Agriterra

Annual report and financial statements 2013/2014

Building a cash generative
pan-African agricultural company

About us

Agriterra is a pan-African agriculture company with three established operating divisions: Beef, Maize and Cocoa.

Investment proposition

AIM listed African focussed agricultural company with established vertically integrated operations.

Platform for entry into African agriculture.

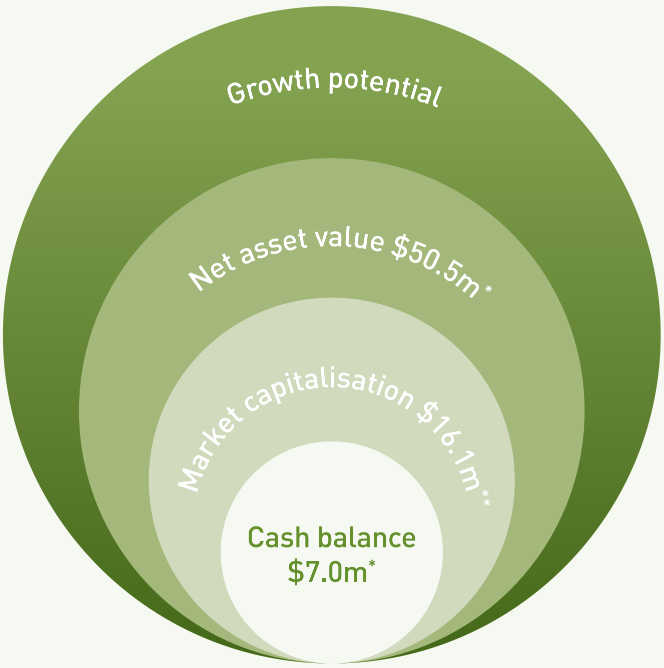
Multi-commodity product range currently encompassing beef, maize and cocoa

Positive pricing environment and high margin businesses – strategy to expand operations and product range to increase market share

Scalable businesses with expansion strategies in place to achieve critical mass and profitability

Proven board and management team to drive operational and corporate growth

Agriterra is currently trading at a 68% discount to the net asset value – a low cost entry point with significant upside potential.



*31 May 2014
**27 October 2014

Business review

Operational highlights

Revenue

$15.7m

2013: $21.2m

	2014 $m	2013 $m
Maize	9.7	15.9
Beef	4.1	2.2
Cocoa	1.9	3.1
Total	15.7	21.2

Net asset value

$50.5m

2013: $60.0m

Beef – size of herd

8,230

2013: 6,879

Cocoa – hectares planted

200

2013: —

Maize – tonnes processed

24,500

2013: 46,600

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Business review

Corporate governance

Financial statements

Business review

Chairman's statement

In line with our previously stated growth strategy, Agriterra continues to invest in building operational platforms that will provide a basis for sustainable long-term cash generation and profitability across our multi-divisional business.

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We are now beginning to see the benefits of our structured development plan being realised in financial terms.

Successful agricultural businesses are based on long-term investment programmes that provide a foundation for profitability and which accommodate the realisation of a growth strategy. Our focus therefore remains on establishing strong foundations – primarily within our beef and maize operations in Mozambique – building our asset base towards 'critical mass' and vertically integrating operations wherever possible. The rationale behind our growth strategy is to generate revenues from our own produce whilst improving efficiencies, maximising margins and thereby driving up shareholder value.

In Sierra Leone our early-stage cocoa plantation project, which was conceived with a view to tapping into the predicted supply deficit in the world cocoa market, must now be considered and viewed in the light of the ongoing Ebola crisis in West Africa; the Board will continually review the position in respect of this project over future months.

During the period under review we assigned capital to implement our growth strategy and whilst we are still in the growth and development phase of our beef and cocoa operations, as a result of these and previous investments made, we are now beginning to see the benefits of our structured development plan being realised in financial terms, with a reduction in losses and a trend towards profitability.

Beef operations – Mozambique

Momentum continues to build throughout the beef division, with significantly increased cattle throughput at our feedlot and abattoir, which, in tandem with the expansion of our retail offering, has resulted in increased revenues of $4,081,000 (2013: $2,230,000) in this division.

To fuel future growth within the beef division, we remain committed to expanding our range of retail units and pursuing longer-term supply contracts to maximise our sales of final beef products. Unfortunately our planned retail unit expansion scheme was curtailed somewhat during the period as a result of political unrest in Mozambique. This political unrest resulted in the imposition of significant logistical restrictions and it was, for a considerable time, not possible to travel safely to the North, North-East or South of the country from our base of operations in the Manica province. As a result of these restrictions, it became necessary to close our retail butchery in Matola and to place on-hold the implementation of our expansion plans for new retail units in the North and North-Eastern areas of the country. As political stability has returned we are now in position to reignite our retail expansion plans, primarily to service the growth engendered by the significant natural resource investment into North and North-East Mozambique.

Total herd including feedlot of 8,230 head at year end

Compagri maize processing facility in Tete

Cocoa tree seedlings grown in our nursery

Notwithstanding the constraints faced during the year we nevertheless opened new retail sites at Beira (a full butchery) and Manica (a satellite unit) and subsequent to the year end, we have opened a further satellite retail site at Moatize in Tete which we hope will show good growth. We now have three full butcheries in Chimoio, Tete and Beira, and two satellite sites in Manica and Moatize. We are now looking at further sites for potential butcheries in the North and North-East of Mozambique and hope to be able to announce the opening of new sites in the near future.

I am pleased to note that the key revenue generating elements of our vertically integrated beef operations (namely the retail units, abattoir and feedlot) are now generating positive cash flows, and these are expected to further improve in the current financial year, as the benefits of the new retail units and the expansion in our supply contracts impact the bottom line.

Our cattle herd expansion programme is also on track to reach 10,000 head (excluding feedlot animals) during 2015 and, importantly, a successful breeding season has delivered a 28% year-on-year increase in births. The key to our future success from ranching operations is critical mass; to this end, work to increase the carrying capacity of our ranches, through further land clearance and a phased irrigation programme, has been undertaken during the year. Once the newly irrigated land is able to support cattle, we hope to accelerate our herd growth through the acquisition of further cattle from South Africa. This accelerated growth will enable us to reach cash break-even on our ranching operations more quickly than previously anticipated by increasing the total number of births each year (thereby increasing the number of animals available for slaughter, 15 to 18 months thereafter).

With a positive outlook predicted for Mozambique, due to continued strong economic development and the growth of foreign direct investment into the country our vertically integrated operations leave the Group well positioned to maximise financial returns across the entire 'field to fork' value chain. We are therefore optimistic about the future prospects of the beef division in supplying the Mozambique market. In addition to the domestic market we are actively investigating potential export markets and opportunities, particularly in the Middle East.

With the necessary critical pillars to support growth in place and a defined investment programme in progress, the Board believe that our Mozambique beef operations are set to become self-sustaining and profitable, which should in turn have a favourable impact on the Group's performance in the years ahead.

Cocoa plantation – Sierra Leone

In Sierra Leone during the period we continued to invest in our cocoa plantation, an exciting project which, once mature, has the potential to generate significant cash flow. We completed the initial phase of planting during the financial year with 250,000 seedlings planted on 200 hectares. A further 300,000 seedlings are currently growing in our nursery; these seedlings were cultivated in anticipation of the next planned phase in our planting schedule (250 hectares), which we initially expected to complete in the first half of the 2015 financial year, but as a result of external events has now been put on hold and is under review.

Due to the well-publicised Ebola outbreak, the Group has re-aligned its short term strategy regarding the cocoa plantation. In accordance with best practices and in an effort to protect local staff during the outbreak, our 3,200 hectare plantation and nursery, including all plant, machinery, equipment, housing, office and other infrastructure are being stewarded by on-site workers who are ensuring that the existing cocoa plants are being maintained and that our assets remain secure.

Business review
Chairman's statement continued

We are closely monitoring the Ebola outbreak to ensure we protect the health of our employees and our assets in country, with a view to resuming operations once the situation improves to an acceptable level of risk. In the meantime, we are also rigidly enforcing general hygiene protocols to ensure that staff and visitors are not placed at unnecessary risk.

Despite the current difficult conditions in Sierra Leone arising from the Ebola outbreak, we believe our cocoa plantation remains a valuable asset in the medium to long term. The scalability of the operation, the attainable production targets and the dynamics of the cocoa market were all crucial factors in our decision to invest in this business and these factors have not changed when viewed with a longer term outlook. We have excellent infrastructure in place and a strong in-country foundation; we believe that the strong demand fundamentals for cocoa will repay our investment when the on-ground situation improves and we can continue our planting schedule and plantation growth. In particular, the supply/demand dynamic for cocoa, driven by significant growth in demand in Asia and a supply deficit as West African small scale farmers struggle with under-achieving farms or switch to other cash crops such as rubber, is expected to continue to cause cocoa prices to increase. Notwithstanding its compelling investment rationale, the Board recognise – particularly in light of the ongoing Ebola crisis – that completion of the plantation development plans will require considerable capital investment and accordingly are regularly investigating financing and strategic options that will support the plantation's growth and development targets.

Other operations – Sierra Leone and Mozambique

Due to the Ebola outbreak and the associated precautionary restrictions on travelling in Sierra Leone, coupled with the poor performance of the cocoa trading operation in the year, the Board has suspended the cocoa trading operations. We are confident that ceasing trading will not have a material effect on the Group's financial performance. This division was focussed primarily on building a presence in-country and providing a market entry point for buyers as a precursor to the establishment of our own plantation, and the implementation of programmes involving the upgrading of local growers plant quality through plant distribution. In this regard the operation fulfilled its objective.

The Group is currently assisting the Ebola relief effort in Sierra Leone through the provision of vehicles, warehouse facilities and other assets previously used by the Group's trading division to various international aid and health organisations.

The Group's maize milling and trading operation in Mozambique continues to be an important aspect of our vertically integrated business model, generating a considerable revenue stream and producing an important component of feed for the beef feedlot as a by-product of the maize milling process. Although mealie meal volumes declined (mainly due to political instability referred to above which led to difficulties transporting maize product), purchases for the 2014/2015 season have been strong.

Due to a strong focus and major emphasis on price and margin control, gross profit is improving, and the Board believe this is a good sign for the future. The political environment in Mozambique has improved considerably since the Group's year end, and subsequently, despite a slow start to mealie meal sales, the Board is optimistic that sales and revenues will improve during the latter part of the 2015 financial year.

We are also assessing additional 'value add' products that can complement our mealie meal offering and generate additional revenues from our existing assets with minimal additional investment. These include maize-based snacks and other agricultural products.

Legacy oil interests

In addition to our current operations, the Board has continued to actively pursue the realisation of value from its legacy oil and gas operations. In light of the continuing civil war in South Sudan, the Board took the view that it would be prudent to expedite settlement in respect of the claims arising from the Group's legacy oil interests in South Sudan and accordingly, as announced on 17 September 2014, a successful settlement was reached in respect of such interests. Following the settlement, the Company and Group has no further current economic interest in South Sudan.

Beefmaster bull at Mavonde

DECA maize storage silos

Seedlings in TFL nursery

Financial results

In order to achieve critical mass and a foundation for growth and profitability in the future, our focus remains on expanding our growth divisions – primarily our beef operations – and optimising returns across all divisions. As shareholders will appreciate, it is incumbent on the Board to maintain a continuous review of the position regarding the cocoa operations, particularly in light of the Ebola outbreak.

Even though we remain in the investment phases of both our beef and cocoa operations, our investment strategy is beginning to be reflected in our results. While revenue during the period decreased to $13,797,000 (2013: $18,073,000) reflecting lower maize volumes offset by increasing beef sales, the pre-tax loss on continuing operations decreased by 13.9% to $5,627,000 (2013: $6,533,000). The progress made in improving cost efficiency across all divisions, the focus on margin improvement in our maize business and the positive impact in our beef business from both the establishment of retail units and the organic growth in our herd mitigated the loss of margin arising from the lower sales in our maize division.

The net assets of the Group were $50,549,000 at the period end and cash balances were $6,994,000 (2013: $18,748,000) against a current market cap of approximately $16,100,000. Subsequent to the period end, we have received a cash injection of approximately $5,600,000 through the settlement of certain claims relating to our legacy oil and gas assets which, in combination with the platform we now have in place, will allow us to continue with our development plan.

Corporate review

The period under review saw the appointment of several key new personnel to support the Group's growth. These hires included the appointments of Mr Daniel Cassiano-Silva, a highly experienced financial professional with a background in African focussed publicly listed companies, as Finance Director and Mr Gert (George) Naude, a highly experienced agricultural manager with a proven background in large scale commercial agri-operations in Mozambique, as Chief Operating Officer (Mozambique). Mr Naude replaced Mr Euan Kay, who retired from day-to-day management but remains a consultant to the Group in addition to providing senior level guidance and support through his non-executive position on the Board.

