



Agriterra

AGRITERRA LIMITED

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE
YEAR ENDED
31 MARCH 2023

Contents

CHAIR'S STATEMENT AND STRATEGIC REVIEW	2
CORPORATE GOVERNANCE	6
DIRECTORS' REPORT	9
STATEMENT OF DIRECTORS' RESPONSIBILITIES	12
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AGRITERRA LIMITED	13
CONSOLIDATED INCOME STATEMENT	18
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	19
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	20
CONSOLIDATED CASH FLOW STATEMENT	21
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	22
COMPANY INFORMATION AND ADVISERS	47

CHAIR'S STATEMENT AND STRATEGIC REVIEW

I am pleased to present the annual report of the Group for the year ending 31 March 2023. During the year, the Group changed its working capital funding strategy to support the existing operations and evaluated opportunities for diversification and adding value to agricultural produce.

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 Group'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 Group 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 which have built strong brands in Mozambique:

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

During the year the Company secured a shareholder loan of c.\$7.6m in the form of a convertible loan and an equity injection of c.\$0.6m to replace local currency denominated bank debt to fund working capital for grain and beef divisions. These new facilities are expected to significantly reduce the interest burden.

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

Mozambique overview

The economy in Mozambique is recovering from a protracted slowdown in recent years, with growth reaching 4.1% in 2022. Mozambique is still dealing with the insurgency in parts of the gas-rich province of Cabo-Delgado but the arrival of regional troops has helped stabilise the situation. The government has approved a reconstruction plan for the province. The instability in Cabo Delgado has slowed the expected outcomes from the investment in the Liquefied Natural Gas sector which will be delayed by two years. The medium-term outlook is positive, with growth expected to accelerate to 6% over 2023-2025 driven by:

- Continued recovery in services
- Increased LNG production; and
- High commodity prices.

Tropical cyclone Freddy made landfall in Mozambique on 24 February 2023 and led to significant rainfall. Nearly 166,000 people were affected, more than 28,300 houses destroyed and over 18,700 hectares of crops were destroyed.

During this period the Metical remained steady against the US\$ and, strengthened against the South African Rand from ZAR1:MZN3.8 to ZAR1:MZN3.6. Annual inflation was higher at 10.3%, against 6.41% in the previous year. In response to the inflation, the Bank of Mozambique increased its prime lending rate from 19% to 23.5%, which negatively impacted business operations.

Operations review

Grain division

The Grain division generated revenue amounting to \$8.6 million (FY22: \$7.3 million) after selling 17,819 tons (2022: 17,094 tons) and the average meal selling price increased by 13% to \$482 per ton (2022: \$427 per ton), indicating that the demand was strong.

The division secured a \$1.5 million loan from its majority shareholder to fund working capital in addition to \$6.1 million which was used to repay commercial bank debt. The division purchased 18,022 tons of maize throughout the year and held 7,444 tons of maize in inventory at its peak. The division has had to roll the working capital to be able to mill up to the end of the year. However, the maize price increased by 36% to MZN20 000 per ton (\$313) as compared to a 13% increase in the price of mealie meal, thereby eroding the margins in the last quarter of the financial year.

On a positive note, the shareholder loans of \$7.6 million enabled the repayment of significant commercial debt amounting to \$6.1 million thereby relieving the heavy burden of finance cost, the full benefit of which is expected to be reflected in FY24. The division's borrowings increased slightly by \$54,000 as compared to prior year. The business was able to pay interest and some principal repayments out of the business cash flows.

Operating costs decreased by \$0.8m to \$1.1m and EBITDA increased to \$0.6m (2022: EBITDA of \$0.54m) due to an improvement in extraction efficiencies net of a 20% increase in the cost of maize milled compared to the previous year. Finance costs decreased to \$1.0m (2022: \$1.6m) and depreciation cost amounted to \$0.5m (2022: \$0.5m) resulting in a loss before tax of \$0.86m (2022: loss \$1.52m).

Loss after tax amounted to \$746,000 (FY22: Loss after tax \$1,404,000).

Beef division

The Beef division generated revenue amounting to \$3.1 million (FY22: \$3.2 million) as compared to budget of \$4.6 million (FY22: \$4.6 million). Low sales resulted from the tough macro-economic environment in Mozambique which affected sales and consumer protein choices. In addition, customers are more sensitive to price as compared to quality and there was increased competition from cheaper meat from the informal market. Sales volumes were 9.2% below previous year (666 tons vs 734 tons in FY22). Working capital constraints led to a fall in the numbers of days animals spent in the feedlot. Consequently, the average daily weight gain of animals decreased from 0.32% to 0.22% of body mass increasing feedlot costs.

The division secured shareholder loan amounting to \$0.3 million which was used to ramp up animal production in the feedlot. The funds were used to buy cattle weaners which has high average daily gain when feeding in the feedlot. More than 900 animals were bought from August to March using the shareholder loan. The division also received an external capital injection amounting to GBP250 000 in March 2023 to invest in "straight through" animals which will be supplied into the informal market.

The decrease in sales has been mitigated by improved Gross Margin of 24.06% (FY22: 23.87%) resulting from higher average selling price of MZN 266 per kg (FY-2022: MZN 252 per kg) whilst the average dress out rate was 49.2% (FY22: 51.5%).

The Company has embarked on a right sizing strategy, offering voluntary retrenchments and a freeze on replacing staff. The Company also has the cost of the three farms that remain in care and maintenance whilst looking for potential buyers.

Loss after tax amounted to \$651,000 (FY22: Loss after tax \$492,000).

Snax division

DECA Snax, a 50:50 joint venture with Snax for Africa Limited has, in its third year of operations, grown sales revenue by 62% to achieve \$2.3 million (FY22: \$1.4 million). DECA Snax is growing by winning and retaining market share from competitors as a result of consistently producing and supplying high quality products. DECA Snax sold 1,111,538 bales during the year (FY22: 707,385 bales).

During the year, DECA Snax increased its production capacity by buying a second extruder machine which gives the division the ability to double its production capacity and improve its profitability.

Production volume is exceeding 60% of the installed capacity (Including a second extruder) and plans are in place to launch the product in new geographical markets.

Profit after tax amounted to \$74,976 (FY22: \$109,889) after payment of management fees to the joint venturers amounting to \$117,289 (FY22: Nil).

Key Performance Indicators

The Board monitors the Group'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.

