Agriterra Report and Financial Statements 2011 – 2012

Agriterra

Agriterra

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Agriterra Directors and Advisers

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Euan Kay

Executive Director

Michael Pelham

Non-executive Director

Company Secretary

Philip Enoch MA (Oxon)

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Agriterra

Agriterra Ltd ('Agriterra' or 'the Group')
Final Results

Agriterra Ltd, the AIM listed pan-African agricultural company, announces its results for the year ended 31 May 2012.

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Overview

- Increase in Group revenue to US$13.8 million and creation of three revenue streams – beef herding, cocoa buying and trading, and maize buying and processing
- Investment programme accelerated to create foundation for sustainable growth and profitability – focussing on expansion of beef operations in Mozambique and cocoa operations in Sierra Leone

Beef Operations

- Beef herd in Mozambique enlarged to over 4,800 head and increase in capacity of Vanduzi Feedlot to 3,000 head
- Completion of dam at 1,350 hectare Mavonde Stud Ranch to enable irrigation of 4,000 hectares and continued growth of breeding herd
- Acquisition of additional 1,300 hectare land package contiguous to Mavonde Stud Ranch under negotiation to support an enlarged breeding herd of up to 13,000 head
- Completion of 4,000 head per month capacity Chimoio Abattoir post period end and imminent opening of two retail units to provide the full uplift in value for slaughtered and butchered products

Cocoa Operations

- Rapid expansion of cocoa buying infrastructure in Sierra Leone – buying points increased from four to 41 satellite stores and three main hub sites during the period
- 100% increase in annual cocoa trading volume from pre-acquisition levels – volumes forecast to double again during 2012/2013 financial year
- Negotiations underway to acquire a 4,400 acre former cocoa and coffee plantation for rehabilitation to enable Group to capitalise on the compelling economics for cocoa farming

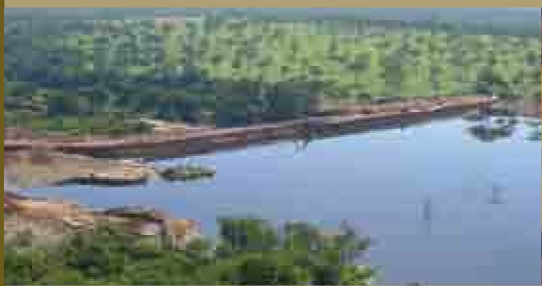
Maize Operations

- Strong harvest in 2011 reduced demand for mealie meal product during the period
- Encouraging indications for 2012/2013 sales season following a poor harvest – anticipation of increased demand and a more favourable pricing environment

Corporate

- 67% increase in net asset value to US$41.4 million (2011: US$24.8 million)
- In addition two significant cash injections are awaited which will further strengthen balance sheet and underpin Group value:
    - Sale of 20% legacy interest in Ethiopian oil asset for a cash consideration of US$40 million on completion and a further US$10 million on "Commercial Discovery"
    - Acknowledgment of Agriterra's entitlement to receive a compensation payment of £11,372,682 as partial recompense for work undertaken and investment on Southern Sudanese oil asset

Chairman's Statement



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Significant investment has been made during the period, including the construction of the abattoir and the 48 billion litre dam at the Mavonde Stud Ranch, the rapid expansion of our beef breeding herd and the considerable increase in cocoa buying infrastructure in Sierra Leone.

Chairman's Statement

Our focus during the year has been on the consolidation, expansion and diversification of our businesses in order to create the platform to become a leading African based agricultural company. As a result of significant investment, the creation of three revenue streams, being beef, grain and cocoa and the implementation of a capital and operational structure suitable for development, we believe we now have the foundation for future sustainable growth and profitability.

Africa is a dynamic and rapidly developing continent, with unique requirements for food production over the coming decades. With a current population of over 1 billion and forecasts indicating an increase of more than 20% over the next ten years, and seven out of the world's ten fastest growing economies, food volumes and dietary requirements throughout Africa are expected to continue to change quickly. These rapidly evolving consumer requirements underline the need for greater agricultural independence and major improvements in productivity. In line with this, through our operations, we are helping to facilitate the commercialisation of small-scale arable and livestock agricultural practices. Our maize and cocoa out-growers schemes have helped to improve the lifestyles of thousands of people by raising rural incomes, boosting local economic growth, and creating business opportunities. In addition, our beef operations, which capitalise on traditionally high levels of beef imports into Mozambique from South Africa, have created a new, high quality source of domestic beef for which there is extremely strong demand.

This is a defining period in Agriterra's development and we remain concentrated on further expanding our operations, particularly our beef ranching and cocoa plantations, in order to achieve critical mass and sustainable profitability. With this in mind, our attention during the year has been on the development of the necessary infrastructure to support continued growth across our asset portfolio. Significant investment has been made during the period, including the construction of the abattoir and the 48 billion litre dam at the Mavonde Stud Ranch, the rapid expansion of our beef breeding herd and the considerable increase in cocoa buying infrastructure in Sierra Leone.

As a result of these advances and developments in Mozambique, the Group has established a fully vertically integrated beef operation. The components of this "field to fork" operation are:

- established dry and irrigated ranches supporting a growing breeding herd;
- an expanding feedlot operation;
- a recently commissioned state of the art abattoir with an ultimate capacity of 4,000 head per month; and
- an embryonic retail operation with two shops opening shortly.

In Sierra Leone, we have expanded our buying infrastructure and out-growers operations considerably and are now in the process of concluding the absorption of a former cocoa and coffee plantation (with appropriate rehabilitation works to re-establish the plantation) together with adjoining land to enable us to meet the growing demand for sustainable and traceable cocoa.

Our impressive investment programme has now laid the foundations to enable accelerated growth for Agriterra. Initial indications for trading during the first half of the 2012/2013 financial year are looking extremely encouraging, and I am confident in our ability to create further value during the year ahead.

The positive expansion objectives for Agriterra will be underpinned upon receipt of the funds from the sale of its legacy oil asset in Ethiopia to Marathon Oil Corp. ('Marathon Oil'). Under the terms of the agreement, the Group's 20% legacy interest in the South Omo Block will be sold to Marathon Oil for a cash consideration of US$40 million on completion and a further US$10 million on Marathon Oil's participation in a "Commercial Discovery". Also in respect of Agriterra's legacy oil interests, as announced on 25 May 2012, the Ministry of Petroleum and Mining of the Republic of South Sudan ('MPM') has acknowledged in writing the Company's entitlement to

receive a compensation payment of £11,372,682. This compensation payment is as partial recompense for the work undertaken and the substantial investment made by the Company on the Block Ba oil concession area in Southern Sudan, during its previous incarnation as White Nile Limited. The MPM acknowledged the compensation should have been paid much earlier and confirmed that it will be paid to the Company within one year. The board are seeking to expedite this timeline for payment but remain cognisant of the challenges faced by the world's newest country in its early development.

Following these dramatic cash injections, Agriterra will be in a strong position to accelerate its ambitious development programme, achieve critical mass and invest in new projects and geographic areas in order to achieve its objective of becoming a significant profitable pan-African agricultural company.

Results

Despite a fall in demand in the grain business, initial revenues from the beef and cocoa operations resulted in turnover for the Group increasing to US$13.8m (2011: US$13.6m). Investment in building the beef and cocoa operations resulted in an increase in the reported loss on continuing activities after tax of US$6.9m (2011: US$2.3m).

Outlook

Following periods of intensive investment over the past four years, the Group has built a solid agricultural footprint in both Mozambique and Sierra Leone, and will benefit from a strong balance sheet moving forward, ensuring that we have all of the necessary resources to deliver on our growth objectives of building a significant pan-African agriculture business.

I would like to take this opportunity to thank my fellow board members, the members of the Agriterra team based in Mozambique and Sierra Leone, in addition to our valued shareholders. I look forward to providing further updates regarding our expansion strategy and operational achievements over the coming weeks and months.

Phil Edmonds

Chairman

12 November 2012

Operations Review

Agriterra currently has four agricultural divisions:

- **Mozbife Limitada ('Mozbife')** which conducts cattle ranching, feedlot and abattoir operations

- **Tropical Farms Limited ('TFL')** which manages the Group's cocoa sales, trading and farming activities

- **Desenvolvimento E Comercialização Agricola Limitada ('DECA')** and **Compagri Limitada ('Compagri')** which operate maize farming and processing businesses

- **Red Bunch Ventures (SL) Limited** which houses Agriterra's palm oil operations

Beef Operations

Following three years of intensive investment and expansion at the Company's beef operations in Mozambique, Mozbife now boasts a total herd in excess of 4,800 head across two ranches covering over 16,000 hectares, a 48 billion litre irrigation dam, a 3,000 head capacity feedlot and a 4,000 head per month capacity abattoir. Completing the Group's "field to fork" beef business, two retail units in Chimoio and Tete are due to open in the coming weeks.

Mozbife remains on track to achieve its expansion objectives of building a total herd of 6,000 head by the end of 2012 and 10,000 by 2015.

The Mavonde Stud Ranch

The primary objectives at the Mavonde Stud Ranch have been to enlarge the Mozbife breeding herd, and increase capacity to accommodate future expansion. With this in mind, the pedigree breeding herd at Mavonde had grown to 978 by the year end, up from 492 in 2011. An additional 350 hectare package of land was acquired during the period, enlarging the total Mavonde Stud Ranch to over 1,350 hectares. In addition the acquisition of a further and much larger land package of 1,300 hectares is currently being negotiated. Once this additional land is acquired, the Mavonde Stud Ranch would be able to support a breeding herd of 13,000. The ultimate aim for Mavonde is to expand the ranch to 4,500 hectares, which, if properly irrigated, would be able to support approximately 27,000 head of cattle.

A key development during the year was the construction and completion of a 48 billion litre dam with capacity to irrigate in excess of 4,000 hectares. The construction of the Group's dam, which was delivered on budget and on schedule, is a demonstration of the Company's ability to execute large scale infrastructure projects to facilitate rapid expansion. In addition, as part of the Company's Social Responsibility and Uplift Programme, two million tilapia

fingerlings have been released into the reservoir by the Governor of the Manica Province. A further 1.75 million fingerlings are planned over the next six months and a fishing co-operative with the local community will be established. The Group will provide the local community with a small boat and gill nets to catch fish for themselves in addition to catching additional fish for sale back to the Group for inclusion in animal feed.

With full irrigation from the reservoir, the head to hectare ratio at Mavonde is expected to increase from 1.5 to 6 head per hectare. In addition to increasing the head to hectare capacity, irrigation is also of particular importance on the stud ranch, as with good quality and plentiful grass, pregnancy rates in excess of 80% should be achievable. At present, Mozbife is operating a once a year bulling season, taking place between December and February, with calves born nine months later. 2012 breeding has been highly successful with over 200 calves born to date this calving season.

The expansion of the herd at Mavonde will continue through the rearing of Mozbife born cattle, in addition to purchasing premium quality F1 imported animals, and top quality pedigree Beefmaster cows from South Africa. The imported animals are prized for their top weight gaining ability and quality of meat, in addition to their adaptability to hot climates.