Outlook

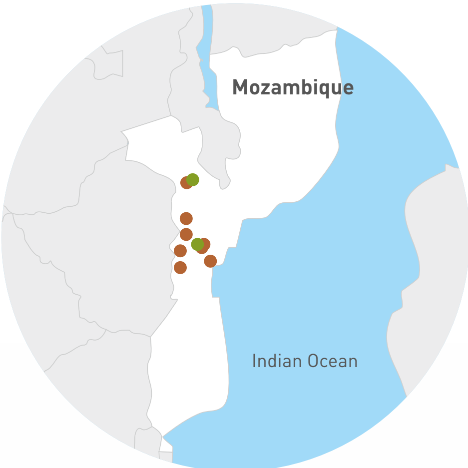
The African agriculture market remains an area of exceptional growth potential. While we are still in the development phase, the Board is confident that the progress we have made to date has created a strong and sustainable platform for our transition into profitability.

I would like to conclude by thanking our team who have worked tirelessly in delivering on our vision and assisting us in the development of the business.

PH Edmonds
Chairman
27 October 2014

Strategy

Mozambique



To scale up our beef and maize operations to take advantage of the supply opportunities arising from significant foreign investment in oil, gas and extractive industries and rapid GDP growth. To focus our distribution network on the North, North-East and Centre of Mozambique where we have a natural competitive advantage.

Beef

Increase sales volume by expanding our retail estate in Central, North and North-East Mozambique and by focussing on volume supply contracts. Complete phased irrigation programmes at our ranches to accelerate and increase the supply of own reared cattle and realise the full value chain in the expanding meat market.

See pages 8-11 for more information

Maize

Focus on maximising margins in our cash generative maize buying and processing operations.

See pages 16-18 for more information

Sierra Leone

To focus on large, cost effective, commercial scale agriculture projects to supply world markets. Subject to the stabilisation of the Ebola epidemic, to bring our assets into production at the right time to take advantage of supply shortages and rising prices.

Cocoa

Develop our cocoa plantation to deliver in excess of 8,000 tonnes per annum cocoa beans by 2020/2021 to capitalise on forecast annual supply shortages of up to 1m tonnes by 2020 which are driving prices upwards.

See pages 12-15 for more information

Palm

Assess the feasibility of a large scale palm plantation on our 45,000 hectare brownfield site in Sierra Leone, leveraging off our existing cocoa infrastructure.

See page 18 for more information

Business review
Divisional overview

The Company is focussed on agricultural investment and sustainable development in Africa, providing high-quality produce whilst simultaneously improving the livelihoods of smallholder farmers by improving access to markets.

Agriterra currently has three operational agricultural divisions:

Beef

Revenue

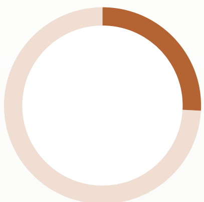
$4.1m

2013: $2.2m

Percentage of Group revenue*

26%

2013: 10%



Beef, which conducts cattle ranching, feedlot, abattoir operations and retail units through Mozbife Limitada ('Mozbife').

See pages 8-11 for more information

Maize

Revenue

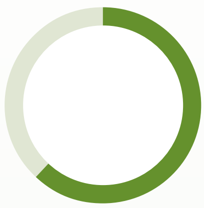
$9.7m

2013: $15.9m

Percentage of Group revenue*

62%

2013: 75%



Maize, which operates maize purchasing and processing businesses through Desenvolvimento E Comercialização Agricola Limitada ('DECA') and Compagri Limitada ('Compagri').

See pages 16-18 for more information

Cocoa

Revenue

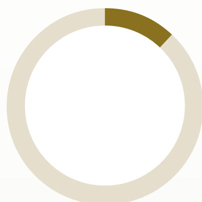
$1.9m

2013: $3.1m

Percentage of Group revenue*

12%

2013: 15%



Cocoa, which manages the Group's cocoa farming activities and, during the year under review, also managed cocoa trading, through the Tropical Farms group of companies ('TFL').

See pages 12-15 for more information

*Including discontinued operations

Beef operations
(Mozambique)

Agriterra remains focussed on expanding its vertically integrated 'field to fork' beef operations which comprise three ranches totalling 19,850 hectares, a feedlot facility with capacity for up to 3,000 animals with an additional 1,050 hectares of land available for cropping activities, a 4,000 head per month abattoir and five retail units in Mozambique.

Key statistics

3 ranches

1 feedlot

3,000 head feedlot capacity

8,230 total herd head (including feedlot)

4,000 head per month capacity abattoir

22,000 hectares (including feedlot)

48 billion litre irrigation dam

The Group's strategy is to increase value by virtue of being a vertically integrated producer, supplementing our herd by local cattle purchases, where necessary.

Agriterra rear and breed beef cattle at the Mavonde, Inhazonia and Dombe ranches, fatten at the Vanduzi feedlot, and slaughter and butcher at the Chimoio abattoir, which in turn supplies the retail units in Chimoio, Tete, Beira, Manica and Moatize. Once fully established, this integrated business approach will enable the Group to maximise revenues and margins from the entire value chain.

We are well advanced in implementing our strategy for the beef division. Our feedlot, abattoir and butcheries are now generating net positive cash flows and, with the irrigation programme underway at our Mavonde and Inhazonia ranches, we expect our farms to start contributing in the short to medium-term.

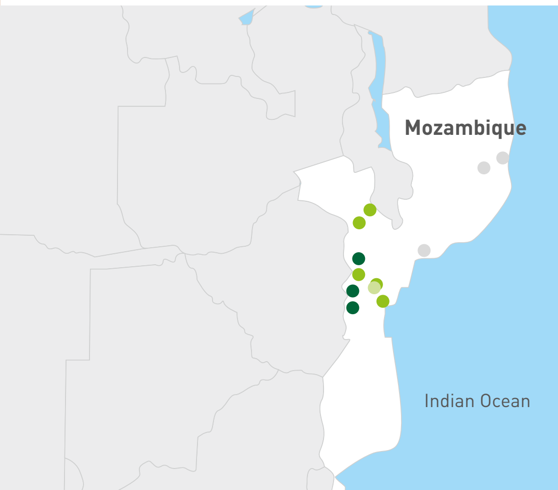
With our extensive infrastructure and the capacity to scale up our operations in all aspects of this division, we are now poised to capitalise on the ever increasing demand for beef products, both domestically (in Mozambique) and overseas.

The Ranches

The beef division has three ranches, being the 2,350 hectare Mavonde ranch, the 2,500 hectare Inhazonia ranch and the 15,000 hectare Dombe ranch, all located in Central Mozambique. The total herd across the ranches stood at approximately 6,400 head as at 31 May 2014, being a 30% increase over the 4,900 head on the ranches as at 31 May 2013. The increase reflects the successful calving during the year with 1,635 (2013: 1,281) animals born.

The ongoing expansion of the herd remains a key focus for the Group in order to maximise the number of animals on our ranches and yield a cash generative number of animals for slaughter each year. Our ranches also provide a very high quality animal from which the very best cuts can be obtained. Our animals are either pure Beefmaster, premium quality imported animals, or local breeds which we are cross breeding with our pedigree animals to rear larger animals which are naturally acclimatised to conditions in Mozambique.

To support the growth in the herd size, additional pivot irrigation has been implemented at Mavonde to increase the irrigated land by 195 hectares to 368 hectares, and at Inhazonia, to increase the irrigated land by 88 hectares to 118 hectares. As at the date of this report, all land clearing, pivot installation and irrigation commissioning has been completed, with current activities focussed on the final grass planting. In order to provide greater flexibility in our feeding regimes throughout the year, we are varying the grass types under the new pivots between grass suitable for grazing and grass suitable for hay bailing.



Our operations

Ranches, feedlot, abattoir and retail units.

- Beef ranches
- Venduzi feedlot
- Retail units
- New retail units targeted

See our website for more information:
www.agriterra-ltd.com

Business review
Governance
Financial statements

Beef operations continued

Our experience with the different grass types will inform our future use of the irrigated land to maximise the animal feed we produce and therefore maximise the animals that each ranch can support. Water for the irrigation systems is provided by our 48 billion litre dam on the Mavonde ranch and the Nyadzonya river which runs through the Inhazonia ranch.

We anticipate minimum stocking ratios of seven cows and seven calves per hectare of irrigated land, although we hope this will increase as the irrigated pastures mature. In accordance with our plan, we expect to introduce animals onto the newly irrigated land from December 2014, in anticipation of the early 2015 calving season.

Once the newly irrigated pastures are established and the farms are appropriately stocked, we expect to be able to carry a sufficient number of animals on our ranches to generate a positive cash return from the ranching operations measured on a standalone basis. Once this platform is established, we can further expand our irrigation programme on a scalable basis to support a ranch herd well in excess of 10,000 head.

The Vanduzi feedlot

The Vanduzi feedlot has a 20 pen line with a potential rolling capacity of approximately 3,000 head every 90 days. The feedlot sources animals from our own ranches and from cattle purchased from the surrounding areas. The feedlot is critical to our operation as it allows us to produce a well finished, high quality animal for slaughter ensuring premium grade meat is available to supply our butcheries and wholesale operations.

By carefully regulating the quantity and mix of feed, we maximise the weight gains attainable from our animals on a profitable basis per animal.

We now provide approximately 500 animals a month to the abattoir which makes the feedlot a net cash-generating operation.

In conjunction with the feeding pens, Vanduzi also has 1,050 hectares of land for pasture and production of feed. This helps to keep feed costs down, provides certainty of feed supply and maintains an integrated operation. Furthermore, the feedlot works strategically with other companies in the Group, for example by using bran, the by-product from the maize processing facilities, as a feed supplement for the cattle.

The Chimoio abattoir and retail units

The abattoir and retail units are important components in the Group's vertically integrated business model, and enable the Group to benefit from the full uplift in value from grass reared animals on the ranches, to premium butchered beef products.

Since commencing operations in December 2012 slaughter rates at the abattoir have consistently increased; 4,285 animals were slaughtered in FY2014, nearly doubling the 2,145 animals slaughtered (or sold live) during FY2013. Our current monthly run rate is now approximately 450 animals. At this level of animals slaughtered per month, the abattoir recovers its operating costs in full from the sales of skin, offal, hooves and heads (the '5th quarter') and is now making a net contribution to the cash generation of the beef operations.

The abattoir has a monthly slaughter capacity of approximately 4,000 head. This spare capacity provides the Group with significant flexibility to increase slaughter rates as the beef operations expand.

To capitalise on the value uplift arising on the selling price of butchered meat (when compared to carcasses), and to increase the distribution channels for its products, the Group has established a network of retail units in Chimoio, Tete, Manica and Beira which opened in December 2012, February 2013, December 2013 and February 2014 respectively. In addition to these larger retail units, the Group has a further satellite unit at Moatize in Tete. The retail units have performed well for the Group, underpinned by the strong internal market demand for meat, and are already contributing a net positive cash flow to the beef division. Whilst the implementation of the planned retail expansion programme was delayed during the period as a result of travel restrictions resulting from political unrest in the region, as political stability has returned we are now in position to recommence our retail expansion plans, primarily to service the growth engendered by the significant natural resource investment into North and North-East Mozambique.

Revenue from the Group's abattoir and retail units during the year was $4,081,000, an 83% increase on sales of $2,230,000 in the year ended 31 May 2013. The Group's average monthly turnover from all units, including the abattoir, is now approximately $500,000. In order to continue our expansion, the Group's roll out of its retail units is expected to continue in 2015, with sales growth opportunities identified in the North, North-East and centre of the country. In addition, the Group is focussed on advancing several wholesale contracts directly through the abattoir, with large international blue-chip clients which operate in the region. In line with this, several significant tenders are underway which have the ability to materially enhance turnover in the coming year.

Mavonde ranch

Abbatoir cold storage

New irrigation at Mavonde

Vanduzi feedlot feeding pens

Cocoa plantation and trading
(Sierra Leone)

The Cocoa division's primary focus during the year was the development and expansion of its existing 3,200 hectare cocoa plantation, located 40km from Kenema in South-East Sierra Leone.

Key statistics

3,200
hectares

1,600 additional
hectares available

200
hectares planted

300,000
seedlings in nursery

2,000
square metre warehouse

2.2
hectare nursery

Subject to the stabilisation of the Ebola epidemic, the Group's long-term plan for the cocoa plantation is to plant a total of 4,000 hectares, with the ultimate aim of producing a minimum of 8,000 tonnes of cocoa beans per annum.