For the year ended 31 March	2023	2022	2021
Grain division			
- Average milling yield	75.3%	78.0%	76.7%
- Meal sold (tonnes)	17,819	17,094	25,389
- Revenue	\$8,365,000	\$7,118,000	\$11,061,000
- EBITDA (note 5)	\$611,000	\$535,000	\$510,000
- Net debt	(\$9,753,000)	(\$9,521,266)	(\$5,856,106)
Beef division			
- Slaughter herd size – number of head	4,099	4,575	5,667
- Average daily weight gain in feedlot (% of body mass)	0.22	0.35	0.35
- Meat sold (tonnes)	666	734	890
- Revenue	\$3,129,000	\$3,159,000	\$3,189,000
- EBITDA (note 5)	(\$244,000)	(\$66,000)	(\$547,000)
- Net debt	(\$110,000)	(\$184,283)	(\$406,244)
Snax division (note 23)			
- Bales sold (units)	1,111,538	707,385	128,805
- Revenue	\$2,345,779	\$1,447,000	\$117,000
- EBITDA	\$170,000	\$247,000	\$10,000
- Net debt	\$Nil	\$Nil	\$23
Group			
- EPS	(9.29)	(10.7)	(10.3)
- Liquidity - cash plus available headroom under facilities	\$174,000	\$107,000	\$1,139,000

Financial Review

In FY 23 the Group's revenue increased by 12% to \$11.49m (FY22: US10.28m), primarily due to:

- Improvement of grain sales volumes from 17,094 tons to 17,819 tons. Demand for maize meal was higher than the previous year. However, the division did not have sufficient grain in stock due to working capital constraints and had to roll the working capital in the last quarter of the financial year. The cost of replacing maize was high and eroded the Group's margins. The cost of maize increased by 20% from FY22 to FY23.
- Increase in average selling price of mealie meal by 13% as compared to prior year due to increase in demand for the maize meal.
- The Beef division achieved similar revenue of \$3.1 million, selling lower volume at a higher average selling price.

AGTA Group gross margin decreased to 21.2% (FY22: 24.94%) due to fair value loss of biological assets amounting to \$288,000 and the high cost of replacement maize. Gross profit decreased from \$2.6 million to \$2.4 million as compared to prior year.

Group operating expenses decreased by 3.1% to \$3.4 million and operating losses decreased to \$0.8 million (FY22: \$0 million). The Group operational performance is expected to be profitable if volumes improve by 25% in FY24.

Net Debt as of 31 March 2023 was \$9.86 million (FY22: \$9.82million). The shareholder loan injection of \$7.9 million has greatly assisted in containing the adverse impact of high finance cost on the group performance and cashflows. Finance cost remains high at \$1.46 million (FY22: \$1.62 million). Subsequent to the year end, a further restructuring exercise was undertaken and a further shareholder loan of \$2 million has been advanced to fund the Group's working capital (see note 26).

Risk management

The Group is subject to various risks, and the future outlook for the Group 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 Group and the actions taken to mitigate these:

Key risk factor	Detail	How it is managed	Change in the period
Foreign Exchange	The Group’s operations are impacted by fluctuations in exchange rates and the volatility of the Metical.	The Group adjusts its output volumes and prices in response to competition from imports.	Decreased. Although the Metical has been stable in the past 12 months, the Group’s borrowings are now denominated in USD.
Political instability	Changes to government policy and applicable laws could adversely affect operations or the financial condition of the Group.	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 Group is reliant on local banking facilities in Mozambique and continued support from shareholder loans.	The Group has secured additional working capital facilities.	Decreased. Shareholder injected USD 7.9 million and equity amounting to GBP 250 000 which significantly reduces the reliance on local banking facilities.
Compliance	There is a risk of a breach of the Group’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.

The Board is also responsible for establishing and monitoring the Group’s systems of internal controls. Although no system of internal control can provide absolute assurance against material misstatement or loss, the Group’s systems are designed to provide the directors with reasonable assurance that problems are identified on a timely basis and dealt with appropriately. The Board reviews the effectiveness of the systems of internal control and considers the major business risks and the control environment 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 Group 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.

The Group reduced expensive commercial debt during the year by \$7.9 million thereby reducing finance cost significantly by \$92,000 per month. Post year end, the Group has secured \$3.7 million from direct shareholder funding, \$2m of which will be used to fund maize purchasing and is secured by the maize in Silo with the balance used to repay the remaining commercial bank debt of \$1.1 million and to fund capital expenditure. In addition, the Group also embarked on an aggressive restructuring exercise which will reduce operational cost by \$50,000 per month and reduce liquidity constrains.

The Group has retrenched 124 employees from 1 August 2023 as part of the restructuring exercise and the cost savings have been included in the forecasts. The impact of the restructuring exercise and working capital constraints show that the Group needs to achieve its operating targets to meet its cashflow requirements. 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.

Outlook

The Group had a difficult start to FY24 due to the lack of adequate working capital which affected the current year maize buying season. Even though the working capital was finally secured in June 2023 from commercial banks in Mozambique, they were unable to disburse the full funding due to constraints placed on them by the Central Bank. The situation was further impacted by an increase in interest rate in July 2023 to 24.10%. The Company's majority shareholder agreed to provide a \$2m working capital facility to fund maize purchases for the current season in lieu of the inability of the local commercial banks to provide the funding. This will reduce the level of interest charges for the FY24 year.

The macro-economic environment is expected to improve in 2023/24 financial year. Exchange rate between Metical and major trading currency are expected to be stable at \$1: MZN 63.88 and inflation is also expected to decrease and trend around 4-5%. Central Bank of Mozambique was using interest rates to control inflation, and a decrease in the inflation rate will also enable the Central Bank of Mozambique to reduce the prime lending rates which is currently at 24.1%.

Grain: Competition is stiff as a number of new mills have opened in the region. However, the region expects grain shortages, and this will drive maize meal prices up. Few millers have secured sufficient maize for the season, and this presents an opportunity for Grain division to gain market share and improve sales revenue as compared to the previous year.

Beef: Demand for beef in the southern market is low because the Metical strengthened against the South African Rand during the year. South African Rand is not expected to strengthen against the Metical and therefore the southern market will continue being affected by relatively cheap imports from South Africa. However, the Beef division is experiencing a strong pull from the north and is mitigating for the lost southern market. The division has also started to serve the informal markets by supplying affordable decent quality beef. 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.

Snax: The Snax division products have been well received by the market and have won more than 50% of the market share in the central region because of superior quality and affordability. Snax division is now introducing the products further into the new North and South markets so as to continue increasing the sales volumes. New bigger family size packets will be introduced into the market during the year.

Board and senior management changes

Mr Gert Naude joined Agriterra in 2014 and led operations as the General Manager. After the end of the current reporting period, Mr. Gert Naude left the Group effective 1 August 2023 as part of the Group restructuring process. I would like to thank him for the significant contribution he has made to the development of the Group over the years.



CSO Havers,
Non-Executive Chair
30 November 2023

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/investor-relations/corporate-governance/>

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, Interim Chief Executive Officer (CEO), one non-independent Non-Executive Director 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.

Hamish Rudland, Interim CEO from 1 August 2022 (IC)

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 synergies where advantages can be made.