The Dombe Ranch

The focus at the 15,000 hectare Dombe Ranch during the period has been on investment into central farm infrastructure, including housing for employees, spray dipping, borehole and kraal installations. The significant job of fencing the entire ranch was also completed, with over 96km of fence constructed.

In tandem with the infrastructure improvements, the expansion of the Dombe herd has also continued at a fast pace, with the ranch supporting 2,752 head at the end of the period, up from 832 in 2011. This ranch, which does not have irrigation, can support 1 animal for every 5 hectares. To increase the capacity, the Group is negotiating the acquisition of a further 6,000 adjacent hectares, which would support a further 1,200 head. In the longer term, the Company will actively look to substantially increase the total ranch size through land acquisitions to accommodate a much larger herd.

The herd, which comprises principally local and F1 commercial cattle, will be augmented as part of a cross-breeding programme with Beefmaster cattle to create a bloodline with good meat yields and high disease resistance.

The Vanduzi Feedlot

As a crucial component in Mozbife's "field to fork" business, significant investment has been made in the Vanduzi Feedlot, both to increase the rolling capacity of the feedlot pens, and also through development of the surrounding land for growing crops for use in animal feed.

Following the construction of additional pens, the Vanduzi Feedlot now has an 18 pen line with rolling capacity of approximately 3,000 head every 90 days. An additional six pen lines may be constructed in H2 2013 to increase the total capacity to 4,000 head to provide further throughput for the abattoir. In order to support the increasing number of cattle at the feedlot, additional investment will be made in a new silo on site to store animal feed, which will be made, in part, from the bran by-product from the Group's maize milling operation at DECA. The animal feed will be augmented with locally grown crops including soy beans and sunflowers, in addition to roughage, such as grass and hay, which will be grown on the Group's 1,000 hectare land holding surrounding Vanduzi.

During the animals' 90 day stay in the feedlot, they are provided with a high quality diet enabling them to put on around 1.5kg per day. On completion of the period in the feedlot, the animals will typically weigh up to 500kg with the carcass fetching in excess of US$1,100. As the Mozbife herds at Mavonde and Dombe mature and expand, and additional throughput can be sourced from Mozbife reared animals, margins will be further enhanced; however the Group is already achieving strong economic benefits through the purchase of local animals for use in the feedlot.

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Following the construction of additional pens, the Vanduzi Feedlot now has an 18 pen line with rolling capacity of approximately 3,000 head every 90 days.

The Chimoio Abattoir & Retail Units

The construction of the Group's 4,000 head per month capacity abattoir was completed post period end, with commissioning and training taking place in October 2012. Commercial production is anticipated to commence by the end of November 2012, slaughtering animals from the feedlot (both Mozbife reared and locally sourced), in addition to animals from third parties. As the largest facility of its kind in Mozambique, the abattoir will be capable of servicing the needs of the country, and will dramatically reduce the current requirement for the country to import meat from South Africa. As a Halal certified facility, in addition to providing meat for domestic requirements, the Company would also be able to export beef to markets in the Middle East.

The abattoir is a key value trigger in the full "field to fork" value chain, with a standard 450kg steer fetching in the region of US$1,100. Whilst the highest margins are achieved from Mozbife reared animals, where margins could be in excess of 50%, followed by locally sourced animals, where margins would be approximately 25%, the Group will also cover all costs associated through the slaughter of third party animals from the value of the "5th quarter", i.e. the skin, offal, hooves and head.

To obtain the maximum sale price for the meat sourced from the abattoir, the Group is currently in the process of establishing a chain of retail units. The initial two units, located in Chimoio and Tete, are expected to commence business by the end of November 2012, and a third unit, in Beira, may be opened in H2 2013. The economics of the butchery business are compelling – the value of the dressed meat when it leaves the abattoir is approximately US$4.48/kg, however the retail price in a butcher shop would average US$8.40/kg, and could be up to US$16/kg for selected cuts.

Cocoa Sales & Trading

Agriterra's cocoa division has rapidly expanded during the period. Following TFL's acquisition by Agriterra in July 2011, when the business operated four buying points, considerable investment has been made into the business's infrastructure and TFL now has three main hub stores and 41 satellite stores with a direct buying register of more than 3,500 farmers across the country. This rapid ramp up of buying infrastructure has enabled TFL to double its pre-acquisition annual trading volume during the period. This increase is expected to continue, with total trading volumes for the current financial year forecasted to double the volume of the 2011/2012 financial year. TFL continues to develop relationships with blue chip groups as off takers for its cocoa sales, in addition to initial coffee sales from its recently established coffee operation. Although coffee volumes are currently small, the Company expects sales to increase during the 2012/2013 financial year as TFL focuses on diversifying its product range and expanding its trading operations.

Whilst cocoa trading and sales have proved lucrative for the Company during the period, the longer term goal for TFL is to develop independent plantations in order to capitalise on the compelling economics for cocoa growing. Cocoa prices currently stand at approximately US$2,300/tonne, and with plantation costs being estimated at around US$800/tonne, the high margin nature of the business is clearly evident.

In order to establish independent cocoa farms, the Group is currently in negotiations to acquire a 4,400 acre former cocoa and coffee plantation for rehabilitation; however the Board will remain proactive in evaluating and leasing significantly more land in the longer term. In tandem with this, the Group continues to invest in supporting infrastructure, including the construction of a 2,000m^2 processing facility in Kenema, which is anticipated to be completed before the cocoa buying season in August 2013. Development of a larger collateral management warehousing facility, located on the 15 acre site acquired by TFL in Freetown, will commence thereafter, effectively linking up-country cocoa growing and buying infrastructure at Kenema with the export markets through the port at Freetown.

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TFL continues to develop relationships with blue chip groups as off takers for its cocoa sales, in addition to initial coffee sales from its recently established coffee operation.

Maize Processing & Farming

The Group's maize buying and processing operations are centred on the 35,000 tonne capacity DECA facility and the 15,000 tonne capacity Compagri facility, located in Chimoio in central Mozambique and Tete in north-west Mozambique respectively.

At the larger DECA facility, the Group has built a mature business based on buying maize from local out-growers through a network of buying stations, which is transported back using DECA's 100 strong fleet of trucks, before processing and storing the product and selling it to the retail market. Based on the successes experienced at DECA, the Group opened the Compagri facility in Tete to capitalise on the rapid influx of people to the area, driven by the mining boom experienced in the province in recent years.

The Group's maize operations during the year were affected by a very strong harvest in 2011, which subsequently reduced demand for the mealie meal product made by DECA and Compagri. This situation resulted in both companies selling reduced volumes at reduced prices. Indications for this year have been much more positive for the Company – in anticipation of a difficult harvest this season, the Company began buying early and stockpiles now stand at 25,000 tonnes. Because of the poor harvest, the grain operations should see a substantial increase in demand this year, combined with a more favourable pricing environment during its next milling season, which runs from December until February.

Palm Oil Operations

Building on the Group's growing range of agricultural commodities, the Group acquired control of a lease of approximately 45,000 hectares of brownfield agricultural land in an area suitable for palm oil production in Sierra Leone in December 2011.

The land is located in the Pujehun District in the Southern Province of Sierra Leone. This area, which is close to the Liberian border, is suitable for palm oil production. The region receives one of the highest levels of rainfall in Sierra Leone, which in itself, receives some of the highest rainfall globally. In addition, the lease area is located on the equatorial belt, which is the most favourable geographical location for palm oil production. The Board believes that as the most important and widely produced edible oil in the world, demand for palm oil is projected to continue to grow, driven by demand in Africa, India, China and the US, making it an important new target of for Agriterra's investment strategy.

Financial Statements

DIRECTORS' REPORT

The directors of Agriterra Limited ("Agriterra" or the "Company") hereby present their report together with the audited financial statements for the year ended 31 May 2012 for the Company and its subsidiaries (altogether the "Group").

Principal activities, business review and future developments

The principal activity of the Group is investing in agricultural and associated civil engineering industries in Africa. A review of the Group's performance, key performance indicators and prospects is given in the Chairman's Statement and Operations Overview on pages 7 to 22. A review of the risks and uncertainties impacting on the Group's long term performance is included in the Corporate Governance report on pages 27 to 29. Details of the Group's exposure to foreign exchange and other financial risks are included in note 3.

Results and dividend

The Group results show a loss after taxation and discontinued operations attributable to the equity holders of the Company of $6.2m (2011: loss $2.4m). The directors are unable to recommend a dividend.

Directors

The directors who served since 1 June 2011:

PH Edmonds	Chairman
AS Groves	Chief Executive Officer
EA Kay	Executive Director
MN Pelham	Non-Executive Director

Directors' interests

The directors serving during the year had the following beneficial interests in the shares of the Company:

	Ordinary shares of 0.1p each	
	31 May 2012	31 May 2011
PH Edmonds	**15,000,000**	15,000,000
AS Groves	**15,040,000**	15,040,000
EA Kay	**4,635,520**	2,500,000
MN Pelham	**1,067,760**	–

The directors' interests in share options of the Company as at 31 May 2012 were as follows:

	Date of grant	Exercise price	Number of ordinary shares of 0.1p each
EA Kay	9 January 2009	3p	2,500,000

No share options were granted to or exercised by directors during the year. All options have vested and are exercisable until 9 January 2019.

On 29 July 2012, share options were granted as follows:

	Date of grant	Exercise price	Number of ordinary shares of 0.1p each
EA Kay	29 July 2012 [1]	3.5p	2,500,000
EA Kay	29 July 2012 [2]	5.5p	2,500,000

20% of these options vest on each of the first to fifth anniversaries of the date of grant.

[1] These options are exercisable until 28 July 2022.
[2] These options are exercisable until 11 January 2020.

There have been no other changes in directors' interests in shares or options between 1 June 2012 and 31 October 2012.

Directors' indemnities
The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

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

Creditors payment policy and practice
The Group's policy is to ensure that, in the absence of dispute, all suppliers are dealt with in accordance with its standard payment policy to abide by the terms of payment agreed with suppliers when agreeing the terms of each transaction. Suppliers are made aware of the terms of payment. The number of days of average daily purchases included in trade payables at 31 May 2012 was 6 days (2011: 11 days).

Political and charitable donations
During the year no political and charitable donations were made (2011: $nil).

Social and community issues
The Group recognises the value of employment and training to the continued economic growth in the countries in which it operates. The Group is developing policies to ensure its expertise and specialist skills and facilities are made available to the broader community.

Post balance sheet events
Post balance sheet events are detailed in note 21 to the financial statements.

Statement as to disclosure of information to auditor
The directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

DIRECTORS' REPORT (continued)

Auditor

The Company's auditor, Baker Tilly UK Audit LLP, has indicated its willingness to continue in office.

Electronic communications

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
P H Edmonds
Chairman
12 November 2012

CORPORATE GOVERNANCE

The board of directors is accountable to the Company's shareholders for good corporate governance and the directors support the UK Corporate Governance Code as far as it is appropriate to the Group's size and its stage of development. Set out below is a summary of how, at 31 May 2012, the Group was dealing with corporate governance issues.

