the overdraft facilities and bank loans was 18.9% (2021: 18.68%). 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 year. 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 2022 and 31 March 2021 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. Although the macroeconomic scenario in Mozambique is now improving the prime lending rate remain high with prime rates of 18.6% at 31 March 2022 (2021: 15.5%). The Prime lending rate increased to 20.6% in June 2022.

	31 March 2022[(1)] US$000	31 March 2021[(1)] US$000
+ 20 bp increase in interest rates	**(19)**	(18)
+ 50 bp increase in interest rates	**(48)**	(44)
+100 bp increase in interest rates	**(97)**	(88)
+200 bp increase in interest rates	**(194)**	(176)
+500 bp increase in interest rates	**(484)**	(441)
+800 bp increase in interest rates	**(775)**	(707)
+1000 bp increase in interest rates	**(969)**	(884)

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

21.7. 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 impact of COVID-19 on the credit risk of the Group has been considered in the Going Concern disclosures in note 3.

The maximum exposure to credit risk is the carrying value of the Group financial assets disclosed in note 21.2. Details of provisions against financial assets are provided in note 17.

21.8. Liquidity risk

The Company policy throughout the year has been to ensure that it has adequate liquidity by careful management of its working capital. The operating executives continually monitor the Group's actual and forecast cash flows and cash positions. They pay 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. The impact of COVID-19 on the liquidity risk of the Group has been considered in the going concern disclosures in note 3.

At 31 March 2022 the Group held cash deposits of $107,000 (2021: $231,000). As at 31 March 2022 the Group had overdraft and bank loans facilities of approximately $9,812,558 (2021: $9,464,961) of which $9,812,558 (2021: $6,425,531) were drawn.

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 Company could be required to settle its obligations and assuming business conditions at 31 March 2022. The table includes both interest and principal cash flows.

	31 March 2022 US$000	31 March 2021 US$000
1 month	**358**	977
2 to 3 months	**716**	212
4 to 12 months	**9,481**	3,731
1 to 2 years	**434**	1,325
3 to 5 years	**1,131**	1,402
	12,120	7,647

22. SHARE CAPITAL

	Authorised Number	**Allotted and fully paid Number**	**US$000**
At 31 March 2020 and 31 March 2021 and 31 March 2022	**23,450,000**	**21,240,618**	**3,135**
At 31 March 2020 and 31 March 2021 and 31 March 2022			
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.

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.

23. EQUITY-ACCOUNTED INVESTEES

	31 March 2022 US$000	31 March 2021 US$000
Interest in joint venture	**56**	1
	56	1

DECA Snax Limitada is a joint venture in which the Group has joint control and a 50% ownership interest. It is one of the Group's strategic customers of grits and principally engaged in the production of corn snacks in Mozambique. DECA Snax Limitada's principal place of business is Chimoio in Mozambique and is not listed.

DECA Snax Limitada is structured as a separate vehicle and the Group has residual interest in the net assets of DECA Snax Limitada. Accordingly, the Group has classified DECA Snax Limitada as a joint venture. In accordance with the agreement under which DECA Snax Limitada is established, the Group and the other investor in the joint venture have agreed to make additional contributions in proportion of their interest if additional investment is required in DECA Snax Limitada.

The following table summarises the financial information of DECA Snax Limitada as included in its own financial statements. The table also reconciles the summary information to the carrying amount of the Group's interest in DECA Snax Limitada.

	31 March 2022 US$000	31 March 2021 US$000
Percentage ownership interest	**50%**	50%
Non-current assets	**466**	252
Current assets (including cash and cash equivalents - 2022: US$73,000, 2021: US$23,000)	**337**	108
Current liabilities (Trade and other payables)	**(233)**	(49)
Non-current liabilities	**(458)**	(310)
Net assets (100%)	**112**	1
Net assets (Carrying amount of joint venture)	**56**	1
Revenue	**1,447**	117
Cost of Sales	**(1,008)**	(79)
Depreciation and amortisation	**(71)**	(10)
Operating expenses	**(192)**	(28)
Interest expense	**-**	-
Income tax expense	**(66)**	-
Profit and other comprehensive income (100%)	**110**	-
Profit and other comprehensive income (50%)	**55**	-
Elimination of unrealised profit	**-**	-
Group's share of total comprehensive income	**-**	-
Dividends received by the Group	**-**	-

24. SHARE BASED PAYMENTS

24.1. Charge in the year

The Company recorded a charge within Operating expenses for share based payments of $ Nil (2021: $ Nil) in respect of options issued in previous years vesting during the year. No options were issued during the year (2021: $ Nil).