Mr. Hamish Rudland is the settlor of the Casa Trust which owns Magister Investments Limited and is also a Director of Magister investments Limited. 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 unlisted companies. Specifically, Mr. Clayton brings significant experience and expertise as regards listed companies operating in Africa as well as particular knowledge of the Group’s business and requirements, having held an interim finance role at the Company during 2020.

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 2022) (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 2021 Mr. Zandamela was responsible 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.

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 are 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	4

The Board has entrusted the day-to-day responsibility for the direction, supervision and management of the business to the CEO, who leads an Executive Committee (EXCO). For the financial year ended 31 March 2023 the EXCO was comprised of the Interim CEO, the General Manager, the Operations Director, the Financial Director and the Commercial Director in Mozambique.

The Interim 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 making 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.

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 2023 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 2023 show a loss after taxation of \$2,109,000 (2022: loss of \$2,270,000). The Directors do not recommend the payment of a final dividend (2022: \$ nil). No interim dividends were paid in the year (2022: \$ 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
NWH Clayton	Non-Executive Director
HBW Rudland	Interim CEO
GR Smith	Non-Executive Director
SML 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*	36,332,222

*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 November 2023, 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	36,332,228	50.58%
Peterhouse Capital Limited	8,855,000	12.33%
Richard and Charlotte Edwards	5,000,000	6.96%
Gersec Trust Reg.	2,779,656	3.87%
P3 Capital	2,500,000	3.48%
P4 Capital	2,500,000	3.48%

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 as of 31 March 2023 was 67 days (2022: 58 days).

8. POLITICAL AND CHARITABLE DONATIONS

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

The Group had the opportunity to assist in the following areas:

- To celebrate World Children's Day with the Chimoio city and donated mealie and puff snax to all children present on the day to enjoy.
- A MOU was signed between the Operating 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 providing food and perishables for the children. They also visited two orphanages in the province donating food and clothing. In all cases DECA contributed dry goods in the form of maize meal and snax. In addition, they visited various villages in the region donating puff and maize meal to children.

9. SOCIAL AND COMMUNITY ISSUES

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 (3) 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 one 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

DECA hosted small groups of students coordinated through Vale de Zambeze. These students were from various Universities and were spread out through the various operations:

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

Beef Division

During the FY Mozbife hosted students in the following sectors of the business:

- Two students were attached to the Abattoir studying Food Technology and Processing
- One student attached was studying Environmental Science
- One student was allocated to the feedlot studying Agricultural Engineering

- Three students were attached to the feedlot studying Animal Science

A two day workshop was also held with the nine 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
30 November 2023

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 International Accounting Standards as adopted by the United Kingdom 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 International Accounting Standards as adopted by the United Kingdom; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

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

Opinion

We have audited the group financial statements of Agriterra Limited (the 'group') for the year ended 31 March 2023 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 2023 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 needs to achieve its operating targets and is reliant on the continued support from the largest shareholder to meet its commitments as they fall due. There is currently uncertainty regarding the group achieving such operating targets as they are dependents on factors beyond the control of the group which may also impact the continued support from the largest shareholder. 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 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 group financial statements are free from material misstatement, we define materiality as a magnitude of misstatement, including omission, that makes it probable that the economic decisions of a reasonably knowledgeable person, relying on the group financial statements, would be changed, or influenced. We have also considered those misstatements including omissions that would be material by nature and would impact the economic decisions of a reasonably knowledgeable person based our understanding of the business, industry and complexity involved.

We apply the concept of materiality both in planning and throughout the course of audit, and in evaluating the effect of misstatements. Materiality is used to determine the group financial statements areas that are included within the scope of our audit and the extent of sample sizes during the audit.

We also determine a level of performance materiality which we use to assess the extent of testing needed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the group financial statements as a whole.

In determining materiality and 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;
- significant transactions during the year;
- the stability in key management personnel; and
- the level of misstatements identified in prior periods.

Materiality for the group financial statements was set at \$200,000 (2022: \$205,000). This was calculated based on 1.75% of 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 \$53,000 (2022: \$44,000) to \$111,000 (2022: \$108,000) based on 1.75% of turnover for each component.

Performance materiality for the group financial statements was set at \$140,000 (2022: \$143,000) being 70% of materiality for the group financial statements respectively. 70% is considered appropriate based on our assessment that there is low to medium risk that the financial statements could be materially misstated. The performance materiality for the significant components is calculated on the same basis as group materiality.

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 (2022: \$10,000). We also agreed to report any other audit misstatements below that threshold that we believe warranted reporting on qualitative grounds.

No significant changes have come to light during the audit which required a revision to our materiality for the group financial statements as a whole.

Our approach to the audit

Our audit was risk based and was designed to focus our efforts on the areas at greatest risk of material misstatement, aspects subject to significant management judgement as well as greatest complexity, risk and size. The scope of our audit was based on the significance of component's operations and materiality.

In designing our audit, we determined materiality, as above, and assessed the risk of material misstatement in the group financial statements. We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the group financial statements, considering the structure of the group. 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.

Each component was assessed as to whether they were significant or not to the group by either their size or risk. The group includes the listed parent company in Guernsey and five subsidiaries based in Mozambique, including one dormant subsidiary. The listed parent company and three trading subsidiaries were significant components due to identified risk and size.

The group's accounting function is based in Mozambique. We have performed the full scope audit on the listed parent company that is registered in Guernsey. The three significant components in Mozambique have been subject to full scope audits by a 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, 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
<p>Carrying value of the underlying assets of the beef and grain division (see Note 4)</p>	
<p>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.</p> <p>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.</p> <p>Given the uncertainty about the future production and sales profiles and the volatility in cost, there is a risk that management may not adequately identify all impairment indicators.</p> <p>Due to the level of judgement and estimation made by management, there is also a risk of management biasness.</p>	<p>Our work in this area included reviewing the work performed by the component auditor in relation to:</p> <ul style="list-style-type: none"> ➤ ownership and good title to the group's assets; and ➤ physical review of material assets for any indicators of impairment. <p>We further performed the below procedures:</p> <ul style="list-style-type: none"> ➤ Obtained the discounted cashflow valuation workings from management and verified the mathematical accuracy; ➤ Reviewed and challenged management's budgets, cash flow forecasts and projections of the beef and grain division to ensure that the assets were recoverable; ➤ Assessed the reasonableness of the underlying inputs of the fair value calculation; ➤ Performed a sensitivity analysis to ensure any major fluctuations in the subjective elements would not result in material misstatement and if they do, that they were appropriately disclosed; and ➤ Ensured the presentation and disclosures in the group financial statements was sufficient and in accordance with requirements of IAS 36- <i>Impairment of assets</i>.

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
- 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 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 based on 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.