The Board of Directors

The Group is led and controlled by a board comprising the chairman, the chief executive, an executive director and one non-executive director. The board is responsible for formulating, reviewing and approving the Group's strategy, budgets and corporate actions.

There are no matters specifically reserved to the board for its decision, but no decision of any consequence is made other than by the directors. There is no separate Nomination Committee due to the current size of the board and any new directors are appointed by the whole Board.

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

The Group has adopted a share dealing code for directors' dealings which is appropriate for an AIM quoted company. The Directors comply with Rule 21 of the AIM Rules relating to directors' dealings and take all reasonable steps to ensure compliance by the Group's employees.

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 Remuneration and Audit Committees comprising PH Edmonds and MN Pelham.

Directors' Remuneration

The remuneration committee reviews the performance of the directors and makes recommendations to the board on matters relating to the directors' remuneration and other terms of employment. The committee makes recommendations to the board on the granting of share options and other equity incentives and will administer any equity incentive schemes. The committee is chaired by PH Edmonds.

Details of the remuneration of each director are set out in note 7 to the financial statements.

Accountability and Audit

The audit committee is responsible for ensuring that the Group's financial performance and position is properly monitored, controlled and reported. The committee has unrestricted access to the auditor. It has met once during the year and has reviewed the report from the auditors relating to the accounts and internal controls. The committee is also responsible for reviewing the scope and results of the audit, its cost effectiveness and the independence and objectivity of the auditor. A formal statement of independence has been received from the external auditor for the year. The committee is chaired by P H Edmonds.

Relations with Shareholders

The chief executive is the company's principal spokesperson with investors, fund managers, the press and other interested parties. At the Annual General Meeting, investors are given the opportunity to question the board.

CORPORATE GOVERNANCE (continued)

Internal Control

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

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

In light of this control environment the Board considers that there is no current requirement for a separate internal audit function.

Compliance with relevant legislation

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

Going Concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chairman's Statement and Operations Overview on pages 7 to 22 and the risks facing Agricultural businesses are outlined below. Note 3 to the financial statements include the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

The board has detailed its considerations relating to Going Concern in note 4 of the financial statements.

Risks and uncertainties

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

Foreign exchange

The Group conducts its operations in jurisdictions with currencies other than its reporting currency and therefore is subject to fluctuations in exchange rates. Some of the countries in which the Group operates maintain strict controls on access to foreign currency and the repatriation of funds.

Risks associated with operating in Africa

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

Regulatory risk

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

Land ownership in Mozambique

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

Growing season

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

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Companies (Guernsey) Law 2008, as amended (the "2008 Law") requires the directors to ensure that the financial statements are prepared properly and in accordance with any relevant enactment for the time being in force. The directors are required to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company and Group and of the profit and loss for that period.

The directors are required by the AIM Rules of the London Stock Exchange to prepare group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and have elected under Guernsey Company Law to prepare the company financial statements in accordance with IFRS as adopted by the EU.

The financial statements are required by IFRS as adopted by the EU to present fairly the financial position of the Group and the financial performance of the Group. Applicable law provides in relation to such financial statements that references to financial statements giving a true and fair view are references to their achieving a fair presentation.

The directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period.

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the group and enable them to ensure that the financial statements comply with applicable law. 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 Group's website. Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AGRITERRA LIMITED

We have audited the Group and Company financial statements of Agriterra Limited for the year ended 31 May 2012 on pages 32 to 77. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the company's members, as a body, in accordance with section 262 of the Companies (Guernsey) Law 2008. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As more fully explained in the Statement of Directors' Responsibilities set out on page 30, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

We read other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements within them.

Scope of the audit

A description of the scope of an audit of financial statements arising from the requirements of International Standards on Auditing (UK and Ireland) is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm .

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the Company's affairs as at 31 May 2012 and of the Group's loss for the year then ended;
- the Group and Company financial statements have been properly prepared in accordance with IFRS as adopted by the European Union; and
- the Group and Company financial statements have been prepared in accordance with the requirements of the Companies (Guernsey) Law 2008.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies (Guernsey) Law 2008 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the company; or
- the Company individual financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Baker Tilly UK Audit LLP, Auditor
Chartered Accountants and Registered Auditors
25 Farringdon Street
London EC4A 4AB

12 November 2012

CONSOLIDATED INCOME STATEMENT

For the year ended 31 May 2012

Continuing Operations	Note	Year ended 31 May 2012 $'000	Year ended 31 May 2011 $'000
Revenue	5	**13,826**	13,588
Cost of sales		**(11,913)**	(10,372)
Gross profit		**1,913**	3,216
Increase in value of biological assets	14	**400**	214
Operating expenses		**(8,851)**	(6,109)
Other expenses		**(318)**	(233)
Other income		**47**	582
Share of profit from associate	16	**9**	-
Operating loss	6	**(6,800)**	(2,330)
Finance income	8	**48**	159
Finance costs	8	**(164)**	-
Loss before taxation		**(6,916)**	(2,171)
Income tax expense	9	**(26)**	(168)
Loss after tax		**(6,942)**	(2,339)
Discontinued operations			
Profit / (loss) for the year	10	**721**	(89)
Loss for the year attributable to owners of the parent		**(6,221)**	(2,428)
Loss per share			
– Basic and diluted (cents)	11	**(0.7c)**	(0.4c)
Loss per share from continuing operations			
– Basic and diluted (cents)	11	**(0.8c)**	(0.4c)

The notes on pages 37 to 67 form part of the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 May 2012

	Year ended 31 May 2012 $'000	Year ended 31 May 2011 $'000
Loss for the year	**(6,221)**	(2,428)
Foreign exchange translation differences	**2,078**	3,399
Other comprehensive income for the year	**2,078**	3,399
Total comprehensive income for the year attributable to owners of the parent company	**(4,143)**	971

The notes on pages 37 to 67 form part of the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 May 2012

	Note	2012 $'000	2011 $'000
ASSETS			
Non-current assets			
Intangible assets	12	**963**	271
Property, plant and equipment	13	**26,243**	13,264
Investment in associate	16	**9**	-
Biological assets	14	**1,642**	631
Total non-current assets		**28,857**	14,166
Current assets			
Biological assets	14	**1,018**	157
Inventories	15	**6,701**	2,976
Trade and other receivables	16	**3,628**	2,039
Cash and cash equivalents	16	**3,553**	8,172
Total current assets		**14,900**	13,344
TOTAL ASSETS		**43,757**	27,510
LIABILITIES			
Current liabilities			
Trade and other payables	17	**(2,361)**	(2,678)
NET ASSETS		**41,396**	24,832
EQUITY			
Issued capital	18	**1,957**	1,387
Share premium		**148,530**	131,593
Shares to be issued		**2,940**	-
Share based payment reserve		**1,620**	1,360
Translation reserve		**296**	(1,782)
Retained earnings		**(113,947)**	(107,726)
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		**41,396**	24,832

The notes on pages 37 to 67 form part of the financial statements.

The financial statements on pages 32 to 67 were approved and authorised for issue by the Board of Directors on 12 November 2012 and were signed on its behalf.

PH Edmonds
Chairman

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the parent							
	Ordinary share capital $'000	Deferred share capital $'000	Share premium $'000	Shares to be issued $'000	Share based payment reserve $'000	Translation reserve $'000	Retained earnings $'000	Total $'000
Balances at 1 June 2010	923	238	125,184	-	1,360	(5,181)	(105,298)	17,226
Loss for the year	-	-	-	-	-	-	(2,428)	(2,428)
Other comprehensive income								
Exchange translation differences on foreign operations	-	-	-	-	-	3,399	-	3,399
Total comprehensive income for the year	-	-	-	-	-	3,399	(2,428)	971
Transactions with owners								
Share issues	226	-	6,570	-	-	-	-	6,796
Issue costs	-	-	(161)	-	-	-	-	(161)
Total transactions with owners	226	-	6,409	-	-	-	-	6,635
Balances at 1 June 2011	1,149	238	131,593	-	1,360	(1,782)	(107,726)	24,832
Loss for the year	-	-	-	-	-	-	(6,221)	(6,221)
Other comprehensive income								
Exchange translation differences on foreign operations	-	-	-	-	-	2,078	-	2,078
Total comprehensive income for the year	-	-	-	-	-	2,078	(6,221)	(4,143)
Transactions with owners								
Share issues	570	-	17,707	-	-	-	-	18,277
Shares to be issued	-	-	-	2,940	-	-	-	2,940
Issue costs	-	-	(770)	-	160	-	-	(610)
Share based payment charge	-	-	-	-	100	-	-	100
Total transactions with owners	570	-	16,937	2,940	260	-	-	20,707
Balances at 31 May 2012	1,719	238	148,530	2,940	1,620	296	(113,947)	41,396

The notes on pages 37 to 67 form part of the financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 May 2012

	Year ended 31 May 2012 $'000	Year ended 31 May 2011 $'000
Operating activities		
Loss before tax	**(6,916)**	(2,171)
Adjustments for:		
– Depreciation of property, plant and equipment	**1,878**	1,228
– Loss on disposal of property, plant and equipment	**12**	5
– Share based payment charge	**100**	-
– Increase in Biological assets	**(400)**	(214)
– Foreign exchange	**149**	(141)
– Net interest expense / (income)	**116**	(159)
Operating cash flow before movements in working capital	**(5,061)**	(1,452)
Working capital adjustments:		
– (Increase) / decrease in inventory	**(3,505)**	1,973
– Increase in receivables	**(1,545)**	(547)
– (Decrease) / increase in payables	**(690)**	261
Cash (used in) / from operations	**(10,801)**	235
Finance charges	**(164)**	-
Interest received	**48**	159
Net cash (used in) / from continuing operating activities	**(10,917)**	394
Net cash from / (used in) discontinued activities	**721**	(198)
Net cash (used in) / from operating activities	**(10,196)**	196
Taxation		
Corporate tax paid	**(60)**	(38)
Net cash outflow from taxation	**(60)**	(38)
Investing activities		
Purchase of intangible asset	**-**	(250)
Purchase of subsidiary net of debt acquired	**(283)**	-
Purchase of property, plant and equipment	**(7,575)**	(2,568)
Proceeds on sale of property, plant and equipment	**96**	38
Purchase of biological assets	**(1,428)**	(255)
Proceeds on sale of investment in financial assets	**-**	128
Net cash used in investing activities	**(9,190)**	(2,907)
Financing activities		
Proceeds from issue of share capital	**15,000**	6,883
Share issue costs	**(610)**	(161)
Draw down of bank loan	**123**	-
Net cash from financing activities	**14,513**	6,722
Net (decrease) / increase in cash and cash equivalents	**(4,933)**	3,973
Cash and cash equivalents at start of the year	**8,172**	3,442
Exchange rate adjustment	**314**	757
Cash and cash equivalents at end of the year	**3,553**	8,172

The notes on pages 37 to 67 form part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2012

1. GENERAL INFORMATION

Agriterra Limited is incorporated and domiciled in Guernsey. The address of the registered office is given on page 4. The nature of the Group's operations and its principal activities are set out in the Chairman's Statement and Operations Overview on pages 7 to 22.