Subject to the acquisition of an additional block of approximately 1,600 hectares of land adjacent to the plantation, the Group's long-term plan for the cocoa plantation is to plant a total of 4,000 hectares, with the ultimate aim of producing a minimum of 8,000 tonnes of cocoa per annum, initially anticipated by 2020/2021. As more fully explained below, the implementation of this plan has been curtailed due to the well-publicised Ebola outbreak affecting Western Africa, including Sierra Leone. Despite the recent reduction in scale of operations in response to the Ebola outbreak, the Group remains optimistic about the future development of the cocoa division.

With a projected cocoa bean deficit of up to one million metric tonnes by 2020 driving prices upwards, the fundamentals of the cocoa market remain strong. Subject to an effective international response to the Ebola outbreak, the Group is well positioned to obtain the necessary financing to bring the cocoa assets into production in time to capitalise on this supply shortage.

The planting season for cocoa in Sierra Leone runs between July and October, with preparatory activities such as land clearing and preparation, and seedling establishment in the nursery, undertaken between November and June.

In accordance with this schedule, 250,000 seedlings were planted on 200 hectares of cleared land during the early part of the financial year. A further 300,000 plants were established in the nursery in anticipation of planting a further 250 hectares during the early part of financial year 2015. Land clearing and preparation activities were also initiated for this next phase of planting, including the purchase and delivery of all necessary fertiliser.

Despite all reasonable efforts to continue with the implementation of the planned planting schedule subsequent to the period end, the Group's activities have been significantly impacted by the Ebola outbreak. In addition to the significant restrictions in movement in country causing a shortage of labour, the Board has assessed that it is unsafe to pursue an expansion of the plantation at this stage which could increase the risk of Ebola developing on the plantation site and place staff at risk.

Our operations

Coco plantation and warehouse facilities.

- Cocoa plantation
- Warehouse

See our website
for more information:
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Cocoa plantation and trading continued

Accordingly, activities at the plantation have been curtailed to a level sufficient to protect staff while maintaining the Group's assets in country. In accordance with this plan, the Group is operating with a reduced labour force to ensure that the hectares planted to date are maintained, as is the plantation infrastructure including warehousing, accommodation and equipment. The Group is also rigidly enforcing general hygiene protocols to ensure staff and visitors are not placed at unnecessary risk.

The nursery continues to house approximately 300,000 plants which will now be used, if circumstances permit, to accelerate the Group's local initiatives to increase the quality of the local growers' stock. It is envisaged that this distribution programme will be run in tandem with international agencies and companies looking to expand the productivity of cocoa farmers in West Africa. In addition, the Group continues to support the local communities and Government representatives, providing assistance where practicable as detailed in below.

This gradual phasing of the planting schedule, in conjunction with appropriate agronomical technical expertise, remains critical to the future development of the plantation. The modular planting system allows the Group to perfect its planting activities under controlled conditions, with each successive year of planting building on the practical and technical lessons learnt. An area of significant interest identified during the year is likely to be the final assessment of whether part, or all, of the future planting may now use hybrid plants from the Ivory Coast.

These plants are under technical review but early signs show they could both increase the average yields to be obtained per hectare and also accelerate the period to full yield.

In addition to the planting completed during the year and prior to the Ebola outbreak, the Group further continued to develop the plantation infrastructure through the construction of management accommodation on site and an administration block, road development, and expansion of the state of the art nursery from 1.7 to 2.2 hectares. Once the expansion of the nursery is completed, it will be capable of housing 1,100,000 seedlings which is sufficient to plant up to 1,000 hectares in any given year. In the longer term, the nursery is also expected to support outgrower programmes and facilitate the development of the cocoa plantation into a centre of excellence for cocoa growing in Sierra Leone, an asset which will be much needed when the country rebuilds following the Ebola outbreak.

Further infrastructure development was completed at the Group's 2,000 square metre warehouse and processing-to-export facility on the outskirts of Kenema which is now complete. This facility will provide the Group with a key asset in the cocoa logistics chain, connecting the up-country cocoa growing and buying infrastructure with export markets. The warehouse is currently being utilised by international aid agencies for food and aid storage in connection with the relief efforts for the Ebola outbreak.

Turning to the cocoa trading business, the cocoa harvest for the period under review was impacted by a poor harvest. Lower available purchase volumes resulted in sales of 736 tonnes (2013: 1,200) of cocoa beans. To address the losses arising in the previous financial year, the Group completed a significant restructuring of the operation, to concentrate on three main buying hubs in Kenema, Kono and Kailahun, with outpost spokes (compared to prior year with over 50 buying points). This streamlining delivered cost reductions and a reduced loss of $1,029,000 compared to $1,569,000 in the previous period. Despite the reduction in loss, the disappointing financial performance and the significant impact of the Ebola outbreak, led the Board to cease operations within the cocoa trading business. The results of the cocoa trading operations are presented as discontinued within the consolidated financial statements.

300,000 seedlings in the nursery

New plantings

Cocoa pods after harvest

Covered nursery

Maize processing
(Mozambique)

The Group's maize operations are focussed on its 35,000 tonne capacity facility in Chimoio in central Mozambique, and its 15,000 tonne capacity facility in Tete, in North-West Mozambique.

Key statistics

50,000
tonnes storage capacity

24,500
tonnes maize milled

32,000 tonnes
maize purchased in season

18,700
tonnes maize meal sold

350,000
local out-growers

120
vehicle fleet

Maize purchases during the season were strong with approximately 32,000 tonnes of maize purchased.

The established maize buying and processing business is focussed on purchasing maize from local out-growers through a network of buying stations, which is then processed and stored before being sold to the retail market as maize meal, a key staple food in the region and country.

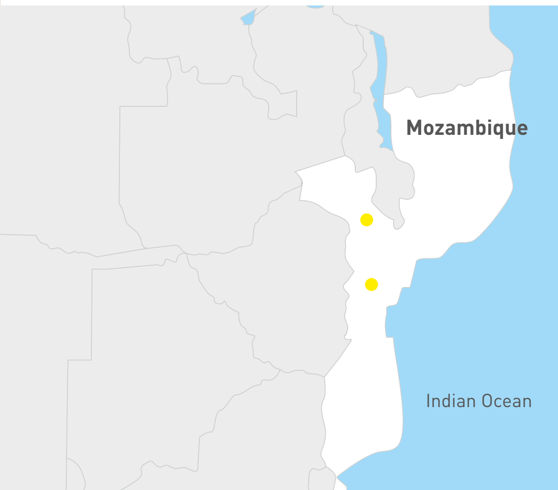
The Group purchases maize directly from in excess of 350,000 local smallholder farmers at specific buying points, thereby supporting economic activity in the relevant rural areas. Having purchased the maize, it is transported back to purpose-built storage and processing facilities where it is dried, fumigated, prepared and processed into maize meal.

Maize purchases during the season were strong with approximately 32,000 tonnes of maize purchased (2012-2013 season: approximately 40,000). Maize milled however showed a reduction on prior year to 24,500 tonnes (2013: 46,600 tonnes) with maize meal sales at approximately 18,700 tonnes (2013: 34,500 tonnes), resulting in revenues decreasing year on year by $6,127,000 to $9,716,000 (2013: $15,843,000).

In order to maximise returns and profitability in the maize division, the Group's primary focus this period has been on maximising the price and margins generated from our maize products. As a result, the maize division's gross profit margin has increased to 18.6% in 2014 from 13.6% in 2013.

The improved margin and other margin, cost and efficiency improvement measures, have however been outweighed by the decrease in volumes resulting in the Group reporting a small increase in loss for the period from $456,000 in 2013 to $630,000 in 2014.

The decrease in volumes sold reflects in significant part the recent political difficulties in Mozambique which created delays in transporting maize products to certain parts of the country. The political environment in Mozambique has improved considerably since the Group's year end, and subsequently, the Board is optimistic that sales and revenues will improve during the current year. Additionally, the current buying season has been favourable, with approximately 28,600 tonnes bought to date, at approximately $75 less per tonne than the previous period.



Our operations

Maize purchase, storage, milling and sale of maize products.

● Maize operations

See our website
for more information:
www.agriterra-ltd.com

Maize processing continued

The Group is now focussing its efforts on developing additional revenue streams within the maize division in order to leverage its infrastructure. Areas under review include additional maize based products such as maize crisps, and additional agricultural products.

Palm oil operations (Sierra Leone)

The Group controls a lease of approximately 45,000 hectares of brownfield agricultural land suitable for palm oil production in the Pujehun District in the Southern Province in Sierra Leone. The Board continues to evaluate this property and its potential for commercialisation. Further updates will be provided when appropriate.

DECA maize processing facilities

Trucks delivering maize to DECA

Storage capacity of 50,000 tonnes of maize

Governance

Company information and advisers

Country of incorporation	Guernsey, Channel Islands
Registered address	Richmond House St Julians Avenue St Peter Port Guernsey GY1 1GZ
Directors	Philippe Edmonds MA (Cantab) (Chairman) Andrew Groves (Chief Executive) Daniel Cassiano-Silva (Finance Director) Euan Kay (Non-Executive Director) Michael Pelham (Non-Executive Director)
Company secretary	Philip Enoch MA (Oxon)
Auditor	Baker Tilly UK Audit LLP Chartered Accountants 25 Farringdon Street London EC4A 4AB
Solicitors	Carey Olsen 8-10 Throgmorton Avenue London EC2N 2DL
Nominated adviser and joint broker	Cantor Fitzgerald Europe One Churchill Place London E14 5RB
Joint broker	M C Peat & Co 11-12 St. James's Square London SW1Y 4LB
Registrars	Capita Registrars (Guernsey) Limited Longue House Longue House Lane St Sampsons Guernsey GY2 4JN

Governance
Directors' report

The directors (the 'Directors' or the 'Board') of Agriterra Limited ('Agriterra' or the 'Company') hereby present their annual report together with the audited financial statements for the year ended 31 May 2014 for the Company and its subsidiaries (collectively the 'Group').

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

1. Listing details

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

2. Principal activities, business review and future developments

The principal activity of the Group is the investment in, development of and operation of agricultural and associated civil engineering projects in Africa. The Group's current operations are focussed on grain and beef in Mozambique and cocoa and palm in Sierra Leone. A review of the Group's performance by business segment, key performance indicators and future prospects are given in the Chairman's statement and Operational review. A review of the risks and uncertainties impacting on the Group's long-term performance is included in the Corporate governance report.

3. Results and dividends

The Group results show a loss after taxation and discontinued operations of $8,016,000 (2013: profit $20,939,000). The Directors do not recommend the payment of a final dividend (2013: $nil). No interim dividends were paid in the year (2013: $nil).

4. Directors

4.1. Directors in office

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

Director	Position	Date of appointment/cessation of office in the period 1 June 2013 to the date of this report
PH Edmonds	Chairman	—
AS Groves	Chief Executive Officer	—
DL Cassiano-Silva	Finance Director	Appointed 29 May 2014
EA Kay	Non-Executive Director(1)	—
MN Pelham	Non-Executive Director	—

(1) Mr Kay held the position of Executive Director until 29 May 2014 when he resigned in his capacity as Chief Executive Officer of the Group's Grain and Beef divisions. Mr Kay remains on the Board of Agriterra in a non-executive capacity.

4.2. Directors' interests

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

	Ordinary Shares held
PH Edmonds	15,000,000
AS Groves	15,040,000
EA Kay	4,635,520
MN Pelham	1,067,760

4.3. Directors emoluments

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

4.4. Directors' share options

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

Director	At 1 June 2013[1]	Granted in the year	**At 31 May 2014**	Exercise price GBP	Date from which exercisable	Expiry date
EA Kay	2,500,000	—	**2,500,000**	3.00	Exercisable	9 January 2019
	2,500,000	—	**2,500,000**	3.50	[2]	28 July 2022
	2,500,000	—	**2,500,000**	5.50	[2]	11 January 2020
	5,000,000	—	**5,000,000**			
DL Cassiano-Silva	—	2,500,000	**2,500,000**	1.47	[3]	[4]

(1) Or date of appointment if later.
(2) These options were granted on 29 July 2012 and vest 20% per annum on the first to fifth anniversary from the date of grant.
(3) These options were granted on 15 May 2014 and vest 20% per annum on the first to fifth anniversary from the date of grant.
(4) These options expire five years after the date they vest.

4.5. Directors' indemnities

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

5. Substantial shareholdings

To the best of the knowledge of the Directors and executive officers of the Company, except as set out in the table below, there are no persons who, as of 24 October 2014, are the direct or indirect beneficial owners of, or exercise control or direction over 3% or more of the Ordinary Shares in issue of the Company.