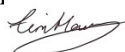
- We determined the principal laws and regulations relevant to the group in this regard to be those arising from AIM Listing Rules, QCA Corporate Governance Code, Companies (Guernsey) Law 2008, UK-adopted international accounting standards, local Employment Laws, local Health and Safety Regulations and License 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: making 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 legal and professional ledger accounts and review of the Regulatory News Service announcements.
- We also identified the risks of material misstatement of the group financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, we did not identify any significant fraud risks.
- 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 key accounting estimates for evidence of bias (Refer to the Key Audit Matter and Material uncertainty related to going concern sections); and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.
- Our review of non-compliance with laws and regulations incorporated listed parent entity. The component auditors were used for significant components. The risk of actual or suspected non-compliance was not sufficiently significant to our audit to result in our response being identified as a key audit matter.

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 09 June 2023. 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.



Timothy Harris (Engagement Partner)
For and on behalf of PKF Littlejohn LLP
Registered Auditor

15 Westferry Circus
 Canary Wharf
 London E14 4HD

30 November 2023

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2023

	Note	Year ended 31 March 2023 \$'000	Year ended 31 March 2022 \$'000
Revenue	5	11,494	10,277
Cost of sales		(8,758)	(7,715)
(Decrease)/Increase in fair value of biological assets		(288)	1
Gross profit		2,448	2,563
Operating expenses		(3,381)	(3,490)
Other income		122	86
Profit on disposal of property, plant and equipment		-	20
Operating loss	6	(811)	(821)
Finance costs	10	(1,462)	(1,627)
Share of profit in equity-accounted investees, net of tax	23	37	55
Loss before taxation		(2,236)	(2,393)
Taxation	11	127	123
Loss for the year attributable to owners of the Company		(2,109)	(2,270)
		US cents	US cents
Earnings per Share			
Basic and diluted earnings per share	12	(9.29)	(10.7)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2023

	Year ended 31 March 2023 \$'000	Year ended 31 March 2022 \$'000
Loss for the year	(2,109)	(2,270)
Items that may be reclassified subsequently to profit or loss:		
Foreign exchange translation differences	(161)	932
Other comprehensive (loss)/income for the year	(161)	932
Total comprehensive loss for the year attributable to owners of the Company	(2,270)	(1,338)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2023

	Note	31 March 2023 \$'000	31 March 2022 \$'000
Non-current assets			
Property, plant and equipment	13	24,267	25,051
Intangible assets	14	3	18
Equity-accounted investees	23	93	56
		24,363	25,125
Current assets			
Biological assets	15	496	463
Inventories	16	550	2,176
Trade and other receivables	17	1,055	824
Cash and cash equivalents		174	107
		2,275	3,570
Total assets		26,638	28,695
Current liabilities			
Borrowings	18	2,666	8,809
Trade and other payables	19	658	960
		3,324	9,769
Net current liabilities		(1,049)	(6,199)
Non-current liabilities			
Borrowings	18	7,196	1,003
Deferred tax liability	11	6,111	6,243
		13,307	7,246
Total liabilities		16,631	17,015
Net assets		10,007	11,680
Equity attributable to equity holders of the parent			
Share capital	22	3,993	3,373
Share premium		151,419	151,442
Share based payment reserve		67	67
Revaluation reserve		12,061	12,312
Translation reserve		(16,169)	(16,008)
Accumulated loss		(141,364)	(139,506)
		10,007	11,680

The financial statements on pages 18 to 45 were approved and authorised for issue by the Board of Directors on 30 November 2023.

Signed on behalf of the Board of Directors by:



CSO Havers
Chair
30 November 2023

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2023

	Share capital	Share premium	Share based payment reserve	Translation reserve	Revaluation reserve	Accumulated losses	Total Equity
Note	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 April 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/(loss) for the year	-	-	-	932	-	(2,270)	(1,338)
Transactions with owners							
Share based payments	-	-	(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
Loss for the year	-	-	-	-	-	(2,109)	(2,109)
Other comprehensive income:							
Exchange translation loss on foreign operations	-	-	-	(161)	-	-	(161)
Total comprehensive loss for the year	-	-	-	(161)	-	(2,109)	(2,270)
Transactions with owners							
Issue of shares	620	(23)	-	-	-	-	597
Revaluation surplus realised	-	-	-	-	(251)	251	-
Total transactions with owners for the year	620	(23)	-	-	(251)	251	597
Balance at 31 March 2023	3,993	151,419	67	(16,169)	12,061	(141,364)	10,007

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2023

		Year ended 31 March 2023	Year ended 31 March 2022
	Note	\$'000	\$'000
Cash flows from operating activities			
Loss before tax		(2,236)	(2,393)
Adjustments for:			
Amortisation and depreciation	13/14	870	874
Profit on disposal of property, plant and equipment		-	(20)
Foreign exchange gain		(151)	162
Changes in value of biological assets	15	288	(1)
Share of profit in associate	23	(37)	(55)
Net finance costs	10	1,462	1,627
Operating cash flows before movements in working capital		196	194
Net increase in biological assets	15	(321)	(12)
Decrease/(Increase) in inventories		1,626	(1,243)
Decrease in trade and other receivables		52	928
Decrease in trade and other payables		(302)	(1,086)
Net cash generated from / (used in) operating activities		1,251	(1,219)
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment net of expenses incurred		-	20
Acquisition of property, plant and equipment	13	(90)	(79)
Net cash used in investing activities		(90)	(59)
Cash flows from financing activities			
Net (repayment)/drawdown of overdrafts	18	(6,254)	2,236
Net (repayment)/drawdown of loans	18	(1,589)	644
Net drawdown of shareholder loans	18	7,900	-
Net repayment of leases		(137)	(99)
Finance costs		(1,014)	(1,627)
Net cash (used in) / generated from financing activities		(1,094)	1,154
Net increase / (decrease) in cash and cash equivalents		67	(124)
Effect of exchange rates on cash and cash equivalents		-	-
Cash and cash equivalents at beginning of the year		107	231
Cash and cash equivalents at end of the year		174	107

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 47. 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 an 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 2022. The revised standards and interpretations have 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 2024.

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, property, plant and equipment 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 Group 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 include the impact of the restructuring exercise and working capital constraints show that the Group needs to achieve its operating targets to have sufficient headroom under its existing banking and shareholder loan facilities. Certain facilities fall due for renewal in June 2024 and it has been assumed that these will be renewed.

The divisional forecasts for FY-24 show a significant improvement in operating performance as compared to that reported for the year ended 31 March 2023. However, there can be no certainty that these restructuring 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. As set out in note 26, since the year end additional finance has been secured and a shareholder loan maturing in July 2023 has been extended by a further year.

Based on the above, whilst there are no contractual guarantees, the directors are confident that the existing financing facilities will continue to 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 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.