The functional currency of the Company is Pounds Sterling (GBP). The reporting currency for the Company and Group is the U.S. Dollar (USD) as it better 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 Financial Reporting Standards ("IFRS") as adopted by the European Union.

During the year the following standards have been adopted in these financial statements:

IAS 24 (revised)	Related Party Disclosures
IFRIC 14 (amended)	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

The adoption of these standards has had no material effect other than some minor disclosure items.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2012

1. GENERAL INFORMATION (continued)

At the date of authorisation of these financial statements, the following Standards and Interpretations relevant to the Group's operations that have not been applied in these financial statements were in issue but not yet effective or endorsed (unless otherwise stated):

IFRS 7 (amended)	Financial Instruments: Disclosures (effective for annual periods beginning on or after 1 January 2013)
IFRS 9	Financial Instruments: Classification (effective for annual periods beginning on or after 1 January 2015)
IFRS 10	Consolidated Financial Statements (effective for annual periods beginning on or after 1 January 2013)
IFRS 11	Joint Arrangements (effective for annual periods beginning on or after 1 January 2013).
IFRS 12	Disclosure of Interests in Other Entities (effective for annual periods beginning on or after 1 January 2013)
IFRS 13	Fair Value Measurement (effective for annual periods beginning on or after 1 January 2013).
IAS 27	Separate Financial Statements (as amended 2011) (effective for annual periods beginning on or after 1 January 2013).
IAS 28	Investments in Associates and Joint Ventures (as amended 2011) (effective for annual periods beginning on or after 1 January 2013).
IAS 1	Presentation of Financial Statements - Amendment; Presentation of items of other comprehensive income (effective for annual periods beginning on or after 1 July 2012). Endorsed June 2012
IAS 19 (revised)	Employee Benefits - (effective for annual periods beginning on or after 1 January 2013). Endorsed June 2012
IAS 32	Financial Instruments - Presentation - Amendment; Offsetting Financial Assets and Financial Liabilities (effective for annual periods beginning on or after 1 January 2014).
IFRIC 20	Accounting for stripping costs in the production phase of a surface mine (effective for annual periods beginning on or after 1 January 2013).

Unless indicated to the contrary, these amendments have not yet been endorsed by the EU.

The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Group.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The Group and Company financial statements have been prepared on the historical cost basis except for financial instruments measured at fair value and biological assets measured at fair value less point of sale costs. The principal accounting policies adopted are set out below.

Basis of consolidation

(i) Subsidiaries

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

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

(ii) Associates

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

(iii) Transactions eliminated on consolidation

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.

Business combinations

The acquisition of subsidiaries is accounted for using the acquisition method. The cost of acquisition is measured at the aggregate of the fair values, at the date of acquisition, of assets given, liabilities incurred or assumed and equity instruments issued by the Group in exchange for control of the acquiree. Costs directly attributable to the acquisitions are expensed as incurred.

The assets, liabilities and contingent liabilities of the acquiree are measured at their fair value at the date of acquisition. Any excess of the fair value of the consideration paid over the fair value of the identifiable net assets acquired is recognised as goodwill. If the fair value of the consideration is less than the fair value of the identifiable net assets acquired, the difference is recognised directly in the income statement.

A transaction with a minority is not a business combination. The excess of consideration over the minority share of the net assets of the Group is taken to reserves.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Goodwill
Goodwill arising on the acquisition of subsidiaries is recognised as an asset and is separately disclosed.

Goodwill is reviewed for impairment at least annually. Any impairment is recognised immediately in profit or loss and is not subsequently reversed. For the purpose of impairment testing goodwill is allocated to cash generating units of the acquirer which represent the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. On disposal of a subsidiary, associate or joint venture, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Going concern
The board has detailed its considerations relating to Going Concern in note 4 of the financial statements.

The directors have, at the time of approving the financial statements, a reasonable expectation that the Company and Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Foreign currency translation
(i) Functional and presentation currency
The individual financial statements of each subsidiary company are presented in the currency of the primary economic environment in which it operates ("the functional currency"). The consolidated financial statements are presented in US Dollars. The functional currency of the Company is pounds sterling and its financial statements are presented in US Dollars.

(ii) Transactions and balances
Foreign currency transactions are translated into the functional currency of the entity using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in the income statement.

(iii) Consolidation
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 the Group's and Company's translation reserve respectively, a separate component of equity. Such translation differences are recognised as income or expense in the year in which the operation or branch is disposed of.

The following exchange rates have been used in preparing the consolidated financial statements:

	Average Rate		Closing Rate	
	2012	2011	**2012**	2011
USD : GBP	**1.5609**	1.5770	**1.5477**	1.6540
Mozambican Meticais: USD	**27.30**	33.78	**27.59**	29.78

Revenue recognition

Revenue is recognised when revenue and associated costs can be measured reliably and future economic benefits are probable. 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, VAT and other sales related taxes.

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

Operating loss

Operating loss consists of operating expenses and excludes interest income net of finance costs.

Interest income

Interest income is accrued on an amortised cost basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Leasing

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight line basis over the lease term.

Taxation

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

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

Current tax expense is the expected tax payable on the taxable income for the 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 period when the liability is settled or the asset realised based on tax rates that have been enacted or substantively enacted by the reporting date.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Operating segments

The Chief Operating Decision Maker is the Board of Directors. The board reviews the Group's internal reporting in order to assess performance of the business. Management has determined the operating segment based on the reports reviewed by the board. The board considers the activities from a business viewpoint.

Property, plant and equipment

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

Assets in course of construction for production, rental or administrative purposes not yet determined are carried at cost, less any identified impairment loss. Cost includes professional fees and associated administrative expenses.

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

Land	Nil
Buildings and leasehold improvements	5% – 25%
Assets in course of construction	Nil
Plant and equipment	7% – 25%
Aviation assets	20%
Motor vehicles	20% – 25%
Office furniture and equipment	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 with carrying amount and are included in the income statement.

Intangible assets

All costs incurred prior to obtaining the legal right to a concession are written-off as incurred. Costs arising following the acquisition of a concession or an exploration licence are carried at historical cost less impairment losses recognised on a project-by-project basis, pending determination of the technical feasibility and commercial viability of the project. Costs incurred include technical expenses and allocated administrative overheads. Intangible assets arising on consolidation are stated at fair value less any impairment losses recognised.

Intangible assets are amortised from completion over the remaining life of the concession.

Impairment of property, plant and equipment and intangible assets excluding goodwill

Whenever events or changes in circumstance indicate that the carrying amount of an asset may not be recoverable an asset is reviewed for impairment. An asset's carrying value is written down to its estimated recoverable amount (being the higher of the fair value less costs to sell and value in use) if that is less than the asset's carrying amount.

Impairment reviews for deferred exploration and evaluation costs are carried out on a project by project basis, with each project representing a potential single cash generating unit. An impairment review is undertaken when indicators of impairment arise but typically when one of the following circumstances apply:

- unexpected geological occurrences that render the resource uneconomic;
- title to the asset is compromised;
- variations in oil and gas prices that render the project uneconomic;
- variations in the currency of operation; or
- the Group determines that it no longer wishes to continue to evaluate or develop the asset.

Biological assets
A gain or loss in the value of a biological asset is measured in accordance with IAS 41 'Agriculture' on consumer biological assets (beef cattle). The herd comprises breeding and non-breeding cattle. The breeding cattle comprise bulls, cows and heifers. As these are expected to be held for more than one year, breeding cattle are classified as non-current assets. The non breeding cattle comprise steers 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.

The cost of forage is released to the income statement over the period 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
Financial assets are classified into the following specific categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, available-for-sale (AFS) financial assets and 'loans and receivables'. The classification depends upon the nature and purpose of the financial asset and is determined at the time of initial recognition.

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

Loans and receivables
Trade and other receivables are not interest bearing and are initially recognised at their fair value and are subsequently stated at amortised cost using the effective interest method as reduced by appropriate allowances for estimated irrecoverable amounts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less which are subject to an insignificant risk of changes in value.

Financial liabilities

Trade and other payables

Trade and other payables are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method.

Provisions

Provisions are recognised when the Group has a legal or constructive obligation as a result of past events, it is probable that an outflow of the resources will be required to settle the obligation and the amount can be reliably estimated.

Equity instruments

Equity instruments issued by the Company are recorded at fair value on initial recognition, net of transaction costs.

Share based payments

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

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

3. FINANCIAL RISK FACTORS

The Group's and Company's principal financial instruments comprise cash, and short-term deposits. Together with the issue of equity share capital, the main purpose of these is to finance the Group and Company operations and expansion. The Group and Company have other financial instruments such as trade receivables and trade payables which arise directly from normal trading.

The Group and Company have not entered into any derivative or other hedging instruments.

The main risks arising from the Group's and Company's financial instruments are credit risk, liquidity risk and market risk (including interest rate risk and currency risk). The Board reviews and agrees policies for managing each of these risks and these are summarised below. The interest receivable relates to interest earned on bank deposits. Interest payable relates to bank overdraft interest and interest paid on related party loans.

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 and Company's principal deposits were 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 fair value of financial assets and liabilities is not materially different to the carrying values presented.

Maximum exposure to credit risk is as follows:

	2012	2011
Group	**$'000**	$'000
Trade and other receivables	**3,628**	2,039
Cash	**3,553**	8,172
	7,181	10,211
Company		
Trade and other receivables	**1,760**	975
Cash	**2,434**	2,922
	4,194	3,897

Liquidity risk

The Group's and Company's policy throughout the year has been to ensure that it has adequate liquidity by careful management of its working capital. At 31 May 2012 the Group held cash deposits of $3.6m (2011: $8.2m). At 31 May 2012 the Company held cash deposits of $2.4m (2011: $2.9m). At 31 May 2012 the Group had an overdraft facility of $2m (2011: $nil) of which $123,000 was utilised (2011: $nil) (see note 17).

Market risk

The significant market risk exposures to which the Group and Company are exposed are currency risk, and interest rate risk. These are discussed further below:

- *Interest rate risk*

The Group and Company finance operations through the use of cash deposits at variable rates of interest for a variety of short term periods, depending on cash requirements and an overdraft facility. The rates are reviewed regularly and the best rate obtained in the context of the Group's and Company's needs. The weighted average interest rate on deposits was 1.1% (2011: 3.1%). The weighted average interest on drawings under the overdraft facility was 22% (2011: not utilised).

The exposure of the financial assets to interest rate risk is as follows:

	2012	2011
	$'000	$'000
Group		
Financial assets at floating rates	**3,553**	8,172
Financial liabilities at floating rates	**(123)**	-
	3,430	8,172
Company		
Financial assets at floating rates	**2,434**	2,922

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For the year ended 31 May 2012

3. FINANCIAL RISK FACTORS (continued)

- *Currency risk*

The Group and Company conduct operations in other jurisdictions than their reporting currency and therefore are subject to fluctuations in exchange rates. These risks are monitored by the board on a regular basis. The Group and Company do not hedge against the effects of exchange rates.