	Number of Ordinary Shares	% Holding
Beyond Africa Fund Limited	106,776,005	10.06%
Global Resources Fund	67,888,600	6.39%
Libra Fund LP	52,729,574	4.97%
Perella Weinberg Partners Xerion Master Fund Ltd	41,566,667	3.91%
Oppenheimer Funds, Inc.	40,000,000	3.77%
Henderson Managed Funds	40,000,000	3.77%
World Precious Minerals Fund	38,476,200	3.62%

6. Employee involvement policies

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

7. Supplier payment policy and practice

The Group's policy is to ensure that, in the absence of dispute, all suppliers are dealt with in accordance with its standard payment policy which is to abide by the terms of payment agreed with suppliers for each transaction. Suppliers are made aware of the terms of payment. The number of days of average daily purchases included in trade payables at 31 May 2014 was two days (2013: three days).

8. Political and charitable donations

During the year no political and charitable donations were made (2013: $nil).

9. 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.

Directors' report continued

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

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

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

11. Additional information and electronic communications

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

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

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

By order of the Board

PH Edmonds
Chairman

27 October 2014

Governance
Corporate governance report

The Board is accountable to the Company's shareholders for good corporate governance. The Company is quoted on AIM and is therefore not required to comply with the provisions of the UK Corporate Governance Code (the 'Code') on corporate governance as published by the UK Listing Authority. Nevertheless, the Directors recognise the value and importance of effective corporate governance and observe provisions of good governance to the extent that they consider them to be appropriate for a group of this size and stage of development. Set out below is a summary of how, at 31 May 2014, the Group was dealing with corporate governance issues.

1. The Board of Directors and the executive committee

The Group is led and controlled by a Board comprising the Chairman, the Chief Executive, the Finance Director and two non-executive Directors.

The Board has entrusted the day-to-day responsibility for the direction, supervision and management of the business of the Group to the Group Executive Committee (the 'ExCom'). The ExCom is comprised of the Chairman, the Chief Executive and the Finance Director.

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

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

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

The Group has adopted a share dealing code for Directors' dealings which is appropriate for an AIM quoted company. The Directors 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 has Remuneration and Audit committees as more fully described below.

2. Directors' remuneration

The remuneration committee reviews the performance of the Directors and makes recommendations to the Board on matters relating to the Directors' remuneration and other terms of employment. The committee makes recommendations to the Board on the granting of share options and other equity incentives and will administer any equity incentive schemes. The remuneration committee is constituted annually and comprises of at least two members, one of which is the Chairman of Company, who acts as chairman of the committee.

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

3. Accountability and audit

The audit committee is responsible for ensuring that the Group's financial performance and position is properly monitored, controlled and reported. The committee meets at least twice a year and has unrestricted access to the auditor. In addition to meeting with the auditor and reviewing the report from the auditor relating to the accounts and internal control, the committee is also responsible for reviewing the scope and results of the audit, its cost effectiveness and the independence and objectivity of the auditor. A formal statement of independence has been received from the external auditor for the year. The audit committee is constituted annually and comprises of at least two members, one of which is the Chairman of Company, who acts as chairman of the committee.

4. 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.

5. Internal audit

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

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

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

Corporate governance report continued

6. Compliance with relevant legislation

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

7. Going concern

The Board has detailed its considerations relating to going concern in note 4.1 to the financial statements.

8. Risks and uncertainties

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

8.1. Foreign exchange

The Group conducts its operations in multiple jurisdictions with differing currencies 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.

8.2. Regulatory risk

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

8.3. General risks associated with operating in Africa

Changes in government, monetary policies, taxation, exchange control and other laws can have a significant impact on the Group's assets and operations. Several countries in Africa have experienced periods of political instability, 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.

8.4. Land ownership in Mozambique

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

8.5. Maize growing season

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

8.6. Cocoa farming

The Group, in consultation with its agronomical advisers, has developed planting techniques and programmes for the development of its cocoa plantation in Sierra Leone. Based on the expected inputs (e.g. fertiliser, insecticide, plant selection), the Group anticipates achieving production of at least two tonnes of cocoa beans per planted hectare once the cocoa trees are mature. The establishment of cocoa plantations in Western Africa is at an early stage of development and there can be no guarantee that the predicted output of cocoa beans will be achieved for the predicted cost. Further, matters outside the control of the Group, such as adverse weather conditions, could impact upon the amount of production achieved, or the cost of that production.

8.7. Cattle ranching

The Group has significant cattle ranching assets in Mozambique with approximately 8,200 head as at 31 May 2014. While all necessary measures are taken to ensure the cattle remain disease and infection free, there is a risk that the animals may be affected by unforeseen illnesses which could impact on the future profitability of the ranching operations. Mozambique is also subject to significant temperature and precipitation changes during and between years. In some years, particularly 'El Nino' years, the country may be subject to drought conditions which may impact on the availability of grazing feed for the cattle and require additional supplementary feeding to maintain the animals' condition. Any unexpected supplementary feeding programme may impact on the profitability of the ranching operations.

8.8. Ebola and other health risks

The Group operates in countries that are, or may be, subject to significant health risks. In the event of unforeseen epidemics, such as the well-publicised recent outbreak of Ebola in Sierra Leone, Guinea, Liberia, Nigeria and the DRC, there is a risk that the Group's operations may be temporarily disrupted, or require additional precautionary measures. Accordingly, in such circumstances, the Group may be unable to develop its projects in the timeframe and budget initially projected, which may impact on the cash requirements or profitability of these projects.

Governance

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 ('IFRSs') as adopted by the European Union ('EU') and have elected under Guernsey Company Law to prepare the Company financial statements in accordance with IFRSs as adopted by the EU.

The financial statements are required by IFRSs as adopted by the EU to present fairly the financial position of the Group and Company 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 Company and of the profit or loss of the Group for that period.

In preparing the Group and Company 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 and Company transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with applicable law. They are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

Financial statements
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 2014 on pages 28 to 64. 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 26, 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 Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 2014 and of the Group's loss for the year then ended;
- the Group and Company financial statements have been properly prepared in accordance with IFRSs 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

27 October 2014

Financial statements

Consolidated income statement for the year ended 31 May 2014

	Note	2014 $000	2013 (represented – note 15) $000
Continuing operations			
Revenue	5	**13,797**	18,073
Cost of sales		**(12,475)**	(15,151)
Gross profit		**1,322**	2,922
Increase in value of biological assets	21	**290**	770
Operating expenses		**(8,338)**	(9,703)
Other income		**226**	124
Share of result of associates	19	**—**	(5)
Operating loss	7	**(6,500)**	(5,892)
Investment revenues	11	**146**	43
Other gains and losses	12	**936**	—
Finance costs	13	**(209)**	(684)
Loss before taxation		**(5,627)**	(6,533)
Taxation	14	**(25)**	(13)
Loss for the year from continuing operations		**(5,652)**	(6,546)
Discontinued operations			
(Loss)/profit for the year from discontinued operations	15	**(2,364)**	27,485
(Loss)/profit for the year attributable to owners of the Company		**(8,016)**	20,939
		US cents	US cents
(Loss)/earnings per share			
Basic and diluted loss per share from continuing operations	16	**(0.53)**	(0.62)
Basic (loss)/earnings per share from continuing and discontinued operations	16	**(0.76)**	1.98
Diluted (loss)/earnings per share from continuing and discontinued operations	16	**(0.76)**	1.90

Consolidated statement of comprehensive income for the year ended 31 May 2014

	2014 $000	2013 $000
(Loss)/profit for the year	**(8,016)**	20,939
Items that may be reclassified subsequently to profit or loss:		
Foreign exchange translation differences	**(1,612)**	(2,492)
Other comprehensive income for the year	**(1,612)**	(2,492)
Total comprehensive income for the year attributable to owners of the Company	**(9,628)**	18,447

Financial statements
Consolidated statement of financial position as at 31 May 2014

	Note	2014 $000	2013 $000
Non-current assets			
Goodwill and other intangible assets	17	**576**	697
Property, plant and equipment	18	**36,268**	33,241
Interests in associates	19	**4**	4
Investments in quoted companies	20	**1,225**	4
Biological assets	21	**3,071**	2,060
		41,144	36,006
Current assets			
Biological assets	21	**1,201**	1,947
Inventories	22	**4,900**	5,456
Trade and other receivables	23	**1,148**	3,378
Cash and cash equivalents	24	**6,994**	18,748
		14,243	29,529
Total assets		**55,387**	65,535
Current liabilities			
Borrowings	25	**(2,668)**	(3,091)
Trade and other payables	26	**(2,170)**	(2,416)
		(4,838)	(5,507)
Net current assets		**9,405**	24,022
Net assets		**50,549**	60,028
Share capital	28	**1,960**	1,960
Share premium		**148,622**	148,622
Shares to be issued	29.1	**2,940**	2,940
Share based payment reserve		**1,859**	1,710
Translation reserve	29.2	**(3,808)**	(2,196)
Accumulated losses		**(101,024)**	(93,008)
Equity attributable to equity holders of the parent		**50,549**	60,028

The financial statements of Agriterra Limited were approved and authorised for issue by the Board of Directors on 27 October 2014. Signed on behalf of the Board of Directors by:

PH Edmonds
Chairman

27 October 2014

Financial statements

Consolidated statement of changes in equity for the year ended 31 May 2014

	Note	Share capital $000	Share premium $000	Shares to be issued $000	Share based payment reserve $000	Translation reserve $000	Accumulated losses $000	Total equity $000
Balance at 1 June 2012		1,957	148,530	2,940	1,620	296	(113,947)	41,396
Profit for the year		—	—	—	—	—	20,939	20,939
Other comprehensive income:								
Exchange translation loss on foreign operations		—	—	—	—	(2,492)	—	(2,492)
Total comprehensive income for the year		—	—	—	—	(2,492)	20,939	18,447
Share based payments	30	—	—	—	90	—	—	90
Issue of share capital	28	3	92	—	—	—	—	95
Balance at 31 May 2013		1,960	148,622	2,940	1,710	(2,196)	(93,008)	60,028
Loss for the year		**—**	**—**	**—**	**—**	**—**	**(8,016)**	**(8,016)**
Other comprehensive income:								
Exchange translation loss on foreign operations		**—**	**—**	**—**	**—**	**(1,612)**	**—**	**(1,612)**
Total comprehensive income for the year		**—**	**—**	**—**	**—**	**(1,612)**	**(8,016)**	**(9,628)**
Share based payments	30	**—**	**—**	**—**	**149**	**—**	**—**	**149**
Balance at 31 May 2014		**1,960**	**148,622**	**2,940**	**1,859**	**(3,808)**	**(101,024)**	**50,549**

Financial statements
Consolidated cash flow statement for the year ended 31 May 2014

	Note	2014 $000	2013 (represented – note 15) $000
Cash flows from operating activities			
Loss before tax from continuing operations	6.1	**(5,627)**	(6,533)
Adjustments for:			
– Depreciation	18	**1,766**	1,840
– (Profit)/loss on disposal of property, plant and equipment		**(149)**	1
– Share based payment expense		**149**	90
– Foreign exchange (gain)/loss		**(52)**	529
– Increase in value of biological assets	21	**(290)**	(770)
– Finance costs	13	**209**	684
– Investment revenues	11	**(146)**	(43)
– Increase in fair value of quoted investments	20	**(936)**	—
Operating cash flows before movements in working capital		**(5,076)**	(4,202)
Decrease in inventories		**197**	895
Decrease in trade and other receivables		**971**	1,032
(Decrease)/increase in trade and other payables		**(173)**	315
Cash used in operating activities by continuing operations		**(4,081)**	(1,960)
Corporation tax paid		**(25)**	(125)
Finance costs		**(209)**	(684)
Interest received		**146**	43
Net cash used in operating activities by continuing operations		**(4,169)**	(2,726)
Net cash used in operating activities by discontinued operations		**(879)**	(907)
Net cash used in operating activities		**(5,048)**	(3,633)
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		**202**	14
Acquisition of property, plant and equipment	18	**(5,935)**	(10,505)
Purchase of investment in quoted companies	20	**(285)**	(4)
Increase in biological assets	21	**(219)**	(773)
Net cash used in investing activities by continuing operations		**(6,237)**	(11,268)
Net cash from investing activities by discontinued operations		**—**	27,110
Net cash (used in)/from investing activities		**(6,237)**	15,842
Cash flow from financing activities			
Net draw down of overdraft		**1,129**	1,468
Draw down of loans		—	6,000
Repayment of loans	25	**(1,500)**	(4,500)
Net cash (used in)/from financing activities from continuing operations		**(371)**	2,968
Net cash used in financing activities by discontinued operations		**—**	—
Net cash (used in)/from financing activities		**(371)**	2,968
Net (decrease)/increase in cash and cash equivalents		**(11,656)**	15,177
Effect of exchange rates on cash and cash equivalents		**(98)**	18
Cash and cash equivalents at beginning of the year		**18,748**	3,553
Cash and cash equivalents at end of the year		**6,994**	18,748

Financial statements
Notes to the consolidated financial statements

1. General information

Agriterra is incorporated and domiciled in Guernsey, the Channel Islands, with registered number 42643. Further details, including the address of the registered office, are given on page 19. The nature of the Group's operations and its principal activities are set out in the Directors' report. A list of the significant investments in subsidiaries and associate companies held directly and indirectly by the Company during the period and at the period end, including the name, country of incorporation, operation and ownership interest is given in note 37.