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 2023, 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	
	2023	2022	2023	2022
Mozambican Metical: US\$	63.86	66.31	63.88	63.83

Operating segments

The Chief Operating Decision Maker is the Board. The Board reviews the Company's internal reporting in order to assess the 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 and in settlement of certain expenditure. These payments are measured at fair value (excluding the effect of non-market based vesting conditions) at the date of grant and the value is expensed on a straight-line basis over the vesting period, based on the 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 valuers triennially. 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 Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised 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 Group.

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

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

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

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

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

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

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting 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 (note 15).

Going concern

Details of the directors' assessment of Going Concern are set out in note 3. These financial statements do not include the adjustments that would result if the Group were unable to continue as a going concern.

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 put in place following the restructuring exercise undertaken since year end 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. Based on the assessment performed by the independent real estate valuers at 31 March 2021, and the improved operational outlook reflected in the operational plan in place, management have concluded that, at 31 March 2023, non-current assets are not impaired.

No impairments were recorded in the year ended 31 March 2023 or the year ended 31 March 2022. The carrying amount of non-current assets is \$24.3 million (2022: \$25.1 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 \$ 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 \$ 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 (2022: \$0.5m).

5. SEGMENT REPORTING

The Board considers that the Group's operating activities comprise the segments of Grain, Beef and Snax 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 2023	Grain	Beef	Snax*	Unallo- cated	Elimina- tions	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue						
External sales ⁽²⁾	8,365	3,129	-	-	-	11,494
Inter-segment sales ⁽¹⁾	225	-	-	-	(225)	-
	8,590	3,129	-	-	(225)	11,494

Segment results						
- Operating profit/(loss)	2	(659)	-	(308)	-	(965)
- Interest expense	(958)	(63)	-	(441)	-	(1,462)
- Other gains and losses	95	59	-	-	-	154
- Share of profit in equity-accounted investees	-	-	37	-	-	37
(Loss)/Profit before tax	(861)	(663)	37	(749)	-	(2,236)
Income tax	115	12	-	-	-	127
(Loss)/Profit after tax	(746)	(651)	37	(749)	-	(2,109)

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

Year ending 31 March 2022	Grain	Beef	Snax*	Unallo- cated	Elimina- tions	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue						
External sales ⁽²⁾	7,118	3,159	-	-	-	10,277
Inter-segment sales ⁽¹⁾	226	-	-	-	(226)	-
	<u>7,344</u>	<u>3,159</u>	<u>-</u>	<u>-</u>	<u>(226)</u>	<u>10,277</u>
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)/Profit before tax	(1,515)	(504)	55	(429)	-	(2,393)
Income tax	111	12	-	-	-	123
(Loss)/Profit after tax	(1,404)	(492)	55	(429)	-	(2,270)

(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 2023	Grain	Beef	Snax	Unallo- cated	Elimina- tions	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Depreciation and amortisation	<u>514</u>	<u>356</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>870</u>
Year ending 31 March 2022	Grain	Beef	Snax	Unallo- cated	Elimina- tions	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Depreciation and amortisation	<u>502</u>	<u>359</u>	<u>-</u>	<u>13</u>	<u>-</u>	<u>874</u>

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 2023 and capital expenditure for the year then ended are as follows:

	Grain \$'000	Beef \$'000	Snax \$'000	Unallocated \$'000	Total \$'000
Assets	21,361	4,880	93	304	26,638
Liabilities	(7,596)	(770)	-	(8,265)	(16,631)
Capital expenditure	31	59	-	-	90

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

	Assets \$'000	Liabilities \$'000
Segment assets and liabilities	26,334	(8,366)
Unallocated:		
Other receivables	304	-
Accrued liabilities	-	(232)
Borrowings	-	(8,033)
	26,638	(16,631)

The segment assets and liabilities at 31 March 2022 and capital expenditure for the year then ended are as follows:

	Grain \$'000	Beef \$'000	Snax \$'000	Unallocated \$'000	Total \$'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 \$'000	Liabilities \$'000
Segment assets and liabilities	28,685	(16,811)
Unallocated:		
Other receivables	10	-
Accrued liabilities	-	(204)
	28,695	(17,015)

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 2023	Grain \$'000	Beef \$'000	Snax \$'000	Unallocated \$'000	Total \$'000
(Loss)/Profit before tax	(861)	(663)	37	(749)	(2,236)
- Interest expense	958	63	-	441	1,462
- Depreciation and amortisation charge	514	356	-	-	870
- Share of profit in equity-accounted investees	-	-	(37)	-	(37)
EBITDA	611	(244)	-	(308)	59

Year ending 31 March 2022	Grain	Beef	Snax	Unallocated	Total
	\$'000	\$'000	\$'000	\$'000	\$'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

Significant customers

In the year ended 31 March 2023, the two largest customers of the Grain segment generated revenue of \$2.6 million (31 March 2022: \$3.2m) constituting 31% (31 March 2022: 44%) of the Grain division's revenue. The two largest customers of the Beef segment generated revenue of \$0.2m (31 March 2022: \$0.2m) amounting to 6% (31 March 2022: 6%) of the Beef division's revenue.

6. OPERATING LOSS

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

	Year ended 31 March 2023 \$'000	Year ended 31 March 2022 \$'000
Depreciation of property, plant and equipment (see note 13)	854	831
Amortisation of intangible asset (see note 14)	16	43
Profit on disposal of property, plant and equipment	-	(20)
Net foreign exchange loss/(gain)	288	(1)
Staff costs (see note 8)	847	743

7. AUDITORS REMUNERATION

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

	Year Ended 31 March 2023 \$'000	Year Ended 31 March 2022 \$'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	56
For the audit of the Company's subsidiaries	37	37
Total audit fees	93	93

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

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 2023 Number	Year ended 31 March 2022 Number
Office and Management	27	27
Operational	375	432
	402	459

Their aggregate remuneration comprised:

	Year ended	Year ended
	31 March 2023	31 March 2022
	\$'000	\$'000
Wages and salaries	738	683
Social security costs	109	60
	847	743

9. REMUNERATION OF DIRECTORS

	Year ended	Year ended
	31 March 2023	31 March 2022
	\$'000	\$'000
CS Havers	25	25
NWH Clayton	8	8
HWB Rudland	8	8
GR Smith	8	8
SML Zandamela	8	8
	57	57

All remuneration relates to short term benefits. Directors are considered to be key management personnel.