The exposure of the Group's financial assets and liabilities to currency risk is as follows:

	Sterling	US$	MTN	Other	Total
	$'000	$'000	$'000	$'000	$'000
Cash and cash equivalents	2,433	53	823	244	3,553
Trade and other receivables	1,489	592	1,282	265	3,628
Total financial assets at 31 May 2012	3,922	645	2,105	509	7,181
Cash and cash equivalents	2,917	169	5,065	21	8,172
Trade and other receivables	755	653	520	111	2,039
Total financial assets at 31 May 2011	3,672	822	5,585	132	10,211
Bank loans	-	-	123	-	123
Trade payables	148	52	9	-	209
Other payables	565	882	422	160	2,029
Total financial liabilities at 31 May 2012	713	934	554	160	2,361
Trade payables	177	53	138	-	368
Other payables	822	961	439	88	2,310
Total financial liabilities at 31 May 2011	999	1,014	577	88	2,678

The exposure of the Company's financial assets and liabilities to currency risk is as follows:

	Sterling $'000	US$ $'000	Other $'000	Total $'000
Cash and cash equivalents	2,433	1	-	2,434
Trade and other receivables	1,540	220	-	1,760
Total financial assets at 31 May 2012	3,973	221	-	4,194
Cash and cash equivalents	1,207	1,646	69	2,922
Trade and other receivables	755	220	-	975
Total financial assets at 31 May 2011	1,962	1,866	69	3,897
Trade payables	148	52	-	200
Other payables	924	304	-	1,228
Total financial liabilities at 31 May 2012	1,072	356	-	1,428
Trade payables	176	53	-	229
Other payables	303	822	-	1,125
Total financial liabilities at 31 May 2011	479	875	-	1,354

Fair values

The directors have reviewed the financial statements and have concluded that there is no significant difference between the carrying values and the fair values of the assets and liabilities of the Group and of the Company as at 31 May 2012 and 31 May 2011.

Commodity price risk

The Group is exposed to fluctuations in maize prices. Whilst both input and sales prices will correlate to market prices, timing differences between purchase and sale mean margins could be affected. At 31 May 2012 a 5% decrease in the price of maize would reduce future margins by $670,000 (2011: $300,000).

The Group is also exposed to fluctuations in cocoa prices, however cocoa stocks at 31 May 2012 are not significant.

Biological asset risk

The Group's cattle business is exposed to risks from disease and the effect of the weather on pasture land. These risks are mitigated by continuous veterinary monitoring and access to irrigated pasture land.

Capital risk management

The Group and Company plan capital requirements regularly. The requirement for capital is satisfied by the issue of shares. Subsidiary companies are financed though equity investment and long term loans from the Company.

The Group's and Company's objectives when managing capital is to safeguard the Group's and Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. The Group and Company place funds which are not required in the short term on deposit at the best interest rates it is able to secure from its bankers.

3. FINANCIAL RISK FACTORS (continued)

At 31 May 2012 the Group had an overdraft facility of $2m secured upon its grain inventories in Mozambique (2011: $nil). The Company had no short term borrowings or borrowing facilities at 31 May 2012 (2011: $nil). The Group or Company are under no obligation to meet any externally imposed capital requirements.

Sensitivity analysis

Financial instruments affected by market risk include cash and cash equivalents, trade and other receivables and payables. The following analysis, required by IFRS 7, is intended to illustrate the sensitivity of the Group's and Company's financial instruments (at year end) to changes in market variables, being exchange rates and interest rates.

Exchange rates:

Group

	Income Statement	Equity
2012	$'000	$'000
+ 5% US$ Sterling	**117**	**117**
- 5% US$ Sterling	**(117)**	**(117)**
+ 5% US$ Metical	**14**	**14**
- 5% US$ Metical	**(14)**	**(14)**
2011		
+ 5% US$ Sterling	82	82
- 5% US$ Sterling	(82)	(82)
+ 5% US$ Metical	73	73
- 5% US$ Metical	(73)	(73)

Company

	Income Statement	Equity
2012	$'000	$'000
+ 5% US$ Sterling	**116**	**116**
- 5% US$ Sterling	**(116)**	**(116)**
2011		
+ 5% US$ Sterling	82	82
- 5% US$ Sterling	(82)	(82)

The following assumptions were made in calculating the sensitivity analysis:

- all income statement sensitivities also impact equity
- translation of foreign subsidiaries and operations into the Group's presentation currency have been excluded from this sensitivity.

Interest Rates: The Group and Company do not hold any financial derivatives other than cash whose value is affected by changes in interest rates.

Group

2012	Income Statement $'000	Equity $'000
+ 20 bp increase in interest rates	**14**	**14**
+ 50 bp increase in interest rates	**35**	**35**
- 20 bp increase in interest rates	**(14)**	**(14)**
- 50 bp increase in interest rates	**(35)**	**(35)**

2011		
+ 20 bp increase in interest rates	16	16
+ 50 bp increase in interest rates	41	41
- 20 bp increase in interest rates	(16)	(16)
- 50 bp increase in interest rates	(41)	(41)

Company

2012	Income Statement $'000	Equity $'000
+ 20 bp increase in interest rates	**5**	**5**
+ 50 bp increase in interest rates	**12**	**12**
- 20 bp increase in interest rates	**(5)**	**(5)**
- 50 bp increase in interest rates	**(12)**	**(12)**

2011		
+ 20 bp increase in interest rates	6	6
+ 50 bp increase in interest rates	14	14
- 20 bp increase in interest rates	(6)	(6)
- 50 bp increase in interest rates	(14)	(14)

The above sensitivities are calculated with reference to a single moment in time and will change due to a number of factors including:

- fluctuating trade receivable and trade payable balances
- fluctuating cash balances
- changes in currency mix

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with EU adopted IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Going concern

The board 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 that there are no significant disruptions to the supply of maize or cocoa to meet its projected sales volumes and take into account the investment in the beef herd, other working capital and additional property plant and equipment that are expected to be required.

As outlined in the chairman's statement on pages 7 to 12, agreements have been reached which will monetise the Group's legacy oil and gas assets. The agreement to assign the remaining interest in South Omo is contingent upon the receipt of approval for the transaction from the Government of Ethiopia. An application has been filed with the Ministry of Mines and Energy. The directors have met with the minister and expect approval to be forthcoming; however its timing remains uncertain. The agreement requires that the Group be reimbursed for its share of any expenditure on the South Omo block from 17 August 2012. Notwithstanding this, the directors are confident that in the event that additional payments fall due under the joint operating agreement for the block, they will be able to secure any bridging finance required. Furthermore in reviewing the working capital requirements of the Group, the directors have identified planned items of expenditure which can be deferred without having a detrimental impact on the ongoing operations of the Group.

The directors believe that, with the receipt of funds from the disposal of the legacy oil and gas assets, together with existing resources, the Group and Company is well placed to manage its business risks successfully despite the current uncertain economic outlook. The directors have a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Impairments

Impairment reviews on non-current assets are carried out on each cash-generating unit identified in accordance with IAS 36 "Impairment of Assets". At each reporting date, where there are indicators of impairment, the net book value of the cash generating unit is compared with the associated fair value.

On 6 January 2009, the shareholders approved the adoption of the investing strategy to acquire or invest in businesses or projects operating in the agricultural and associated civil engineering industries in Southern Africa. The directors decided to suspend exploration activities and reduce expenditure to the minimum required in order to retain exploration licenses. Consequently the directors consider that the value of exploration and evaluation and other related assets of $79,580,000 is fully impaired. As outlined above, agreements have been reached which will monetise the Group's legacy oil and gas assets. The provisions for impairment will be written back as appropriate as gains from discontinued activities upon receipt of funds.

Biological assets

Biological assets (cattle) are measured at their fair value at each balance sheet date. The fair value of cattle is based on the estimated market value for cattle of a similar age and breed, less the estimated costs to bring them to market.

Changes in any estimates could lead to recognition of significant fair value changes in the income statement. At 31 May 2012 the value of the breeding herd disclosed as a non-current asset was $1,641,000 (2011: $631,000). The value of the herd held for slaughter disclosed as a current asset was $1,018,000 (2011:$157,000).

5. SEGMENT REPORTING

As set out in the operating review, the directors consider that the Group's continuing activities comprise the segments of grain processing, beef production and cocoa businesses, and other unallocated expenditure in one geographical segment, Africa.

Revenue represents sales to external customers in the country of domicile of the group company making the sale.

Unallocated expenditure relates to central costs and any items of expenditure that can not be directly attributed to an individual segment.

Year ending 31 May 2012	Grain $'000	Beef $'000	Cocoa $'000	Unallocated $'000	Total $'000
Revenue	9,681	895	3,250	-	13,826
Segment results					
- Operating loss	(1,203)	(2,310)	(578)	(2,709)	(6,800)
- Interest (expense) / income	(138)	-	-	22	(116)
Loss before tax	(1,341)	(2,310)	(578)	(2,687)	(6,916)
Income tax	(26)	-	-	-	(26)
Loss after tax	(1,367)	(2,310)	(578)	(2,687)	(6,942)

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

	Grain $'000	Beef $'000	Cocoa $'000	Unallocated $'000	Total $'000
Depreciation	980	703	105	90	1,878

Year ending 31 May 2011	Grain $'000	Beef $'000	Cocoa $'000	Unallocated $'000	Total $'000
Revenue	13,533	55	-	-	13,588
Segment results					
- Operating profit / (loss)	270	(958)	-	(1,642)	(2,330)
- Interest income	141	-	-	18	159
Profit / (loss) before tax	411	(958)	-	(1,624)	(2,171)
Income tax	(168)	-	-	-	(168)
Profit / (loss) after tax	243	(958)	-	(1,624)	(2,339)

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

	Grain $'000	Beef $'000	Cocoa $'000	Unallocated $'000	Total $'000
Depreciation	870	276	-	82	1,228

5. SEGMENT REPORTING (continued)

Segment assets consist primarily of property, plant and equipment, inventories and trade and other receivables and cash and cash equivalents. Segment liabilities comprise operating liabilities.

Capital expenditure comprises of additions to property, plant and equipment and intangibles.

The segment assets and liabilities at 31 May 2012 and capital expenditure for the year then ended are as follows:

	Grain $'000	Beef $'000	Cocoa $'000	Unallocated $'000	Total $'000
Assets	17,934	12,410	2,633	10,780	43,757
Liabilities	595	35	154	1,577	2,361
Capital expenditure	546	5,485	1,186	357	7,574

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

At 31 May 2012	Assets $'000	Liabilities $'000
Segment assets and liabilities	32,978	784
Discontinued activities	226	606
Unallocated:		
Intangible assets	266	-
Property, plant and equipment	6,385	-
Other receivables	1,437	-
Cash	2,465	-
Trade payables	-	593
Accruals and deferred income	-	378
Total	43,757	2,361

The segment assets and liabilities at 31 May 2011 and capital expenditure for the year then ended are as follows:

	Grain $'000	Beef $'000	Cocoa $'000	Unallocated $'000	Total $'000
Assets	17,648	5,112	-	4,750	27,510
Liabilities	532	124	-	2,022	2,678
Capital expenditure	265	2,304	-	-	2,569

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

At 31 May 2011	Assets $'000	Liabilities $'000
Segment assets and liabilities	22,760	655
Discontinued activities	231	606
Unallocated:		
Intangible assets	271	-
Property, plant and equipment	295	-
Other receivables	946	-
Cash	3,007	-
Amounts due to related parties	-	177
Accruals and deferred income	-	1,240
Total	27,510	2,678

Significant customers

In the year ended 31 May 2012, two customers generated $4,811,000 of revenue being 34.8% of group revenue (2011: two customers generated $4,174,000 being 30.7% of group revenue).