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

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

2. Adoption of new and revised Standards and Interpretations

2.1. New Standards and Interpretations adopted with no significant effect on the financial statements

The following new and revised Standards and Interpretations have been adopted in these financial statements. Their adoption has not had any significant impact on the amounts reported in these financial statements, but may impact the accounting for future transactions and arrangements.

IFRS 7 (amended)	Financial Instruments: Disclosures – Amendments; Disclosures – Transfers of Financial Assets (effective 1 January 2013)
IFRS 13	Fair Value Measurement (effective 1 January 2013)
IAS 19 (revised)	Employee Benefits (effective 1 January 2013)

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

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

IFRS 9	Financial Instruments: Classification (effective for annual periods beginning on or after 1 January 2018)
IFRS 10	Consolidated Financial Statements (effective for annual periods beginning on or after 1 January 2014)
IFRS 11	Joint Arrangements (effective for annual periods beginning on or after 1 January 2014)
IFRS 12	Disclosure of Interests in Other Entities (effective for annual periods beginning on or after 1 January 2014)
IFRS 14	Regulatory Deferral Accounts (effective for annual periods beginning on or after 1 January 2016)
IFRS 15	Revenue from Contracts with Customers (effective for annual periods beginning on or after 1 January 2017)
IAS 16	Amendments bringing bearer plants into the scope of IAS 16 (effective for annual periods beginning on or after 1 January 2016)
IAS 27	Separate Financial Statements (as amended 2011) (effective for annual periods beginning on or after 1 January 2014)
IAS 28	Investments in Associates and Joint Ventures (as amended 2011) (effective for annual periods beginning on or after 1 January 2014)
IAS 32	Financial Instruments: Presentation – Amendment; Offsetting Financial Assets and Financial Liabilities (effective for annual periods beginning on or after 1 January 2014).
IAS 41	Amendments bringing bearer plants into the scope of IAS 16 (effective for annual periods beginning on or after 1 January 2016)
IFRIC 21	Levies (effective for annual periods beginning on or after 1 January 2014)
September 2014 Annual Improvements to IFRSs	Effective for annual periods beginning on or after 1 January 2016

The Directors do not anticipate that the adoption of these Standards and Interpretations will have a material impact on the Group's financial statements in the period of initial application.

3. Significant accounting policies

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

3.1. Going concern

The 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. Further detail is provided in note 4.1 to the consolidated financial statements.

3.2. Basis of consolidation

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

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.

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

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

3.3. Foreign currency

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

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

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

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

	Average rate		Closing rate	
	2014	2013	**2014**	2013
Mozambican Meticais: $	**30.23**	29.20	**31.00**	29.17
Sierra Leone Leones: $	**4,284**	4,324	**4,290**	4,278

3.4. Operating segments

The Chief Operating Decision Maker is the Group Executive Committee (the 'ExCom'), comprising the Chairman, the Chief Executive and the Finance Director. The ExCom reviews the Group's internal reporting in order to assess performance of the business. Management has determined the operating segments based on the reports reviewed by the ExCom which consider the activities by nature of business.

3.5. Revenue recognition

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

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

Notes to the consolidated financial statements continued

3. Significant accounting policies continued

3.6. Operating loss

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

3.7. Borrowing costs

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

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

3.8. Share based payments

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

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

3.9. Employee benefits

3.9.1. Short-term employee benefits

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

3.9.2. Post-employment benefits

The Group does not contribute to any defined retirement plan for its employees, either defined contribution or defined benefit. Social security payments to state schemes are charged to profit and loss as the employee has rendered services.

3.10. Leases

Leases that transfer substantially all the risks and reward of ownership are classified as finance leases. All other leases are classified as operating leases. As at 31 May 2014 the Group does not have any finance leases. During the periods presented in these financial statements, the Group was counterparty to certain operating lease contracts. Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

3.11. Taxation

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

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

Current tax expense is the expected tax payable on the taxable income for the 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.

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

3.12. 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 acquire. Acquisition related costs are recognised in profit and loss 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.

3.13. Goodwill

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

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.

3.14. Other intangible assets – concessions

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 are carried at historical costs less impairment losses recognised on a project-by-project basis, pending determination of the technical feasibility 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.

3.15. Property, plant and equipment

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

Assets in the course of construction for production, rental or administrative purposes 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 and buildings:

Land	Nil
Buildings and leasehold improvements	5% – 25%
Plant and machinery	7% – 25%
Motor vehicles	20% – 25%
Aviation	20%
Other assets	10% – 33%
Assets under construction	Nil

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

Financial statements
Notes to the consolidated financial statements continued

3. Significant accounting policies continued

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

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

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

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

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

3.17. Biological assets

Consumer biological assets, being the beef cattle herd, are measured in accordance with IAS 41, *'Agriculture'* at fair value less costs to sell, with gains and losses in the measurement to fair value recorded in profit and loss. 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 animals (principally 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 charged to the income statement over the period it is consumed.

3.18. Inventories

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

3.19. Provisions

The Group recognises a provision when it has a present legal or constructive obligation as a result of a past event, and it is probable that the Group will be required to settle the obligation and the amount concerned can be estimated reliably. Provisions are measured based on the best estimate of the expenditure required to settle the present obligation at the reporting date. Where the effect of the time value of money is material, the amount of the provision is discounted to present value using a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The increase in the amount of the provision as a result of the passage of time is recorded in profit or loss for the year.

3.20. Financial instruments

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

3.20.1. Financial assets

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

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

3.20.1.1. Loans and receivables

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

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

3.20.1.2. Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or is designated as at FVTPL upon initial recognition. The Group holds certain investments in quoted companies which are designated as held for trading. Financial assets at FVTPL are stated at fair value, with any gains and losses arising on re-measurement recognised in profit or loss. The net gain or loss incorporates any dividends, interest earned, or foreign exchange gains and losses on the financial asset and is included in the 'Other gains and losses' line item in the income statement. Fair value is determined in the manner described in note 20.

3.20.1.3. Impairment of financial assets

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

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

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

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

3.20.1.4. Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

3.20.2. Financial liabilities and equity

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

3.20.2.1. Equity instruments

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

3.20.2.2. Financial liabilities

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

3.20.2.2.1. Other financial liabilities

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

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

3.20.2.2.2. Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

3.20.3. Derivative financial instruments

Derivative financial instruments are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resultant gain or loss is recognised in profit or loss. The Group did not have any derivative instruments in any period presented.

Financial statements
Notes to the consolidated financial statements continued

4. Critical accounting judgments and key sources of estimation uncertainty

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

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

4.1. Going concern

The Group has prepared forecasts for the Group's ongoing businesses covering the period of at least twelve months from the date of approval of these financial statements. These forecasts are based on assumptions including, inter alia, that there are no significant disruptions to the supply of maize or cattle to meet its projected sales volumes and take into account the investment in the beef herd, cocoa plantation, other working capital and additional property plant and equipment that are expected to be required.

The Directors believe that 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 these financial statements.

4.2. Impairments

Impairment reviews for non-current assets are carried out at each balance sheet date in accordance with IAS 36, *'Impairment of Assets'*. Where there are indicators of impairment, the net book value of the cash generating unit is compared with the associated fair value. The impairment review is sensitive to various assumptions, including the expected sales forecasts, cost assumptions, capital requirements, and discount rates among others.

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. Concurrently, the Directors suspended exploration activities in the Group's oil and gas operations and reduced expenditure to the minimum required in order to retain exploration licenses. Consequently the exploration and evaluation and other related intangible assets were fully impaired.
The provision for impairment is written back to profit and loss within 'Discontinued operations' upon receipt of funds. Subsequent to the period end and as more fully described in note 33, the Company and Group reached full and final settlement with respect to ongoing claims arising from its legacy oil interests in the Republic of South Sudan realising £3,412,000 (approximately $5,600,000) in cash which has been recognised in the financial year ended 31 May 2015.

4.3. Biological assets

Cattle are accounted for as biological assets and measured at their fair value at each balance sheet date. Fair value is based on the estimated market value for cattle 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 consolidated income statement. At 31 May 2014 the value of the breeding herd disclosed as a non-current asset was $3,071,000 (2013: $2,060,000). The value of the herd held for slaughter disclosed as a current asset was $1,201,000 (2013: $1,947,000).

4.4. Recoverability of input Value Added Tax

Mozambique Value Added Tax ('IVA') operates in a similar manner to UK Value Added Tax ('VAT'). The Group is exempt from IVA on its sales of Maize under the terms of Mozambique tax law. The Group is able to recover input sales tax on substantially all of the purchases of the Grain division. The Group is always therefore in a net recovery position of IVA in respect of its Grain operations.
To date the Group has not succeeded in recovering IVA from the Mozambique Government. Due to the significant uncertainty over the recoverability of these IVA balances, the Group has provided in full against the assets as at 31 May 2013 and 31 May 2014.

As at 31 May 2014, the gross and net IVA recoverable assets are respectively $1,345,000 (2013: $1,310,000) and $nil (2013: $nil) at the $ to Metical exchange rate of 31.00 (2013: 29.17) at that date. The Group is now preparing all necessary documentation to submit its IVA re-imbursement claims and, while the Group is optimistic that substantially all of the gross IVA asset will be recovered, the timing of recovery remains uncertain due to factors outside of the control of the Group, including (1) the procedures in process/to be undertaken by the Mozambique Tax Authority to validate the Group's IVA claims and the timing of those procedures; and (2) the Mozambique Government's budgeted amounts for annual repayment of IVA and the inclusion of the Group's repayments in those budgeted amounts. Due to the above uncertainties, the IVA recoverable asset is fully provided against (refer to note 23).

Business review
Governance
Financial statements

5. Revenue

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

	2014 $000	2013 (represented – note 15) $000
Continuing operations		
Sales of goods	**13,797**	18,073
Investment revenues (note 11)	**146**	43
	13,943	18,116
Discontinued operations		
Sales of goods (note 15)	**1,907**	3,140
	15,850	21,256

6. Segment reporting

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

6.1. Segment revenue and results

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

Year ending 31 May 2014	Grain $000	Beef $000	Cocoa $000	Unallocated $000	Discontinued $000	Eliminations $000	Total $000
Revenue							
External sales(2)	**9,716**	**4,081**	**1,907**	**—**	**(1,907)**	**—**	**13,797**
Inter-segment sales(1)	**412**	**—**	**—**	**—**	**—**	**(412)**	**—**
	10,128	**4,081**	**1,907**	**—**	**(1,907)**	**(412)**	**13,797**
Segment results							
– Operating loss	**(421)**	**(3,436)**	**(1,028)**	**(2,456)**	**841**	**—**	**(6,500)**
– Interest (expense)/income	**(193)**	**2**	**(1)**	**128**	**1**	**—**	**(63)**
– Other gains and losses	**—**	**—**	**—**	**936**	**—**	**—**	**936**
Loss before tax	**(614)**	**(3,434)**	**(1,029)**	**(1,392)**	**842**	**—**	**(5,627)**
Income tax	**(16)**	**(9)**	**—**	**—**	**—**	**—**	**(25)**
Loss for the period from continuing operations	**(630)**	**(3,443)**	**(1,029)**	**(1,392)**	**842**	**—**	**(5,652)**

Year ending 31 May 2013 (represented – note 15)	Grain $000	Beef $000	Cocoa $000	Unallocated $000	Discontinued $000	Eliminations $000	Total $000
Revenue							
External sales(2)	15,843	2,230	3,140	—	(3,140)	—	18,073
Inter-segment sales(1)	470	—	—	—	—	(470)	—
	16,313	2,230	3,140	—	(3,140)	(470)	18,073
Segment results							
– Operating loss	(108)	(2,639)	(1,564)	(2,961)	1,380	—	(5,892)
– Interest (expense)/income	(335)	2	(5)	(308)	5	—	(641)
Loss before tax	(443)	(2,637)	(1,569)	(3,269)	1,385	—	(6,533)
Income tax	(13)	—	—	—	—	—	(13)
Loss for the period from continuing operations	(456)	(2,637)	(1,569)	(3,269)	1,385	—	(6,546)

(1) Inter-segment sales are charged at prevailing market prices.
(2) Revenue represents sales to external customers and is recorded in the country of domicile of the group company making the sale. Sales from the Grain and Beef divisions are principally for supply to the Mozambican market. Sales from the Cocoa division are supplied to the world market.