10. FINANCE COSTS

	Year Ended	Year Ended
	31 March 2023	31 March 2022
	\$'000	\$'000
Interest expense on bank borrowings and overdrafts	(913)	(1,556)
Interest expense on shareholder loan	(448)	-
Interest expense on leases	(101)	(71)
Net finance costs	(1,462)	(1,627)

11. TAXATION

	Year Ended	Year Ended
	31 March 2023	31 March 2022
	\$'000	\$'000
Current tax (expense)/credit		
Current tax	-	-
Deferred tax	127	123
	127	123
Effective tax reconciliation		
Loss before tax from continuing activities	(2,236)	(2,393)
Tax credit at the Mozambican corporation tax rate of 32%	(715)	(765)
Tax effect of expenses that are not deductible in determining taxable profit	396	42
Tax effect of (income not taxable) or losses not allowable	(86)	18
Tax effect of net losses not recognised in overseas subsidiaries (net of effect of different rates)	532	582
	(127)	(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 \$ 3.8 million have been carried forward (2022: \$ 4 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 (2022: 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 2022 \$'000	Recognised in OCI \$'000	Recognised in P/L \$'000	Foreign exchange gain or loss \$'000	Net balance as at 31 March 2023 \$'000
Property, plant and equipment	(6,243)	-	127	5	(6,111)
Tax losses carried forward	-	-	-	-	-
Total	(6,243)	-	127	5	(6,111)

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

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. \$127,000 of the deferred tax has been realised during the year.

The Group has not recognised any tax credits for the year ended 31 March 2023 (2022: \$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 \$11,729,076 (2022: \$12,621,884). 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 2023 \$'000	Year ended 31 March 2022 \$'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	(2,109)	(2,270)
Weighted average number of Ordinary Shares for the purposes of basic and diluted earnings per share	22,705,569	21,240,618
Basic and diluted earnings per share - US cents	(9.29)	(10.7)
Basic and diluted earnings per share from continuing activities - US cents	(9.29)	(10.7)

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 \$'000	Plant and machinery \$'000	Motor vehicles \$'000	Other Assets \$'000	Total \$'000
At Cost or Valuation					
At 1 April 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
Additions	12	56	-	22	90
Disposals	-	-	-	-	-
Exchange rate adjustment	(20)	(5)	-	-	(25)
At 31 March 2023	25,238	5,460	1,191	164	32,053
Accumulated depreciation and impairment					
At 1 April 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
Charge for the year	624	154	51	25	854
Disposals	-	-	-	-	-
Exchange rate adjustment	(1)	(2)	(1)	(1)	(5)
At 31 March 2023	1,248	5,201	1,188	149	7,786
Net book value					
31 March 2023	23,990	259	3	15	24,267
31 March 2022	24,621	360	53	17	25,051

The Group accounting policy for recognition and subsequent measurement of land and buildings is the 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.

On 31 March 2021 the Group revalued land and buildings by \$18,475,127 in total (DECA, \$12,094,969, Compagri \$4,531,025 and Mozbife \$1,849,133). This valuation attributed a value of \$nil to the farms, which are currently held for sale. The next revaluation exercise will be performed on 31 March 2024. The carrying value of land and buildings at 31 March 2023 under the cost model would have been \$ 4,893,000 (2022: \$5,112,000)

Property, plant and equipment with a carrying amount of \$20,401,000 (2022: \$20,832,740) 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 2023, a depreciation charge of \$854,000 (2022: \$831,000) 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 \$71,825 (2023: \$244,282) and \$ nil (2022: \$49,883) for machinery and motor vehicles respectively (note 20).

14. INTANGIBLE ASSETS

	<u>\$'000</u>
Cost	
At 1 April 2021	133
Additions	-
Exchange rate adjustment	7
At 31 March 2022	140
Additions	-
Exchange rate adjustment	-
At 31 March 2023	140
Accumulated amortisation	
At 1 April 2021	74
Charge for the year	43
Exchange rate adjustment	5

At 31 March 2022	122
Charge for the year	16
Exchange rate adjustment	(1)
At 31 March 2023	137
Net book value	
31 March 2023	3
31 March 2022	18

Intangible assets comprise investment in management information and financial software.

At 31 March 2023 and 31 March 2022, the Group had no contractual commitments for the acquisition of intangible assets.

15. BIOLOGICAL ASSETS

	\$'000
Fair value	
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
Purchase of biological assets	1,812
Sale, slaughter or other disposal of biological assets	(1,533)
Change in fair value of the herd	(288)
Foreign exchange adjustment	42
At 31 March 2023	496

At 31 March 2023 and 2022, all cattle are held for slaughter. The slaughter herd has been classified as a current asset. Forage crops included in current assets are \$42,547 (2022: \$10,802).

At 31 March 2023 the slaughter herd comprised 4,099 head (2022: 4,575, with an average weight of 341kgs (2022: 283kgs) and average value of \$369 (2022: \$339).

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 2023 \$'000	31 March 2022 \$'000
Consumables and spares	59	310
Raw materials	265	1,611
Finished goods	226	255
	550	2,176

During the year inventories amounting to \$7,540,933 (2022: \$6,158,016) were included in cost of sales.

17. TRADE AND OTHER RECEIVABLES

	31 March 2023 \$'000	31 March 2022 \$'000
Trade receivables	218	302
Other receivables	837	522
	1,055	824

Trade receivables

	31 March 2023 \$'000	31 March 2022 \$'000
Trade receivables - gross	240	321
Loss allowance	(22)	(19)
	218	302

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 2023	Current	More than 30 days	More than 60 Days	More than 90 days	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expected loss rate	0%	0%	0%	83%	6%
Gross trade receivables	138	29	42	31	240
Loss allowance	-	-	-	22	22

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

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

	31 March 2023 \$'000	31 March 2022 \$'000
Loss allowances at 1 April	19	56
Increase/(Decrease) in loan loss allowance recognised in profit or loss during the year	3	(37)
Loss allowances at 31 March	22	19

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 2023 \$'000	31 March 2022 \$'000
Non-current liabilities		
Shareholder loans	6,534	-
Bank loans	574	783
Leases	88	220
	7,196	1,003

Current liabilities

Shareholder loans	1,500	-
Bank loans	1,056	2,438
Leases	110	115
Overdraft	-	6,256
	<u>2,666</u>	<u>8,809</u>
	<u>9,862</u>	<u>9,812</u>

Bank Borrowings

Group

During the period, Agriterra Limited secured shareholder loans amounting to \$7.9 million from Magister Investments Limited at an interest rate SOFR+6% to reduce the finance cost which has been increasing over the years and has been used to repay commercial borrowing in Mozambique which were charged interest above 18% per annum. The Group is saving more than \$792,000 per annum on interest cost. The shareholder loans are made up of:

- \$6.1m convertible loan facility with a 3-year tenure maturing August 2025.
- \$1.8m convertible loan facility with a 12-month tenure maturing in August 2023 and was renewed for the same period after year end.

In the event of default or at the option of the lender, the outstanding principal and interest may be converted into new ordinary shares at the prevailing market price of the Company's shares at such time. The market price is determined by the 10-day VWAP. The difference between the 10-day VWAP and the closing market price is a derivative liability the value of which is not considered to be material. Accordingly, the principal of the convertible loans has been recorded in full as a financial liability.

\$ 0.3m of the \$1.8m shareholder loan was converted in shares in March 2023.