6. OPERATING LOSS

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

	2012 $'000	2011 $'000
Depreciation of property, plant and equipment	**1,878**	1,228
Loss on disposal of property, plant and equipment	**12**	5
Net foreign exchange loss / (gain)	**584**	(251)
Operating lease rentals: land & buildings	**31**	18
Staff costs (see note 7)	**3,198**	2,317

Amounts payable to Baker Tilly UK Audit LLP and their associates in respect of audit services as follows:

	2012 $'000	2011 $'000
Audit services		
– UK statutory audit of parent and consolidated accounts-Baker Tilly UK Audit LLP	**135**	133
– Audit of overseas subsidiaries - Charles Orbach	**60**	66
	195	199

Operating lease rentals are for periods of less than twelve months.

7. STAFF COSTS

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

	2012 Number	2011 Number
Office and Management	**34**	32
Operational	**666**	318
	700	350

The aggregate remuneration comprised:

	2012 $'000	2011 $'000
Wages and salaries	**3,402**	2,407
Social security costs	**45**	25
Share based payment charge	**100**	-
	3,547	2,432
Less: capitalised and included in assets under construction	**(349)**	(115)
	3,198	2,317

Directors' remuneration:	**2012 $'000**	2011 $'000
P H Edmonds	**78**	80
A S Groves	**156**	160
E A Kay	**174**	168
M N Pelham	**50**	84
	458	492

8. FINANCE INCOME AND EXPENSES

Directors' remuneration:	**2012 $'000**	2011 $'000
Finance income:		
– Interest income on short-term bank deposits	**48**	159
Finance income	**48**	159
Interest expense:		-
– Bank borrowings	**(164)**	-
Finance expenses	**(164)**	-
Net finance (charge) / income	**(116)**	159

9. INCOME TAX EXPENSE

	2012 $'000	2011 $'000
Loss before tax from continuing activities:	**(6,916)**	(2,171)
Tax at the Mozambican corporation tax rate 32% (2011: 32%)	**(2,214)**	(695)
Tax effect of expenses that are not deductible in determining taxable profit	**78**	21
Tax effect of utilisation of losses	**(57)**	(90)
Tax effect of losses not allowable	**768**	341
Tax effect of losses not recognised in overseas subsidiaries (net of effect of different rates)	**1,533**	503
(Credit) / charge in respect of prior years	**(82)**	88
Tax expense for the year	**26**	168

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

The Group has operations in a number of overseas jurisdictions where it has incurred taxable losses for the year of $4,500,000 (2011: $2,580,000). To date no deferred tax asset has been recognised as the requirements of IAS 12 'Income taxes' have not been met.

The Company is resident for taxation purposes in Guernsey and its income is subject to Guernsey income tax, presently at a rate of zero (2011: zero). No tax is payable for the year due to losses incurred. 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).

10. DISCONTINUED OPERATIONS

On 6 January 2009, the shareholders approved the adoption of the investing strategy to acquire or invest in businesses or projects operating in the agricultural and associated civil engineering industries in Southern Africa. Consequently the oil and gas activities have been reclassified as a discontinued operation and the discontinued operations' trading results are included in the income statement as a single line below the loss after taxation from continuing operations. The Group has suspended all exploration activities and reduced expenditure to the minimum required in order to retain exploration licenses and extract potential value for shareholders.

Consequently exploration and evaluation costs of $79,580,000 were fully impaired in prior years.

The results for the discontinued operations are as follows:

	2012 **$'000**	2011 $'000
Operating expenses	**(5)**	(558)
Other income	**726**	469
Profit / (loss) before taxation	**721**	(89)
Taxation	**-**	-
Profit / (loss) after taxation	**721**	(89)

Other income for the year ending 31 May 2012 comprises funds returned following the release of a bank guarantee.

Cash flows from discontinued operations included in the consolidated statement of cash flows are as follows:

	2012 **$'000**	2011 $'000
Net cash flows from operating activities	**721**	(198)

11. EARNINGS PER SHARE

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

	2012 $'000	2011 $'000
Loss for the purposes of basic earnings per share (loss for the year attributable to equity holders of the parent)	**6,221**	2,428
Loss for the purposes of basic earnings per share from continuing activities	**6,942**	2,339
Profit / (loss) for the purposes of basic earnings per share from discontinued activities	**721**	(89)
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	**874,483,042**	625,894,111
Loss per share	**(0.7c)**	(0.4c)
Loss per share from continuing activities	**(0.8c)**	(0.4c)
Earnings / (loss) per share from discontinued activities	**0.1c**	(0.0c)

Due to the loss incurred in both years, there is no dilutive effect of share options.

12. INTANGIBLE ASSETS

	Goodwill $'000	Concession agreement $'000	Total $'000
COST			
1 June 2010	-	-	-
Additions	-	250	250
Exchange rate adjustment	-	21	21
1 June 2011	-	271	271
Additions	697	-	697
Exchange rate adjustment	-	(5)	(5)
31 May 2012	**697**	**266**	**963**

The Group holds a Concession Agreement with the Port of Conakry (Guinea) for the construction and operation of an industrial and commercial terminal in the East Zone of the port. An external feasibility study to explore the options to develop the concession has been prepared and the Group is seeking partners to exploit the concession. The concession fee will be amortised over the operational life of the project which has yet to be determined.

The addition in the year comprises the goodwill arising on the acquisition of Tropical Farms Limited (see note 22).

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For the year ended 31 May 2012

13. PROPERTY, PLANT AND EQUIPMENT

	Land and Buildings $'000	Plant and machinery $'000	Motor Vehicles $'000	Aviation $'000	Other assets $'000	Total $'000
COST						
1 June 2010	4,957	5,178	3,657	449	407	14,648
Additions	946	1,293	316	-	14	2,569
Disposals	-	(1,199)	(189)	(125)	-	(1,513)
Exchange rate adjustment	1,255	897	478	35	37	2,702
1 June 2011	7,158	6,169	4,262	359	458	18,406
Additions	10,107	1,290	1,661	359	182	13,599
Disposals	-	-	(44)	-	-	(44)
Exchange rate adjustment	818	596	311	(75)	22	1,672
31 May 2012	18,083	8,055	6,190	643	662	33,633
DEPRECIATION						
1 July 2010	269	1,897	2,286	-	210	4,662
Charge for the year	-	509	585	100	34	1,228
Disposals	-	(1,199)	(138)	(28)	-	(1,365)
Exchange rate adjustment	-	294	311	-	12	617
1 June 2011	269	1,501	3,044	72	256	5,142
Charge for the year	2	951	790	85	50	1,878
Disposals	-	-	(29)	-	-	(29)
Exchange rate adjustment	-	203	205	(15)	6	399
31 May 2012	271	2,655	4,010	142	312	7,390
Net book value						
31 May 2012	**17,812**	**5,400**	**2,180**	**501**	**350**	**26,243**
31 May 2011	6,889	4,668	1,218	287	202	13,264

A depreciation charge of $1,878,000 (2011: $1,228,000) has been included in the income statement within operating expenses for the current and comparative years.

14. BIOLOGICAL ASSETS

	$'000
At 1 June 2010	**236**
Purchase of biological assets	**289**
Sale of biological assets	**(34)**
Change in fair value	**214**
Foreign exchange	**83**
At 1 June 2011	**788**
Purchase of biological assets	**1,428**
Sale of biological assets	**(5)**
Change in fair value	**400**
Foreign exchange	**49**
At 31 May 2012	**2,660**

Biological assets comprise a breeding herd of cattle. Certain livestock is held for slaughter and has been classified as a current asset. The remainder is expected to be held for more than one year and has been classified as a non-current asset, as follows:

	2012 Head	2011 Head	**2012 $'000**	2011 $'000
Non-current asset	**2,704**	1,153	**1,642**	631
Current asset	**1,897**	292	**1,018**	157
	4,601	1,445	**2,660**	788

The change in fair value has been excluded from cost of sales and gross margin in the income statement.

15. INVENTORIES

	2012 $'000	2011 $'000
Consumables and spares	**399**	300
Raw materials	**6,178**	2,422
Work in progress	**52**	140
Finished goods	**72**	114
	6,701	2,976

During the year inventories amounting to $8,783,000 (2011: $8,433,000) were included in cost of sales in the income statement.

The Group has an overdraft facility of $2m secured upon its grain inventories in Mozambique. The balance outstanding on the facility at 31 May 2012 was $123,000 (2011: $nil) (see note 17).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2012

16. INVESTMENT IN ASSOCIATE AND FINANCIAL ASSETS

31 May 2012	Investment in associate $'000	Loans and receivables $'000	**Total $'000**
Non-current assets			
Investment in associate	9	-	**9**
Current assets			
Trade receivables	-	1,146	**1,146**
Other receivables	-	2,482	**2,482**
Cash and cash equivalents	-	3,553	**3,553**
	9	7,181	**7,190**

31 May 2011	Associate $'000	Loans and receivables $'000	Total $'000
Non-current assets			
Investment in associate	-	-	-
Current assets			
Trade receivables	-	814	814
Other receivables	-	1,225	1,225
Cash and cash equivalents	-	8,172	8,172
	-	10,211	10,211

The Group's associate comprises the 40% stake in African Management Services Limited, which provides accounting services. The Group's share of the profit of the associate for the period ended 31 May 2012 was $9,000 (2011: loss $20,000). The share of the cumulative profit of the associate is $9,000 (2011: $nil).

Other receivables include amounts due from related parties (see note 20).

Cash balances include $108,000 (2011: $112,000) of restricted cash relating to cash held on deposit as security for certain bank guarantees.

The directors consider that the carrying amount of financial assets approximates their fair value. There are no significant amounts past due (2011: $nil).

17. CURRENT LIABILITIES

	2012 $'000	2011 $'000
Bank overdraft	**123**	-
Trade and other payables		
Trade payables	**209**	368
Other payables	**831**	678
Corporation tax	**56**	130
Accrued liabilities	**1,142**	1,502
	2,361	2,678

The Group has an overdraft facility of $2m secured upon its grain inventories in Mozambique. The facility is repayable on demand and carries an interest rate at the Mozambique prime lending rate less 0.5%. This is currently 22%.

Trade payables, other payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs.

Other payables include amounts payable to related parties (see note 20).

The directors consider that the carrying amount of financial liabilities approximates their fair value. The average credit period taken for trade purchases is 6 days (2011: 11 days).