24.2. Outstanding options and warrants

The Group, through the Company, have two unapproved share option schemes which were established to provide equity incentives to the Directors of, employees of and consultants to the Company. 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 year is generally one year. If options remain unexercised after vesting period from the date of grant, 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 Company 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') maybe issued pursuant to the Instrument. The exercise price of each Warrant is £0.65 (the share price of the Company being approximately 60p when the Instrument was created) and the subscription year during which time the Warrants may be exercised and Warrants Shares issued is the 5-year period from 1 June 2016 to 1 June 2022. 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. 50,000 Warrants are in issue.

The following table provides a reconciliation of share options and warrants outstanding during the year. The number of shares or warrants and their respective exercise prices have been adjusted to reflect the share consolidation (see note 24):

	Year ended 31 March 2022 Number	**Weighted average exercise price (p)**	Year ended 31 March 2021 Number	Weighted average exercise price (p)
At beginning of year	**93,080**	**142**	93,080	142
Granted in the year	**-**	**-**	-	-
Terminated in the year	**-**	**-**	-	-
Lapsed in the year	**(50,000)**	**65**	-	-
At end of year	**43,080**	**232**	93,080	142
Exercisable at year end	**43,080**	**232**	93,080	142

At 31 March 2022, 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	**18,080**	**18,080**	350p	29 July 2023
15 March 2014	**25,000**	**25,000**	150p	15 March 2024
	43,080	**43,080**		

25. RELATED PARTY DISCLOSURES

Magister Investments Limited ("Magister"), holds 50.58% of the ordinary share capital of the Company and is the ultimate controlling party. In addition, Magister has also assisted the Group with bank guarantees for the group to secure Commercial loans. Bank guarantee fees of 1.75% are payable to Magister amounting to US$74,725. The following Director of Agriterra is also a Director of Magister:

- Hamish Rudland

The remuneration of the Directors, who are the key management personnel of the Company, is set out in note 9.

26. EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

At the end of June 2022, the Group commenced the implementation of a business turnaround strategy which resulted in the announcement of:

- Significant injection of US$7.9 million from Magister Investments Limited at interest rate of SOFR (SOFR is currently 1.53%)+6% to reduce of the finance cost which has been increasing over the years and will be used to pay commercial borrowings in Mozambique which attract interest rates above 18% per annum. The Group will save at least US$ 792,000). The shareholder loan is made up of:
    - US$6.1 million convertible facility which has a 3 year tenure
    - US$1.8 million convertible facility which has a 12 months tenure.
- Operating expenses cost reduction amounting US$47,000 per month (US$564,000 per annum) by rightsizing the business. All expenditure to be incurred is evaluated to improve the Group financial performance and cash flow of the Group.

In August 2022, Grain division successfully repaid a US$6.1 million overdraft facility owed to First Capital Bank thereby reducing the finance costs by US$82 000 per month. The Group is planning to repay the Standard Bank loan amounting to US$2.4 million by February 2023 utilising US$1.8 million injected by Magister Investments Limited and internally generated funds amounting to US$0.6 million.

COMPANY INFORMATION AND ADVISERS

Country of incorporation	Guernsey, Channel Islands
Registered address	Connaught House St Julian's Avenue St. Peter Port Guernsey GY1 1GZ
Directors	Caroline Havers (Non-Executive Chair) Rui Sant'ana Afonso (CEO) resigned 31 July 2022 Neil Clayton (Non-Executive) Hamish Rudland (Acting CEO) Gary Smith (Non-Executive) Sergio Zandamela (Non-Executive)
Auditor	PKF Littlejohn LLP 15 Westferry Circus London E14 4HD
Solicitors	Walkers (Guernsey) LLP 12-14 New Street, St. Peter Port Guernsey, GY1 2PF
Nominated advisers and broker	Strand Hanson Limited 26 Mount Row London W1K 3SQ Peterhouse Capital Limited 80 Cheapside London EC2V 6DZ
Registrars	Neville Registrars Limited Neville House Steelpark Road Halesowen B62 8HD