Beef division

Beef division does not have any finance facilities except equipment leases as at 31 March 2023.

Grain division

At 31 March 2023, the Grain division has two outstanding commercial bank loans amounting to \$1.6 million secured by land and buildings. As announced on 15 November 2023 \$1m of these loans has been repaid following the drawdown of a new shareholder loan of \$1.7 million (note 26).

In addition, Grain division has a finance lease for 6 vehicles maturing on 05 December 2023 with an outstanding balance amounting to MZN 3.2m (\$50,031). Grain division incurs interest of 24.1% on this facility. During the period MZN 3.0m (\$47,414) of the outstanding balance was repaid.

The bank facilities are secured as follows:

	31 March 2023	31 March 2022
	\$'000	\$'000
Fixed Charge		
Property, plant and equipment	20,401	20,833
Floating Charge		
Maize and maize product inventories	-	250
	<u>20,401</u>	<u>21,083</u>

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 2022	Cash flow	Interest accrued	Loan to equity conversion	Foreign Exchange	At 31 March 2023
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Shareholder loan	-	7,900	448	(314)	-	8,034
Non-current bank loan	783	(209)	-	-	-	574
Non-current leases	220	(132)	-	-	-	88
Current bank loan	2,438	(1,380)	-	-	(2)	1,056
Current leases	115	(5)	-	-	-	110
Overdrafts	6,256	(6,254)	-	-	(2)	-
	<u>9,812</u>	<u>(80)</u>	<u>448</u>	<u>(314)</u>	<u>(4)</u>	<u>9,862</u>

	At 31 March 2021 \$'000	Cash flow \$'000	Foreign Exchange \$'000	At 31 March 2022 \$'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

Leases

At 31 March 2023, the Group is committed to \$198,000 (2022: \$335,000) for leases. The total cash outflow for leases (principal and interest) amounts to \$223,000 (2022: \$404,000).

Maturity Analysis	31 March 2023 \$'000	31 March 2022 \$'000
Year 1	110	123
Year 2	88	201
Year 3	-	11
	198	335
Analysed as:		
Current	110	123
Non-current	88	212
	198	335

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

19. TRADE AND OTHER PAYABLES

	31 March 2023 \$'000	31 March 2022 \$'000
Trade payables	71	597
Other payables	292	44
Accrued liabilities	295	319
	658	960

'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 \$'000	Motor vehicles \$'000	Total \$'000
Cost			
At 1 April 2021	707	185	892
Exchange rate adjustment	55	15	70
At 31 March 2022	762	200	962
Exchange rate adjustment	(1)	(1)	(2)
At 31 March 2023	761	199	960

Accumulated depreciation and impairment

At 1 April 2021	320	93	413
Charge for the year	166	48	214
Exchange rate adjustment	31	9	40
At 31 March 2022	517	150	667
Charge for the year	172	48	220
Exchange rate adjustment	-	1	1
At 31 March 2023	689	199	888
Net book value			
31 March 2023	72	-	72
31 March 2022	245	50	295

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 2023 \$'000	31 March 2022 \$'000
Depreciation expense on right-of-use assets	220	214
Interest expense on lease liabilities	101	71
Expenses relating to short term leases and low value assets	45	45
	366	330

21. FINANCIAL INSTRUMENTS

21.1. Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to shareholders. The capital structure of the Group comprises its net debt (the borrowings disclosed in note 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 Group places funds which are not required in the short term on deposit at the best interest rates it is able to secure from its bankers.

Current interest rates on borrowings in Mozambique are very high, with the prime lending rate at 22.60% at 31 March 2023 (2022: 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 repaid loan facilities in Mozambique using shareholder loans injected during the year (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 2023 \$'000	31 March 2022 \$'000
Financial assets		
Cash and bank balances	174	107
Other loans and receivables	240	321
	414	428
Financial liabilities		
Trade and other payables	658	960
Borrowings – current	1,166	8,809
Borrowings – non-current	8,696	1,003
	10,520	10,772
	(10,106)	(10,344)

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 2023 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 Group 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 2023 \$'000	31 March 2022 \$'000	31 March 2023 \$'000	31 March 2022 \$'000
Great British Pound ('GBP')	1	-	123	109
Mozambique Metical ('MZN')	1,227	922	2,256	10,447
	<u>1,228</u>	<u>922</u>	<u>2,379</u>	<u>10,556</u>

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 2023 and 31 March 2022, 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 2023 \$'000	31 March 2022 \$'000
Impact of GBP		
Profit or loss		
5% Increase in \$	(6)	(5)
10% Increase in \$	(11)	(11)
15% Increase in \$	(16)	(16)
Other equity		
5% Increase in \$	(6)	(5)
10% Increase in \$	(11)	(11)
15% Increase in \$	(16)	(16)
MZN Impact		
Profit or loss		
10% Increase in \$	-	-
20% Increase in \$	-	-
30% Increase in \$	-	-
Other equity ⁽¹⁾		
10% Increase in \$	(1,795)	(1,561)
20% Increase in \$	(3,291)	(3,122)
30% Increase in \$	<u>(4,556)</u>	<u>(4,683)</u>

(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 2023 and 31 March 2022, 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% (2022: nil). The weighted average interest on drawings under the overdraft facilities and bank loans was 20.81% (2022: 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 2023 and 31 March 2022 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 some Group interest bearing liabilities at 31 March 2023 remain Metical based. Although the macroeconomic scenario in Mozambique is now improving the prime lending rate remain high with prime lending rates of 22.6% at 31 March 2023 (2022: 18.6%). The Prime lending rate increased to 22.6% in December 2022.

	31 March 2023 ⁽¹⁾ \$'000	31 March 2022 ⁽¹⁾ \$'000
+ 20 bp increase in interest rates	(15)	(19)
+ 50 bp increase in interest rates	(37)	(48)
+100 bp increase in interest rates	(74)	(97)
+200 bp increase in interest rates	(148)	(194)
+500 bp increase in interest rates	(371)	(484)
+800 bp increase in interest rates	(594)	(775)
+1000 bp increase in interest rates	(742)	(969)

⁽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 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 Group 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.

At 31 March 2023 the Group held cash deposits of \$174,000 (2022: \$107,000). As at 31 March 2023 the Group had overdraft, bank and shareholder loans facilities of approximately \$9,862,398 (2022: \$9,812,558) of which \$9,862,398 (2022: \$9,812,558) 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 Group could be required to settle its obligations and assuming business conditions at 31 March 2023. The table includes both interest and principal cash flows.