18. SHARE CAPITAL

Group and company

	Authorised	Allotted and fully paid	
Ordinary shares of 0.1p each	Number	Number	$'000
At 1 June 2010	2,345,000,000	547,771,554	923
Issue of shares	-	145,483,334	226
At 31 May 2011	2,345,000,000	693,254,888	1,149
Issue of shares	-	366,461,350	570
At 31 May 2012	2,345,000,000	1,059,716,238	1,719
Deferred shares of 0.1p each			
At 1 June 2010, 2011 and 31 May 2012	155,000,000	155,000,000	238
Total share capital			
At 31 May 2012	2,500,000,000	1,214,716,238	1,957
At 31 May 2011	2,500,000,000	848,254,888	1,387

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. In the event that disputes over certain oil and gas assets are satisfactorily resolved, the deferred shares may be converted into ordinary shares by resolution of the board.

On 16 November 2010 the Company issued 145,483,334 ordinary shares of 0.1p each for cash at 3p per share raising gross cash proceeds of $6.9m to provide funding for the continued development of the Company's cattle ranching and feedlot production business in Mozambique.

On 2 December 2011 the Company issued 8,333,334 ordinary shares of 0.1p each at 3p per share in settlement of deferred consideration in respect of the acquisition of Tropical Farms Limited.

On 2 December 2011 the Company issued 37,800,000 ordinary shares of 0.1p each at 5p per share as consideration for the acquisition of Red Bunch Ventures Limited. The consideration includes deferred consideration which is payable by the future issue of 37,800,000 ordinary shares of 0.1p each at a price of 5p per share (see note 22).

On 2 December 2011 the Company issued 320,328,016 ordinary shares of 0.1p each at 3p per share raising gross cash proceeds of $15m to provide funding for the continued development of its Mozambique beef business and its Cocoa business in Sierra Leone.

Share Options:

At 31 May 2012, the following options over ordinary shares of 0.1p each have been granted to directors and employees and remain unexercised:

Date of grant	Number of shares	Exercise price	Exercise period
9 January 2009	5,750,000	3p	9 January 2010 to 9 January 2019
13 July 2011	5,000,000	3p	13 July 2012 to 13 July 2017

19. SHARE BASED PAYMENTS

Equity – settled share option plan

The Group unapproved share option scheme was established to provide equity incentives to the directors of, employees of and consultants to the company.

	2012 Options Number	**Weighted average exercise price**	2011 Options Number	Weighted average exercise price
Options at the beginning of the year	**5,750,000**	**3p**	5,750,000	3p
Granted	**5,000,000**	**3p**	-	-
Options at the end of the year	**10,750,000**	**3p**	5,750,000	3p
Exercisable at year end	**5,750,000**	**3p**	5,750,000	3p

At 31 May 2012 the weighted average remaining contractual life of the options outstanding was 3.2 years (31 May 2011: 2.5 years).

The fair value of the options granted during the period was determined using the Black-Scholes option pricing model using the following assumptions:

- Share price at the date of grant was the average mid market closing price for the three days immediately prior to grant.
- The risk free rate is 1.96% based on the 5 year gilt yield at the date of grant.
- The annual dividend yield is expected to be nil based on management's immediate intention to reinvest operating cash flows.
- The annual volatility of 66% is derived from the daily share prices of the Company over the year preceding the date of grant.
- The exercise period is 3.5 years, being 50% of the exercise period after the vesting date of one year.

19. SHARE BASED PAYMENTS (continued)

On 12 January 2010, options over 50 million shares with an exercise price of 5.5p were issued to Ely Place Nominees Limited to be held on trust to be issued at the discretion of the board to directors, employees or consultants to the company. Following a board resolution dated 29 July 2012, the expiration date of these options has been extended to 11 January 2020. During the year no options were allocated from this reserve.

On 1 December 2011, the following options were issued as part of the issue costs for the placing:

Date of grant	Number of shares	Exercise price	Exercise period
1 December 2011	10,000,000	2p	1 December 2011 to 1 December 2016

The fair value of the options granted was determined using the Black-Scholes option pricing model using the following assumptions:

- Share price at the date of grant was the average mid market closing price for the three days immediately prior to grant, 2.63p.
- The risk free rate is 1.02% based on the 5 year gilt yield at the date of grant.
- The annual dividend yield is expected to be nil based on management's immediate intention to reinvest operating cash flows.
- The annual volatility of 46% is derived from the daily share prices of the Company over the year preceding the date of grant.
- The exercise period is 2.5 years, being 50% of the exercise period.

The value of the options was $160,000.

20. RELATED PARTY DISCLOSURES

1. PH Edmonds and AS Groves, directors of the Company, are also directors of Sable Mining Africa Limited ("Sable"), Liberian Cocoa Corporation ("LCC"), African Potash Limited ("African Potash") and African Management Services Limited ("AMS"). PH Edmonds and AS Groves were also directors of African Medical Investments plc ("AMI") during the year, but not at the end of the year. Related party transactions are entered into on an arm's length basis. No provisions have been made in respect of amounts owed by or to related parties.

   During the year AMS provided accounting, treasury and administrative services to the Group for a management fee of $264,000 (2011: $378,000). The Group also incurred certain expenditures on behalf of AMS. As at 31 May 2012 the Group owed $26,500 to AMS (2011: $613,000 due from AMS). This has been settled after the year end.

   During the year, the Group incurred certain expenses on behalf of VIP Healthcare Solutions Limited a 100% subsidiary of AMI. As at 31 May 2012 the amount due to the Group was $11,000 (2011: due from AMI $5,000). This balance remains outstanding as at the date of these financial statements.

   During the year, the Group incurred certain expenses on behalf of LCC. As at 31 May 2012 the Group was due $89,000 from LCC (2011: $16,000). This balance remains outstanding as at the date of these financial statements.

   During the year the Group and Sable incurred certain expenses on each other's behalf. At 31 May 2012, the amount due from Sable was $14,000 (2011: $110,000). This has been settled since the year end.

   During the year the Group incurred certain expenses on behalf of African Potash Limited. At 31 May 2012, the amount due from African Potash was $40,000. This has been settled since the year end.

2. During the year services for fees of $nil (2011: $204,000) were provided by Ardan Risk and Support Services Limited, a company controlled by MN Pelham. At 31 May 2012 the amount due to Ardan was $nil (2011: $10,000).

3. During the year no fees (2011: $161,000) were paid to Ocelot Investment Group Limited, a company controlled by AS Groves. The fees paid in the previous period were in relation to fundraising and were charged to the share premium reserve.

4. Remuneration of key management personnel

   The remuneration of the directors, who are the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24 *'Related Party Disclosures'.* Further information about the remuneration of individual directors is provided in note 7.

	2012 $'000	2011 $'000
Short-term employee benefits	**408**	492
Share options and other long term incentive plans	**50**	-
	458	492

21. EVENTS AFTER THE REPORTING PERIOD

On 3 October 2012, the Company announced that it had entered into an agreement to sell its remaining interest in its oil and gas asset in Ethiopia to Marathon Ethiopia Limited BV ('Marathon'). Consideration of $40m is receivable on completion of the sale and $10m upon Marathon's participation in a commercial discovery. Completion is contingent upon the receipt of formal approval of the agreement from the Government of Ethiopia.

22. ACQUISITION OF SUBSIDIARIES

On 13 July 2011, the Company (as to 0.1%) and its wholly owned subsidiary West Africa Cocoa Services Limited (as to 99.9%), acquired the entire issued share capital of Tropical Farms Limited. The transaction was treated as a business combination.

	On acquisition $'000	Fair value adjustments $'000	Total $'000
Property plant and equipment	142	-	142
Other current assets	83	-	83
Cash	115	-	115
Current liabilities	(239)	-	(239)
Debt	(298)	-	(298)
Net liabilities acquired	(197)	-	(197)
Goodwill arising on acquisition			697
			500
Satisfied by :			
Cash			100
Equity			400
			500

The consideration comprised cash $100,000 and the issue of 8,333,334 ordinary shares of 0.1p each.

Goodwill comprises:

	$'000
Management team	150
Buying infrastructure	547
	697

TFL had established a high quality, sustainable and traceable cocoa buying operation. There were four buying centers in operation and a direct buying register of approximately 2,000 cocoa farmers.

In addition to the existing infrastructure and sourcing register, TFL has an experienced management team who will enable TFL to accelerate the development of additional community buying centers, solar drying and fermentation facilities.

On 1 December 2011 the Company announced that it acquired Shawford Investments Inc, the parent of Red Bunch Ventures (SL) Limited ("Red Bunch"). Red Bunch holds a lease over 43,000 hectares of agricultural land suitable for palm oil production in Pujehun District in Sierra Leone.

The transaction was treated as an acquisition of assets.

	$'000
Leasehold land	5,880
Net assets acquired	5,880
Satisfied by :	
Issue of equity	2,940
Deferred consideration	2,940
	5,880

Initial consideration comprising the issue of 37,800,000 ordinary shares of 0.1p each at a value of 5p each was settled on 2 December 2011.

The deferred consideration comprising the issue of 37,800,000 ordinary shares of 0.1p each at a value of 5p each, becomes payable once 1,000 hectares of the leasehold land has been developed.

COMPANY STATEMENT OF FINANCIAL POSITION

As at 31 May 2012

	Note	**2012 $'000**	2011 $'000
ASSETS			
Non-current assets			
Property, plant and equipment	25	**4**	8
Investment in subsidiaries	26	**41,547**	24,143
Total non-current assets		**41,551**	24,151
Current assets			
Trade and other receivables	27	**1,760**	975
Cash and cash equivalents	27	**2,434**	2,922
Total current assets		**4,194**	3,897
TOTAL ASSETS		**45,745**	28,048
LIABILITIES			
Current liabilities			
Trade and other payables	28	**(1,428)**	(1,354)
NET ASSETS		**44,317**	26,694
EQUITY			
Issued capital	18	**1,957**	1,387
Share premium		**148,530**	131,593
Shares to be issued		**2,940**	-
Share based payment reserve		**1,620**	1,360
Translation reserve		**3,515**	5,262
Retained earnings		**(114,245)**	(112,908)
TOTAL EQUITY		**44,317**	26,964

The notes on pages 71 to 77 form part of the financial statements.

The financial statements on pages 68 to 77 were approved and authorised for issue by the Board of Directors on 12 November 2012 and were signed on its behalf.

PH Edmonds
Chairman

STATEMENT OF CHANGES IN EQUITY

	Ordinary share capital $'000	Deferred share capital $'000	Share premium $'000	Shares to be issued $'000	Share based payment reserve $'000	Translation reserve $'000	Retained earnings $'000	Total $'000
Balances at 1 June 2010	923	238	125,184	-	1,360	2,240	(112,679)	17,266
Loss for the year	-	-	-	-	-	-	(229)	(229)
Other comprehensive income								
Exchange translation differences on foreign operations	-	-	-	-	-	3,022	-	3,022
Total comprehensive income for the year	-	-	-	-	-	3,022	(229)	2,793
Transactions with owners								
Share issues	226	-	6,570	-	-	-	-	6,796
Issue costs	-	-	(161)	-	-	-	-	(161)
Total transactions with owners	226	-	6,409	-	-	-	-	6,635
Balances at 1 June 2011	1,149	238	131,593	-	1,360	5,262	(112,908)	26,694
Loss for the year	-	-	-	-	-	-	(1,337)	(1,337)
Other comprehensive income								
Exchange translation differences on foreign operations	-	-	-	-	-	(1,747)	-	(1,747)
Total comprehensive income for the year	-	-	-	-	-	(1,747)	(1,337)	(3,084)
Transactions with owners								
Share issues	570	-	17,707	-	-	-	-	18,277
Issue costs	-	-	(770)	-	160	-	-	(610)
Shares to be issued	-	-	-	2,940	-	-	-	2,940
Share based payment charge	-	-	-	-	100	-	-	100
Total transactions with owners	570	-	16,937	2,940	260	-	-	20,707
Balances at 31 May 2012	1,719	238	148,530	2,940	1,620	3,515	(114,245)	44,317

The notes on pages 71 to 77 form part of the financial statements.