Financial statements
Notes to the consolidated financial statements continued

6. Segment reporting continued

6.1. Segment revenue and results continued

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

Year ending 31 May 2014	**Grain $000**	**Beef $000**	**Cocoa $000**	**Unallocated $000**	**Discontinued $000**	**Eliminations $000**	**Total $000**
Depreciation	**504**	**1,124**	**133**	**138**	**(133)**	**—**	**1,766**

Year ending 31 May 2013 (represented – note 15)	Grain $000	Beef $000	Cocoa $000	Unallocated $000	Discontinued $000	Eliminations $000	Total $000
Depreciation	767	932	369	141	(369)	—	1,840

6.2. Segment assets, liabilities and capital expenditure

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, including overdraft financing facilities in the Grain segment.

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

The segment assets and liabilities at 31 May 2014 and capital expenditure for the year then ended are as follows:

	Grain $000	**Beef $000**	**Cocoa $000**	**Unallocated $000**	**Total $000**
Assets	**13,440**	**19,269**	**8,728**	**13,950**	**55,387**
Liabilities	**(2,775)**	**(442)**	**(334)**	**(1,287)**	**(4,838)**
Capital expenditure	**409**	**1,203**	**4,048**	**746**	**6,406**

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

	Assets $000	**Liabilities $000**
Segment assets and liabilities	**41,437**	**3,551**
Unallocated:		
Property, plant and equipment	**6,716**	**—**
Investments	**1,229**	**—**
Other receivables	**161**	**—**
Cash	**5,844**	**—**
Trade payables	**—**	**540**
Accruals and deferred income	**—**	**747**
Total	**55,387**	**4,838**

The segment assets and liabilities at 31 May 2013 and capital expenditure for the year then ended are as follows:

	Grain $000	Beef $000	Cocoa $000	Unallocated $000	Total $000
Assets	14,935	18,434	5,750	26,416	65,535
Liabilities	(1,928)	(407)	(15)	(3,157)	(5,507)
Capital expenditure	466	6,174	4,162	45	10,847

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

	Assets $000	Liabilities $000
Segment assets and liabilities	39,119	2,350
Discontinued activities	226	606
Unallocated:		
Property, plant and equipment	6,232	—
Investments	8	—
Other receivables	2,175	—
Cash	17,775	—
Trade payables	—	709
Accruals and deferred income	—	342
Loan note	—	1,500
Total	65,535	5,507

Unallocated property, plant and equipment includes $5,880,000 (2013: $5,880,000) in respect of the lease over 45,000 hectares of brownfield land suitable for Palm oil production and $837,000 (2013: $317,000) of aviation assets.

6.3. Significant customers

In the year ended 31 May 2014 one of the Cocoa division's customers generated $1,884,000 of revenue being 12% of Group revenue (2013: $2,911,000 being 14% of Group revenue). The customer related to the Cocoa trading operations which have been discontinued in the period (refer to note 15.2).

7. Operating loss

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

	2014 $000	2013 (represented – note 15) $000
Depreciation of property, plant and equipment	**1,766**	1,840
(Profit)/loss on disposal of property, plant and equipment	**(149)**	1
Net foreign exchange (gain)/loss	**(52)**	3
Staff costs (see note 9)	**4,581**	4,219

8. Auditor's remuneration

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

	2014 $000	2013 $000
Fees payable to the Company's auditor for the audit of the Company's accounts	**132**	149
Fees payable to the Company's auditor and their associates for other services to the Group:		
The audit of the Company's subsidiaries	**58**	75
Total audit fees	**190**	224

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

Financial statements
Notes to the consolidated financial statements continued

9. Staff costs

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

	2014 number	2013 number
Office and management	**61**	52
Operational	**910**	980
	971	1,032
Of which relating to:		
Continuing operations	**900**	942
Discontinued operations	**71**	90
	971	1,032

Their aggregate remuneration comprised:

	2014 $000	2013 $000
Wages and salaries	**5,429**	5,212
Social security costs	**94**	84
Share based payment charge	**149**	90
	5,672	5,386
Less: capitalised and included in assets under construction	**(685)**	(881)
Amount charged to profit and loss	**4,987**	4,505
Of which relating to:		
Continuing operations	**4,581**	4,219
Discontinued operations	**406**	286
	4,987	4,505

10. Remuneration of directors

Year ended 31 May 2014	**Salary $000**	**Bonus $000**	**Share based payment $000**	**Total $000**
PH Edmonds	**165**	**—**	**—**	**165**
AS Groves	**162**	**—**	**—**	**162**
DL Cassiano-Silva	**134**	**42**	**—**	**176**
EA Kay	**154**	**—**	**24**	**178**
MN Pelham	**—**	**—**	**—**	**—**
	615	**42**	**24**	**681**

Year ended 31 May 2013	Salary $000	Bonus $000	Share based payment $000	Total $000
PH Edmonds	78	250	—	328
AS Groves	156	250	—	406
EA Kay	174	78	24	276
MN Pelham	—	280	—	280
	408	858	24	1,290

11. Investment revenues

	2014 $000	2013 $000
Interest revenues:		
Bank deposits	**58**	43
Other loans and receivables	**88**	—
Total interest revenues	**146**	43

All investment revenues are earned on financial assets classified as loans and receivables (including cash and bank balances).

12. Other gains and losses

	2014 $000	2013 $000
Change in fair value of quoted investments designated as at FVTPL at initial recognition (note 20)	**936**	—

13. Finance costs

	2014 $000	2013 (represented – note 15) $000
Interest expense:		
Bank borrowings	**197**	324
Loan notes	**12**	160
Facility fees	**—**	200
Total finance expense	**209**	684

14. Taxation

	2014 $000	2013 (represented – note 15) $000
Loss before tax from continuing activities:	**(5,627)**	(6,533)
Tax at the Mozambican corporation tax rate of 32% (2013: 32%)	**(1,801)**	(2,091)
Tax effect of expenses that are not deductible in determining taxable profit	**73**	75
Tax effect of losses not allowable	**432**	1,308
Tax effect of losses not recognised in overseas subsidiaries (net of effect of different rates)	**1,296**	721
Statutory taxation payments irrespective of income	**25**	—
Tax expense	**25**	13

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 recognised a tax charge of $1,000,000 (2013: credit of $1,000,000) in respect of disposal of its Ethiopian oil and gas interests, reported within discontinued operations.

The Group has operations in a number of overseas jurisdictions where it has incurred taxable losses which may be available for offset against future taxable profits amounting to approximately $14,570,000 (31 May 2013: $13,611,000). In addition, the Group has further deductible timing differences amounting to approximately $6,513,000 (31 May 2013: $2,964,000). No deferred tax asset has been recognised for these tax losses and other deductible timing differences as the requirements of IAS 12, *'Income taxes'*, have not been met.

The Company is resident for taxation purposes in Guernsey and its income is subject to Guernsey income tax, presently at a rate of zero percent. per annum (2013: zero percent. per annum). 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).

Financial statements
Notes to the consolidated financial statements continued

15. Discontinued operations

The (loss)/profit after tax arising on discontinued operations during the period is analysed by business operation as follows:

	2014 $000	2013 (represented – note 15.2) $000
Oil and gas activities	**(1,378)**	29,380
Cocoa trading activities	**(986)**	(1,385)
Other	**—**	(510)
Net (loss)/profit after tax attributable to discontinued operations (attributable to owners of the Company)	**(2,364)**	27,485

15.1. Oil and gas

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. At the same time the Group suspended all exploration activities and reduced expenditure to the minimum required in order to retain exploration licenses and extract potential value for shareholders. Consequently the oil and gas activities were reclassified as a discontinued operation.

In the financial year ended 31 May 2013, on 17 January 2013, the Group completed the disposal of its oil and gas interests in Ethiopia, realising a gain before tax of $40,380,000. After deduction of tax due on this gain of $12,000,000 net of an expected tax rebate of $1,000,000, the after tax profit realised was $29,380,000. This gain was written back against the impairment provision made in prior years. During the year ended 31 May 2014 and due to uncertainties on the timing and amount of the tax rebate to be recovered, the Group has provided against the $1,000,000 expected tax rebate.

During the year ended 31 May 2014 the Group incurred expenditure on formal arbitration proceedings to recover the compensation assessed by the National Petroleum Commission as being due to the Company for works undertaken by the Company in the Republic of South Sudan and acknowledged as being due by the Ministry of Petroleum and Mining of the Republic of South Sudan in April 2012. Expenditure of $378,000 has been incurred in this matter during the year ended 31 May 2014. This matter was resolved subsequent to the period end through the payment to the Company of £3,412,000 (approximately $5,600,000) in cash which has been recognised in the financial year ended 31 May 2015.

15.2. Cocoa trading

Due to the serious and well-publicised Ebola outbreak and the associated precautionary restrictions on travelling in Sierra Leone, accompanied by the ongoing losses suffered by the Cocoa trading operations, the Group has ceased its Cocoa trading operations in Sierra Leone. The Cocoa trading operation was focussed primarily on building a presence in-country and providing a market entry point for buyers as a precursor to the establishment of the Group's own plantation, and the implementation of programmes involving the upgrading of local growers plant quality through plant distribution. The Group anticipates that the cessation of the Cocoa trading operations will allow it to realise the value of certain assets previously utilised by that operation, and to focus all of the Cocoa division's efforts on the development of the Group's cocoa plantation. The Company is confident that ceasing trading will not have a materially adverse effect on its financial performance.

The Cocoa trading operations represented a business segment of the Group and accordingly, as required by IFRS 5, *'Non-current Assets Held for Sale and Discontinued Operations'*, the results of the Cocoa trading operations are presented as discontinued operations within the consolidated income statement. Cash flows pertaining to the Cocoa trading operations are presented in the consolidated cash flow statement along with all cash flows relating to discontinued operations. The results of operations and cash flows reported for the period ended 31 May 2013 have been re-presented for these discontinued operations as required by IFRS 5.

The results of the discontinued Cocoa trading operations, which have been included in the consolidated income statement, were as follows:

	2014 $000	2013 $000
Loss in the year from the Cocoa trading operations:		
Revenue	**1,907**	3,140
Expenses	**(2,748)**	(4,520)
Finance expense	**(1)**	(5)
Loss before taxation	**(842)**	(1,385)
Taxation	**—**	—
Loss after tax from discontinued Cocoa trading operations in the period	**(842)**	(1,385)
Loss on cessation of the Cocoa trading operations:		
Loss on impairment of goodwill	**(144)**	—
Net loss attributable to discontinued Cocoa trading operations (attributable to owners of the Company)	**(986)**	(1,385)

15.3. Other

In the financial year ended 31 May 2013 the Group closed its maize meal importation business in Zimbabwe and its port development concession in Conakry realising a pre and post-tax loss of $510,000. No amounts have been recognised in respect of these discontinued operations for the year ended 31 May 2014.

16. (Loss)/earnings per share

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

	2014 $000	2013 (represented – note 15) $000
Loss for the purposes of basic and diluted earnings per share from continuing activities	**(5,652)**	(6,546)
(Loss)/profit for the purposes of basic and diluted earnings per share from discontinued activities	**(2,364)**	27,485
(Loss)/profit for the purposes of basic and diluted earnings per share (loss for the year attributable to equity holders of the parent)	**(8,016)**	20,939
Weighted average number of Ordinary Shares for the purposes of basic (loss)/ earnings per share	**1,061,818,478**	1,059,963,899
Potential Ordinary Shares	—	43,447,117
Weighted average number of Ordinary Shares for the purposes of diluted (loss)/ earnings per share	**1,061,818,478**	1,103,411,016
Basic (loss)/earnings per share	**(0.76)**	1.98
Basic (loss)/earnings per share – diluted	**(0.76)**	1.90
Loss per share from continuing activities	**(0.53)**	(0.62)
(Loss)/earnings per share from discontinued activities	**(0.22)**	2.59
(Loss)/earnings per share from discontinued activities – diluted	**(0.22)**	2.49

There is no dilutive effect from potential Ordinary Shares on the loss per share on continuing activities because the Group's result from continuing operations for each period presented is a loss.