	31 March 2023 \$'000	31 March 2022 \$'000
1 month	896	358
2 to 3 months	56	716
4 to 12 months	1,997	9,481
1 to 2 years	7,200	434
3 to 5 years	193	1,131
	10,342	12,120

22. SHARE CAPITAL

	Authorised Number	Allotted and fully paid Number	\$'000
Ordinary Shares			
At 31 March 2022	23,450,000	21,240,618	3,135
Issued during the year	50,588,389	50,588,389	620
At 31 March 2023	<u>74,038,389</u>	<u>71,829,007</u>	<u>3,755</u>
At 31 March 2022 and 31 March 2023			
Deferred shares of 0.1p each	155,000,000	155,000,000	238
Total share capital	<u>229,038,389</u>	<u>226,829,007</u>	<u>3,993</u>

	Authorised Number	Allotted and fully paid Number	\$'000
At 31 March 2021 and 31 March 2022	<u>23,450,000</u>	<u>21,240,618</u>	<u>3,135</u>
At 31 March 2021 and 31 March 2022			
Deferred shares of 0.1p each	155,000,000	155,000,000	238
Total share capital	<u>178,450,000</u>	<u>176,240,618</u>	<u>3,373</u>

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.

PLACING AND BROKER OPTION

On 20 March 2023, the Company issued 20,000,000 new ordinary shares for cash at a price of 1p per share and 20,000,000 new ordinary shares on conversion of a loan from Magister Investments Limited at a conversion price of 1p per share.

On 22 March 2023, the Company issued 5,000,000 new ordinary shares for cash at a price of 1p per share and 5,000,000 new ordinary shares on conversion of a loan from Magister Investments Limited at a conversion price of 1p per share.

On 23 March 2023, the Company issued 588,389 new ordinary shares on conversion of a loan from Magister Investments Limited at a conversion price of 1p per share in order to maintain the Magister Investments Limited shareholding at 50.58%.

WARRANTS

	31 March 2023	31 March 2022
PILOW warrants	50,588,389	-
Broker warrants	<u>1,250,000</u>	-
	<u>51,838,389</u>	-

Participants in the Placing and Debt Conversion received one Protected In-the-money Loyalty Warrant ("PILOW") for every Placing Share or Conversion Share issued. The PILOW offers rights to the Company to call the PILOW holder to exercise their options at a price to be determined by the company or in the event of a future fundraising or in certain other circumstances, the Company is mandated to call the PILOW holder to exercise their options on similar terms to the future placing. The PILOW expires 24 months from the date of issue. The PILOW has no fixed price, no guaranteed discount and are held over a variable number of securities. Given these variables, in the opinion of the Company it is not possible to calculate the expected value of a PILOW and that their fair value is nil.

On 22 March 2023, the Company issued 1,250,000 Broker warrants with a term of 24 months and an exercise price of 1p. Their value is not material and has not been accounted for as a cost of the placing.

23. EQUITY-ACCOUNTED INVESTEEES

	31 March 2023 \$'000	31 March 2022 \$'000
Interest in joint venture	93	56
	93	56

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 2023 \$'000	31 March 2022 \$'000
Percentage ownership interest	50%	50%
Non-current assets	447	466
Current assets (including cash and cash equivalents - 2023: \$73,000, 2022: \$23,000)	550	337
Current liabilities (Trade and other payables)	(75)	(233)
Non-current liabilities	(748)	(458)
Net assets (100%)	174	112
Net assets (Carrying amount of joint venture)	93	56
Revenue	2,346	1,447
Cost of Sales	(1,804)	(1,008)
Depreciation and amortisation	(77)	(71)
Operating expenses	(372)	(192)
Interest expense	-	-
Income tax expense	(18)	(66)
Profit and other comprehensive income (100%)	75	110
Profit and other comprehensive income (50%)	37	55

24. SHARE BASED PAYMENTS

24.1. Charge in the year

The Company recorded a charge within Operating expenses for share based payments of \$ Nil (2022: \$ Nil) in respect of options issued in previous years vesting during the year. No options were issued during the year (2022: \$ 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 Group. The schemes' rules provide that the Board shall determine the exercise price for each grant which shall be at least the average mid-market closing price for the three days immediately prior to the grant of the options. The minimum vesting 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 Warrant Shares issued is the 5-year period from 1 June 2016 to 1 June 2023. 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:

	Year ended 31 March 2023 Number	Weighted average exercise price (p)	Year ended 31 March 2022 Number	Weighted average exercise price (p)
At beginning of year	43,080	232	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	43,080	232
Exercisable at year end	43,080	232	43,080	232

At 31 March 2023, 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 2024
15 March 2014	25,000	25,000	150p	15 March 2025
	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. During the year Magister advanced shareholder loans to repay external debt and provide a working capital facility (note 18). The balance outstanding at 31 March 2023 was \$8,034,000 (2022: \$nil). In addition, Magister has also assisted the Group with bank guarantees for the Group to secure commercial bank loans. Bank guarantee fees of 1.75% are payable to Magister. The following Director of Agriterra is also a Director of Magister:

- HBW Rudland

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

26. EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

In July 2023, the Group decided to implement a restructuring process with the goal to enable the business to break even at the current activity business levels. The impact of the restructuring exercise on the Group is as follows:

- Group employees decreasing by 124 employees out of 312 employees of the Group thereby reducing payroll cost by \$528,000 per year.
- Reduction of other operation expenses by \$228,000 per year.

In June 2023, Group secured working capital funding from commercial banks in Mozambique, assisted by bank guarantees from Magister. Due to challenges in the macro-economic environment, the banks were unable to disburse the funds in full. The majority shareholder assisted in August 2023 with a \$2 million facility to fund current year working capital. In addition, the shareholder convertible loan amounting to \$1.8 million which matured in July 2023 was extended by a further year. Interest on all shareholder loans are at SOFR+6%.

On 15 November 2023, Magister Investments Limited advanced a further \$1.7 million to enable the Group to repay its remaining Metical denominated bank borrowings. The loan has a coupon of SOFR+6% and a term of 1 year, renewable at the lender’s option.

COMPANY INFORMATION AND ADVISERS

Country of incorporation	Guernsey, Channel Islands
Registered address	St. Peter's House Rue des Brehauts St. Pierre du Bois Guernsey GY7 9RT
Directors	Caroline Havers (Non-Executive Chair) Rui Sant'ana Afonso (CEO) resigned 31 July 2022 Neil Clayton (Non-Executive) Hamish Rudland (Interim CEO) Gary Smith (Non-Executive) Sergio Zandamela (Non-Executive)
Auditor	PKF Littlejohn LLP 15 Westferry Circus Canary Wharf London E14 4HD
Solicitors	Walkers (Guernsey) LLP Block B, Helvetia Court, Les Echelons, St. Peter Port Guernsey, GY1 1AR
Nominated adviser	Strand Hanson Limited 26 Mount Row London W1K 3SQ
Broker	Peterhouse Capital Limited 80 Cheapside London EC2V 6EE
Registrars	Neville Registrars Limited Neville House Steelpark Road Halesowen B62 8HD