COMPANY CASH FLOW STATEMENT

For the year ended 31 May 2012

	Year ended 31 May 2012 $'000	Year ended 31 May 2011 $'000
Operating activities		
Loss before tax	**(2,058)**	(112)
Adjustments for:		
– Depreciation of property, plant and equipment	**4**	5
– Loss on foreign exchange	**1**	26
– Share based payment charge	**100**	-
– Profit on disposal of investment	**-**	(4)
– Net interest income	**(22)**	(785)
Operating cash flow before movements in working capital	**(1,975)**	(870)
Working capital adjustments:		
– Increase in receivables	**(841)**	(351)
– Increase in payables	**152**	556
Cash used in operations	**(2,664)**	(665)
Interest received	**22**	785
Net cash (used in) / from continuing operating activities	**(2,642)**	120
Net cash from / (used in) discontinued activities	**721**	(155)
Net cash used in operating activities	**(1,921)**	(35)
Investing activities		
Proceeds from sale of investment in financial assets	**-**	128
Net cash from investing activities	**-**	128
Financing activities		
Proceeds from issue of share capital	**15,000**	6,883
Share issue costs	**(600)**	(161)
Loan to subsidiaries	**(12,782)**	(4,364)
Net cash from financing continuing activities	**1,618**	2,358
Net (decrease) / increase in cash and cash equivalents	**(303)**	2,451
Cash and cash equivalents at start of the year	**2,922**	309
Exchange rate adjustment	**(185)**	162
Cash and cash equivalents at end of the year	**2,434**	2,922

The notes on pages 71 to 77 form part of the financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

For the year ended 31 May 2012

23. COMPANY ACCOUNTING POLICIES

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

The information relating to financial risk factors and critical accounting estimates and judgements are as described for the Group in note 3 above.

Basis of accounting

The financial statements have been prepared on the historical cost basis except for financial instruments measured at fair value. The accounting policies of the Company where applicable are consistent with those of the Group as described in note 2 unless otherwise noted below. They have been applied consistently throughout the year and the preceding year.

Investment in subsidiaries

Investments in subsidiaries are stated at cost less where appropriate any provision for impairment.

24. LOSS FOR THE YEAR

The company has elected not to present its own income statement. The Company reported a loss for the year of $1,332,000 (2011: loss $229,000).

The auditor's remuneration for audit and other services is disclosed in note 6 to the financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

For the year ended 31 May 2012

25. PROPERTY, PLANT AND EQUIPMENT

	Motor vehicles $'000	Plant and machinery $'000	Other assets $'000	**Total $'000**
Cost				
1 June 2010	1,665	1,566	463	**3,694**
Additions	-	-	-	**-**
Disposals	-	(1,199)	(276)	**(1,475)**
Exchange rate adjustment	-	-	2	**2**
1 June 2011	1,665	367	189	**2,221**
Additions	-	-	-	**-**
Disposals	(1,665)	(367)	(174)	**(2,206)**
Exchange rate adjustment	-	-	-	**-**
31 May 2012	-	-	15	**15**
Depreciation				
1 July 2010	1,665	1,566	452	**3,683**
Charge for the year	-	-	5	**5**
Disposals	-	(1,199)	(276)	**(1,475)**
Exchange rate adjustment	-	-	-	**-**
1 June 2011	1,665	367	181	**2,213**
Charge for the year	-	-	4	**4**
Disposals	(1,665)	(367)	(174)	**(2,206)**
Exchange rate adjustment	-	-	-	**-**
31 May 2012	-	-	11	**11**
Net book value				
31 May 2012	**-**	**-**	**4**	**4**
31 May 2011	-	-	8	8

26. INVESTMENT IN SUBSIDIARIES

	Investment $'000	Loans $'000	**Total $'000**
Cost			
31 May 2010	3,801	28,659	**32,460**
Additions	-	4,364	**4,364**
Exchange rate adjustment	-	2,697	**2,697**
1 June 2011	3,801	35,720	**39,521**
Additions	5,900	13,184	**19,084**
Exchange rate adjustment	(21)	(1,659)	**(1,680)**
31 May 2012	9,680	47,245	**56,925**
Impairment			
31 May 2010, 2011 and 2012	3,801	11,577	**15,378**
Net book value			
31 May 2012	**5,879**	**35,668**	**41,547**
31 May 2011	-	24,143	24,143

Loans to subsidiaries fall due after more than one year. The impairment in loans to subsidiary companies in prior years relates to reductions in the value of the underlying business as a result of movements in exchange rates.

As at 31 May 2012, the Company held equity in the following principal undertakings:

Direct investments:

Subsidiary undertakings	Proportion held	Country of incorporation	Nature of business
Agriterra (Mozambique) Limited	100%	Guernsey	Holding Company
P A Energy Africa Limited	100%	British Virgin Islands	Inactive
Agriterra Aviation (Pty) Limited	100%	South Africa	Aviation services
Agriterra East Africa Limited	100%	Mauritius	Trading
Dodgemart Investments Limited	100%	Zimbabwe	Agriculture
Agriterra Guinea SA	100%	Guinea	Infrastructure
West Africa Cocoa Services Limited	100%	British Virgin Islands	Holding Company
Shawford Investments Inc	100%	British Virgin Islands	Holding Company

NOTES TO THE COMPANY FINANCIAL STATEMENTS

For the year ended 31 May 2012

26. INVESTMENT IN SUBSIDIARIES (continued)

Indirect investments of Agriterra Mozambique Limited:

Subsidiary undertakings	Proportion held	Country of incorporation	Nature of business
Desenvolvimento E Comercialização Agricola Limitada	100%	Mozambique	Grain
Compagri Limitada	100%	Mozambique	Grain
Mozbife Limitada	100%	Mozambique	Beef
Carnes de Manica Limitada	100%	Mozambique	Beef
Agriterra Aviação Limitada	100%	Mozambique	Aviation services

Indirect investments of West Africa Cocoa Services Limited:

Subsidiary undertakings	Proportion held	Country of incorporation	Nature of business
Tropical Farms Limited	100%	Sierra Leone	Cocoa & Coffee

Indirect investments of Shawford Investments Inc.:

Subsidiary undertakings	Proportion held	Country of incorporation	Nature of business
Red Bunch Ventures (SL) Limited	100%	Sierra Leone	Palm Oil

As set out in note 4, the directors have decided to suspend further expenditure on all oil and gas exploration and evaluation projects. The company considers its investment in and its loan to PA Energy Africa Limited to be impaired and full provision has been made in prior periods.

27. FINANCIAL ASSETS

31 May 2012	Loans and receivables $'000	**Total $'000**
Non-current assets		
Financial asset investments	-	**-**
Current assets		
Trade receivables	209	**209**
Other receivables	1,551	**1,551**
Cash and cash equivalents	2,434	**2,434**
Total financial assets at 31 May 2012	4,194	**4,194**

31 May 2011	Loans and receivables $'000	**Total $'000**
Non-current assets		
Financial asset investments	-	**-**
Current assets		
Trade receivables	209	**209**
Other receivables	766	**766**
Cash and cash equivalents	2,922	**2,922**
Total financial assets at 31 May 2011	3,897	**3,897**

The Company holds a 40% stake in African Management Services Limited (see note 16).

Other receivables include amounts due from related parties (see note 29).

Cash balances include $108,000 (2011: $112,000) of restricted cash relating to cash held on deposit as security for certain bank guarantees.

The directors consider that the carrying amount of financial assets approximates their fair value. There are no significant amounts past due (2011: $nil).

28. FINANCIAL LIABILITIES

Trade and other payables	2012 $'000	2011 $'000
Trade payables	**200**	229
Other payables	**613**	606
Accruals and deferred income	**615**	519
	1,428	1,354

Trade payables, other payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs.

Other payables include amounts payable to related parties (see note 29).

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

29. Related party disclosures

The transactions of the Company with related parties other than with subsidiary companies are disclosed in note 20.

Related party transactions are entered into on an arm's length basis. No provisions have been made in respect of amounts owed by or to related parties except where disclosed.

Subsidiary companies are financed by means of parent company loans which bare a market rate of interest.

During the year the Company provided funding to Agriterra Mozambique Limited. At 31 May 2012 the balance due to the Company was $1,463,000 (2011: $1,564,000).

At 31 May 2012, the Company had an outstanding loan to P A Energy Africa Limited amounting to £205,000. This loan has been fully provided for in prior years.

During the year, the Company provided funding to Agriterra Aviation (Pty) Limited. As at 31 May 2012 the balance due to the Company was $763,000 (2011: $514,000).

During the year the Company and Agriterra East Africa Limited incurred various expenditure on each other's behalf. At 31 May 2012 the balance outstanding due from the Company was $221,000 (2011: due from the Company $67,000).

During the year the Company provided funding to Dodgemart Investments Limited. At 31 May 2012 the balance outstanding was $135,000 (2011: $152,000).

During the year the Company provided funding to Agriterra Guinea SA. At 31 May 2012 the balance outstanding was $377,000 (2011: $335,000).

During the year the Company provided funding to Desenvolvimento E Comercialização Agricola Limitada ('DECA'). At 31 May 2012 the balance outstanding was $12,534,000 (2011: $13,184,000).

During the year the Company provided funding to Compagri Limitada ('Compagri'). At 31 May 2012 the balance outstanding was $14,175,000 (2011: $14,785,000).

During the year the Company provided funding to Mozbife Limitada ('Mozbife'). At 31 May 2012 the balance outstanding was $16,002,000 (2011: $7,048,000).

During the year the Company provided funding to Carnes de Manica Limitada. At 31 May 2012 the balance outstanding was $1,000 (2011: $1,000).

During the year the Company provided funding to Agriterra Aviação Limitada. At 31 May 2012 the balance outstanding was $1,000 (2011: $1,000).

During the year the Company provided funding to West Africa Cocoa Services Limited. At 31 May 2012, the balance outstanding was $688,000 (2011: $nil).

During the year the Company provided funding to Tropical farms (SL) Limited. At 31 May 2012, the balance outstanding was $2,253,000 (2011: $nil).

At 31 May 2011 and 2010, the Company has made a general provision against the loans to DECA, Compagri and Mozbife in respect of the depreciation of the Mozambican Meticais amounting to $10,000,000.

Notes

Notes

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