Financial statements
Notes to the consolidated financial statements continued

17. Goodwill and other intangible assets

	Goodwill $000	Concession Agreement $000	Total $000
Cost			
At 1 June 2012	697	266	963
Disposal	—	(269)	(269)
Exchange rate adjustment	—	3	3
At 31 May 2013	697	—	697
Eliminated in period	**(144)**	**—**	**(144)**
Exchange rate adjustment	**23**	**—**	**23**
At 31 May 2014	**576**	**—**	**576**
Net book value			
31 May 2014	**576**	**—**	**576**
31 May 2013	**697**	**—**	**697**

The Group's goodwill balance arose on the acquisition of the Cocoa operations, comprising the cocoa plantation and cocoa trading business in Sierra Leone. Due to the cessation of the Cocoa trading operations in the period (refer to note 15.2), the proportion of the goodwill attributed to that business has been eliminated during the period and is included in the computation of the net loss from discontinued operations. The remaining balance of $576,000 attributed to cocoa plantation has been reviewed for impairment in accordance with the Group's accounting policy. The review includes an assessment of the present value of potential returns from the asset, being the cocoa plantation, over a period of 25 years, being the expected life cycle of the cocoa trees planted in the initial planting phase. The recoverable amount of the cash generating unit to which the goodwill has been allocated is determined on value in use calculations. The discount rate used in the Group's estimated average cost of capital is 15%. The review performed at the reporting date did not result in the impairment of goodwill as the estimated recoverable amount exceeds its carrying value.

18. Property, plant and equipment

	Land and buildings $000	Plant and machinery $000	Motor vehicles $000	Aviation $000	Other assets $000	Assets under construction $000	Total $000
Cost							
At 1 June 2012	18,083	8,055	6,190	643	662	—	33,633
Additions	5,754	3,976	1,025	—	92	—	10,847
Disposals	(292)	(445)	(1,698)	—	(181)	—	(2,616)
Exchange rate adjustment	(798)	(469)	(306)	(70)	(27)	—	(1,670)
At 31 May 2013	22,747	11,117	5,211	573	546	—	40,194
Additions	**1,880**	**1,039**	**285**	**739**	**68**	**2,395**	**6,406**
Disposals	**—**	**(20)**	**(195)**	**(62)**	**(4)**	**—**	**(281)**
Transfers	**307**	**(409)**	**93**	**—**	**9**	**—**	**—**
Exchange rate adjustment	**(557)**	**(1,158)**	**476**	**(72)**	**(24)**	**—**	**(1,335)**
At 31 May 2014	**24,377**	**10,569**	**5,870**	**1,178**	**595**	**2,395**	**44,984**
Accumulated depreciation							
At 1 June 2012	271	2,655	4,010	142	312	—	7,390
Charge for the year	3	1,389	957	129	75	—	2,553
Disposals	(269)	(445)	(1,679)	—	(181)	—	(2,574)
Exchange rate adjustment	—	(208)	(180)	(15)	(13)	—	(416)
At 31 May 2013	5	3,391	3,108	256	193	—	6,953
Charge for the year	**312**	**1,067**	**775**	**142**	**74**	**—**	**2,370**
Disposals	**—**	**(8)**	**(160)**	**(37)**	**(1)**	**—**	**(206)**
Transfers	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Exchange rate adjustment	**547**	**(1,383)**	**464**	**(20)**	**(9)**	**—**	**(401)**
At 31 May 2014	**864**	**3,067**	**4,187**	**341**	**257**	**—**	**8,716**
Net book value							
31 May 2014	**23,513**	**7,502**	**1,683**	**837**	**338**	**2,395**	**36,268**
31 May 2013	22,742	7,726	2,103	317	353	—	33,241

Additions to land and buildings include $1,897,000 (2013: $1,280,000) of acquisition and development costs of the Group's cocoa plantation in Sierra Leone. Included in this sum is $471,000 (2012: $344,000) of depreciation in respect of plant and equipment and $559,000 (2013: $445,000) of wages and salaries.

A depreciation charge of $1,766,000 (2013: $1,840,000) has been included in the consolidated income statement within operating expenses and $133,000 (2013: $369,000) has been included with discontinued operations.

Land and buildings with a carrying amount of $2,694,000 (2013: $nil) have been pledged to secure the Group's bank overdraft (note 25). The Group is not allowed to pledge these assets as security for other borrowings or sell them to another entity.

At 31 May 2014, the Group had entered into contractual commitments for the acquisition of property, plant and equipment amounting to $49,000 (2013: $nil).

Financial statements
Notes to the consolidated financial statements continued

19. Interests in associates

The Company and Group's interest in associates represents a 40% equity investment in African Management Services Limited ('AMS'). The Group's share of the result of AMS for the period ended 31 May 2014 was $nil (2013: loss $5,000). The share of the cumulative results and net assets of AMS is $4,000 (2013: $4,000). The Company's investment in AMS was $nil.

20. Investments in quoted companies

'Investments in quoted companies' held by the Company and Group comprise financial assets at FVTPL. Changes in market value are recorded in profit and loss within other gains and losses. As at 31 May 2014, these investments comprise 8,337,682 (31 May 2013: 2,500,000) ordinary shares in African Oilfield Logistics Limited ('AOL'), an AIM quoted company focussed on the logistics support industry in respect of oil and gas exploration and other development projects in sub-Saharan Africa. The investment presents the Group with opportunity for return through dividend income and trading gains, providing exposure to the expanding infrastructure support market in sub-Saharan Africa. Movements in the value of the investment in AOL were as follows:

	$000
At 1 June 2012	—
Purchase of investments at cost	4
At 31 May 2013	4
Purchase of investments at cost	**285**
Increase in fair value (note 12)	**936**
At 31 May 2014	**1,225**

The fair value has been determined based on quoted market prices in an active market and comprises a level 1 fair value in the IFRS 13 fair value hierarchy.

21. Biological assets

	$000
Fair value	
At 1 June 2012	2,660
Purchase of biological assets	1,623
Sale of biological assets	(906)
Change in fair value	770
Foreign exchange	(140)
At 31 May 2013	4,007
Purchase of biological assets	**2,195**
Sale of biological assets	**(1,976)**
Change in fair value	**290**
Foreign exchange	**(244)**
At 31 May 2014	**4,272**

Biological assets comprise cattle in Mozambique held for breeding purposes (the 'Breeding herd') or for slaughter (the 'Slaughter herd'). The Slaughter herd has been classified as a current asset. The Breeding herd is classified as a non-current asset. Biological assets are accordingly classified as current or non-current assets as follows:

	2014 Head	2013 Head	**2014 $000**	2013 $000
Non-current asset	**5,481**	4,091	**3,071**	2,060
Current asset	**2,749**	2,788	**1,201**	1,947
	8,230	6,879	**4,272**	4,007

For valuation purposes, cattle are grouped into classes of animal (e.g. bulls, cows, steers etc). A standard animal weight per breed and class is then multiplied by the number of animals in each class to determine the estimated total live weight of all animals in the herd. The herd is then valued by reference to market prices for meat in Mozambique, less estimated costs to sell. The valuation is accordingly a level 2 valuation in the IFRS 13 hierarchy whereby inputs other than quoted prices that are observable for the asset are used.

22. Inventories

	2014 $000	2013 $000
Consumables and spares	**127**	305
Raw materials	**4,438**	4,955
Work in progress	**34**	27
Finished goods	**301**	169
	4,900	5,456

During the year inventories amounting to $8,084,000 (2013: $12,137,000) were included in cost of sales and $2,179,000 (2013: $2,827,000) were included within discontinued operations.

Inventories with a carrying amount of $4,237,000 (2013: $nil) have been pledged to secure the Group's bank overdraft (note 25).

23. Trade and other receivables

	2014 $000	2013 $000
Trade receivables	**459**	796
Other receivables	**393**	1,297
Corporation tax recoverable	**—**	1,088
Prepayments	**296**	197
	1,148	3,378

'Trade receivables' and 'Other receivables' disclosed above are classified as loans and receivables and measured at amortised cost.

Included in 'Other receivables' are receivables which have been provided against. Movements in the allowance account against 'Other receivables', which principally relate to input IVA recoverable in Mozambique (refer to note 4.4) is as follows:

	$000
At 1 June 2012	1,237
Charged to profit and loss	144
Foreign exchange gain	(71)
At 31 May 2013	1,310
Charged to profit and loss	**118**
Foreign exchange gain	**(83)**
At 31 May 2014	**1,345**

The increase in the allowance account during both periods presented reflects the increase in the underlying input IVA balance recorded by the Group and the effect of the devaluation of the Mozambique Metical against the United States Dollar.

Other receivables include $122,000 (2013: $1,088,000) due from related parties (see note 31).

The Directors consider that the carrying amount of financial assets approximates their fair value. There are no significant amounts past due which have not been provided against (2013: $nil). Further details on the Group's financial assets are provided in note 27.

24. Cash and cash equivalents

Included within the Company and Group's cash and cash equivalents is $107,000 (2013: $107,000) of restricted cash held on deposit as security for certain supplier guarantees.

Financial statements
Notes to the consolidated financial statements continued

25. Borrowings

	2014 $000	2013 $000
Bank overdraft	**2,468**	1,591
Loan note	**—**	1,500
Other	**200**	—
	2,668	3,091

The Group has an overdraft facility of 189,000,000 Mozambique Metical (approximately $6,000,000) (2013: 62,000,000 Metical (approximately $2,000,000)) to provide funding for its Grain operations in Mozambique. It is secured against certain of the Group's property, plant and equipment (note 18) and all maize inventory and finished maize products (note 22). Interest is charged at the Mozambique prime rate less 3%, being a current rate of 13% (2013: Mozambique prime rate less 0.5%, being a rate of 22%). The facility is renewable annually on 31 May upon agreement of the parties.

Other borrowings represent customer pre-financing for the Group's Cocoa trading operations, is unsecured, bears no interest and was repaid subsequent to the period end.

The loan note outstanding as at 31 May 2013 was unsecured, due within one year and carried a coupon of 10%. The loan note was repaid during the year in accordance with its terms.

26. Trade and other payables

	2014 $000	2013 $000
Trade payables	**77**	159
Other payables	**666**	1,093
Accrued liabilities	**1,413**	1,164
Corporation tax	**14**	—
	2,170	2,416

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

Other payables includes $nil (2013: $165,000) payable to related parties (see note 31).

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

27. Financial instruments

27.1. Capital risk management

The Group and Company manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to shareholders. The capital structure of the Group comprises its net debt (the borrowings disclosed in note 25 after deducting cash and bank balances) and equity of the Group as shown in the balance sheet. The Company and Group are not subject to any externally imposed capital requirements.

The ExCom reviews the capital structure on a regular basis and seeks to match new capital requirements of subsidiary companies to new sources of external debt funding denominated in the currency of operations of the relevant subsidiary. Where such additional funding is not available, the Group funds the subsidiary companies by way of loans from the Company. 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. In accordance with this policy, the Group has increased its overdraft facility in Mozambique to finance its Grain operations from approximately $2,000,000 as at 31 May 2013 to approximately $6,000,000 (note 25).

27.2. Categories of financial instruments

The following are the Group and Company financial instruments as at 31 May:

	Group		Company	
	2014 $000	2013 $000	**2014 $000**	2013 $000
Financial assets				
Cash and bank balances	**6,994**	18,748	**5,747**	17,770
Fair value through profit and loss:				
Held for trading	**1,225**	4	**1,225**	4
Loans and receivables	**852**	2,093	**41,752**	34,225
	9,071	20,845	**48,724**	51,999
Financial liabilities				
Amortised cost	**(4,824)**	(5,507)	**(1,040)**	(2,693)
	(4,824)	(5,507)	**(1,040)**	(2,693)
	4,247	15,338	**47,684**	49,306

27.3. Financial risk management objectives

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

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

The Group's key financial market risks arise from changes in foreign exchange rates ('currency risk'). To a lesser extent the Group is exposed to interest rate risk and other price risk (in respect of its investments in quoted companies). The Group is also exposed to credit risk and liquidity risk. The principal risks that the Group faces as at 31 May 2014 with an impact on financial instruments are summarised below.

Financial statements
Notes to the consolidated financial statements continued

27. Financial instruments continued

27.4. Market risk

The Group and Company are exposed to currency risk, interest risk and other price risk (in respect of its investments in quoted companies). These are discussed further below:

27.4.1. Currency risk

Certain of the Group companies have functional currencies other than $ and the Group is therefore subject to fluctuations in exchange rates in translation of their results and financial position into $ for the purposes of presenting consolidated accounts. The Group does not hedge against this translation risk.

The Group's financial assets and liabilities by currency are as follows:

	Assets		Liabilities	
	2014 $000	2013 $000	**2014 $000**	2013 $000
United States Dollar ('$')	**5,977**	18,910	**1,510**	3,153
Sterling ('GBP')	**1,225**	4	**—**	—
Mozambique Metical ('MZN')	**1,588**	1,553	**3,209**	2,337
Sierra Leone Leones ('SLL')	**169**	257	**95**	15
Other	**112**	121	**10**	2
	9,071	20,845	**4,824**	5,507

The Company's financial assets and liabilities by currency are as follows:

	Assets		Liabilities	
	2014 $000	2013 $000	**2014 $000**	2013 $000
$	**47,360**	51,817	**963**	2,553
GBP	**1,243**	40	**77**	140
Other	**121**	142	**—**	—
	48,724	51,999	**1,040**	2,693

The Group and Company transact with suppliers and/or customers in currencies other than the functional currency of the relevant group company (foreign currencies), and hold investments in quoted companies which are traded in currencies other than $. The Group does not hedge against this transactional risk. As at 31 May 2013 and 31 May 2014, the Group and Company's outstanding foreign currency denominated monetary items were principally exposed to changes in the $/GBP and $/MZN exchange rate. The following table details the Group and Company's exposure to a 5 per cent increase and decrease in the $ against GBP and separately against MZN. The sensitivity analysis includes only outstanding foreign currency denominated items and excludes the translation of foreign subsidiaries and operations into the Group's presentation currency. The sensitivity also includes intra-group loans where the loan is in a currency other than the functional currency of the lender or borrower. A positive number indicates an increase in profit and other equity when the $ strengthens against the relevant currency by 5 per cent. For a 5 per cent weakening of the $ against the relevant currency, there would be a comparable impact on the profit and other equity, and the balances would be negative.

	GBP Impact		MZN Impact	
	2014 $000	2013 $000	**2014 $000**	2013 $000
Group				
Profit or loss(1)	**61**	—	**—**	—
Other equity(2)	**(12)**	(15)	**2,755**	2,419
Company				
Profit or loss(1)	**61**	—	**—**	—
Other equity	**(3)**	(5)	**—**	—

(1) This is mainly due to the exposure arising from investments in quoted companies where the related company's equity securities are quoted in GBP.
(2) This is mainly due to the exposure arising on the translation of $ denominated intra-group loans provided to MZN functional currency entities which are included as part of the Company and Group's net investment in the related entities.

27.4.2. Interest rate risk

The Group and Company are exposed to interest rate risk because entities in the Group hold cash balances and borrow funds at floating interest rates. As at 31 May 2014, the Group and Company have no interest bearing fixed rate instruments. The Group and Company maintain cash deposits at variable rates of interest for a variety of short term periods, depending on cash requirements. The Grain operations in Mozambique are also partially financed through the overdraft facility and the Group's Cocoa operations were partially financed by customer advances (refer to note 25). The rates obtained on cash deposits 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 1.05% (2013: 0.85%). The weighted average interest on drawings under the overdraft facility was 16% (2013: 22%), on the customer advances was nil% (2013: nil%) and on the short-term loan note was 10% (2013: 10%).

The Group and Company exposure to interest rates on financial assets and liabilities is detailed below. The Group does not hedge interest rate risk.

	2014 $000	2013 $000
Group		
Financial assets at floating rates	**6,994**	18,748
Financial liabilities at floating rates	**(2,468)**	(1,591)
	4,526	17,157
Financial liabilities at fixed rates	**(200)**	(1,500)
	4,326	15,657
Company		
Financial assets at floating rates	**5,747**	17,770
Financial liabilities at fixed rates	**—**	(1,500)
	5,747	16,270

The following table details the Group and Company's exposure to interest rate changes, all of which affect profit and loss only with a corresponding effect on accumulated losses. The sensitivity has been prepared assuming the liability outstanding at the balance sheet date was outstanding for the whole year. In all cases presented, a positive number in profit and loss represents an increase in interest income/decrease in finance expense. The sensitivity is presented assuming interest rates increase by either 20bp or 50bp. A 20bp or 50bp decrease in interest rates would have the opposite effect.

	Group		Company	
	2014 $000	2013 $000	**2014 $000**	2013 $000
+ 20bp increase in interest rates	**9**	34	**11**	35
+ 50bp increase in interest rates	**23**	86	**29**	88

27.4.3. Other price risk

The Group and Company is exposed to equity price risk on its investments in quoted securities which are measured at fair value (refer to note 20). Investments in quoted companies comprise investments in one company, AOL. If AOL's share price increased/(decreased) by 10% and the $/GBP exchange rate remained unchanged, the Group and Company net profit would increase/(decrease) by $123,000.

27.5. Credit risk

Credit risk arises from cash and cash equivalents, and deposits with banks and financial institutions, as well as outstanding receivables. The Group's 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 maximum exposure to credit risk is the carrying value of the Group and Company financial assets disclosed in notes 23 and 27.2.

Financial statements
Notes to the consolidated financial statements continued

27. Financial instruments continued

27.6. Liquidity risk

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

At 31 May 2014 the Group held cash deposits of $6,994,000 (2013: $18,748,000). At 31 May 2014 the Company held cash deposits of $5,747,000 (2013: $17,770,000m). At 31 May 2014 the Group had an overdraft facility of approximately $6,000,000 (2013: approximately $2,000,000) of which $2,468,000 (2013: $1,591,000) was drawn. The Group had other borrowings/short term loan note outstanding of $200,000 (2013: $1,500,000) (see note 25). Subsequent to the period end, the Group realised an exceptional cash inflow of approximately $5,600,000 from the settlement of certain claims regarding oil exploration blocks in the Republic of South Sudan (refer to note 33). As at the date of this report the Group has adequate liquidity to meet its obligations as they fall due.

The following table details the Group and Company's remaining contractual maturity of its financial liabilities. The table is drawn up utilising undiscounted cash flows and based on the earliest date on which the Group and Company could be required to settle its obligations. The table includes both interest and principal cash flows. To the extent that interest cash flows are floating rate, the undiscounted amount is derived using the current interest rate, which is not expected to change significantly during the period to maturity.

	Group		Company	
	2014 $000	2013 $000	**2014 $000**	2013 $000
1 month	**2,389**	3,937	**1,040**	2,693
2 to 3 months	**65**	42	**—**	—
12 months	**2,764**	1,782	**—**	—
	5,218	5,761	**1,040**	2,693

27.7. Fair values

The Directors have reviewed the financial statements and have concluded that there is no significant difference between the carrying values and the fair values of the financial assets and liabilities of the Group and of the Company as at 31 May 2014 and 31 May 2013.

28. Share capital

Group and company

	Authorised Number	Allotted and fully paid Number	$000
Ordinary shares of 0.1p each			
At 31 May 2012	2,345,000,000	1,059,716,238	1,719
Issue of shares	—	2,102,240	3
At 31 May 2013 and 31 May 2014	**2,345,000,000**	**1,061,818,478**	**1,722**
Deferred shares of 0.1p each			
At 1 June 2012, 31 May 2013 and 31 May 2014	**155,000,000**	**155,000,000**	**238**
Total share capital			
At 31 May 2013 and 31 May 2014	**2,500,000,000**	**1,216,818,478**	**1,960**

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 18 April 2013 the Company issued 2,102,240 ordinary shares of 0.1p each at 3p per share as part of the consideration paid to acquire beef ranching assets in Mozambique.

29. Reserves

Movements in the Group and Company reserves are included in the consolidated statement of changes in equity and the Company statement of changes in equity respectively. A description of each reserve is provided below.

29.1. Shares to be issued reserve

In the financial year ended 31 May 2012 the Group acquired Red Bunch Ventures (SL) Limited ('Red Bunch') which holds a lease over approximately 45,000 hectares of agricultural land suitable for palm oil production in Sierra Leone. Deferred consideration is due of 37,800,000 Ordinary Shares upon the development of 1,000 hectares of the leasehold land. The 'Shares to be issued' reserve records the Group's potential obligation to issue such Ordinary Shares. As at 31 May 2014 and 31 May 2013, the obligation to issue the Ordinary Shares had not crystallised.

29.2. Translation reserve

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the Balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are taken to the translation reserve.

30. Share based payments

30.1. Charge in the period

The Group recorded a charge within other operating expenses for share based payments of $149,000 (2013: $90,000). The Company recorded a charge of $55,000 (2013: $90,000) and recorded an increase in its investments in subsidiary undertakings of $94,000 (2013: $nil).

30.2. Equity – settled share option plan

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

The following table provides a reconciliation of share options outstanding during the period:

	2014		2013	
	2014 Options Number	**Weighted average exercise price**	2013 Options Number	Weighted average exercise price
At 1 June	**44,750,000**	**3.7p**	20,750,000	2.5p
Granted in the year	**2,500,000**	**1.5p**	24,000,000	4.6p
Lapsed in the year	**(5,000,002)**	**5.5p**	—	—
At 31 May	**42,249,998**	**4.6p**	44,750,000	3.7p
Exercisable at year end	**27,750,002**	**3.0p**	20,750,000	2.5p

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, being 1.47p;
- the risk free rate ranged from 0.53% to 1.87% based on the gilt yield over the expected life of the options at the date of grant;
- the annual dividend yield is expected to be nil based on the Board's immediate intention to reinvest operating cash flows;
- the annual volatility ranged from 60% to 89% and is derived from the historic daily share prices of the Company over periods matching the expected life of the options at the date of grant;
- the options were granted on 15 May 2014 and vest at 20% per annum from the date of grant. The options can be exercised within a five year period from the date they vest; and
- the options have a fair value ranging between 0.4p and 1.0p with the total fair value of options granted during the year calculated at $30,000.

30. Share based payments continued

30.2. Equity – settled share option plan continued

On 12 January 2010, options over 50,000,000 Ordinary Shares with an exercise price of 5.5p were issued to Ely Place Nominees Limited ('EPN') to be held on trust to be issued at the discretion of the Board as incentives to Directors, employees or consultants (the 'Incentive Options'). Between January 2010 and 15 May 2014, 14,999,999 Incentive Options were allocated. On 15 May 2014 and in light of the share price at that date, the Directors concluded that these Incentive Options would not provide an appropriate mechanism for incentivising Directors, employees and consultants. As such, and with the agreement of EPN, EPN waived their rights to the Incentive Options, which were cancelled and replaced by 35,000,001 new incentive options granted at the prevailing price on 15 May 2014 (rounded up to the nearest half penny) of 1.5p, otherwise to be held on the same terms as Incentive Options.

30.3. Share options

At 31 May 2014, the following options over ordinary shares of 0.1p each have been granted and remain unexercised:

Date of grant	Number of shares	Exercise price	Exercise period
9 January 2009	5,750,000	3.0p	9 January 2010 to 9 January 2019
13 July 2011	5,000,000	3.0p	13 July 2012 to 13 July 2017
1 December 2011	10,000,000	2.0p	1 December 2011 to 1 December 2016
29 July 2012	7,499,999	3.5p	29 July 2013 to 29 July 2023
29 July 2012	7,499,999	5.5p	29 July 2013 to 11 January 2020
1 May 2013	2,000,000	2.8p	01 May 2014 to 30 April 2019
1 May 2013	2,000,000	5.5p	01 May 2014 to 11 January 2020
15 May 2014	2,500,000	1.5p	15 May 2015 to 15 May 2024

31. Related party disclosures

PH Edmonds and AS Groves, Directors of the Company, are (or were) during the year also directors of Sable Mining Africa Limited ('Sable'), Liberian Cocoa Corporation ('LCC'), African Potash Limited ('African Potash'), African Oilfield Logistics Limited ('AOL') and African Management Services Limited ('AMS'), companies with which the Company and Group have transacted during 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 $587,000 (2013: $587,000). The Group also incurred certain expenditures on behalf of AMS. As at 31 May 2014 the Group was owed $33,000 by AMS (2013: owed to AMS $77,000).

At 31 May 2014 the Group was due $89,000 from LCC (2013: $89,000).

During the year the Group and Sable incurred certain expenses on each other's behalf. At 31 May 2014, the amount due to Sable was $nil (2013: $32,000).

During the year the Group incurred certain expenses on behalf of African Potash. At 31 May 2014, the amount due to African Potash was $nil (2013: $56,000).

During the year the Group advanced $500,000 (2013: $1,000,000) to Ardan Risk and Support Services Limited ('Ardan'), a company controlled by MN Pelham. The total amount due by Arden of $1,563,000 including interest of $63,000 was repaid in the financial year.

During the year the Group invested $285,000 (2013: $4,000) in the purchase of ordinary shares of AOL.

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

32. Operating leases

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

	2014 $000	2013 $000
Within one year	**79**	74
Operating lease rentals recognised as an expense in the income statement were as follows:		
Land and buildings	**125**	38

33. Events subsequent to the balance sheet date

33.1. Sierra Leone

As a result of the serious and well-publicised Ebola outbreak and the associated precautionary restrictions on travelling in Sierra Leone, the Company has curtailed its activities in the region. The on-going development of the Group's Sierra Leone Cocoa plantation has, until September 2014, continued during the Ebola outbreak, however, due to the current circumstances and the resultant restrictions in movement causing a shortage of labour, the original planting and clearance schedule has been restricted. The hectares planted to date are being maintained, as is the plantation infrastructure including warehousing, accommodation and equipment. The state-of-the-art nursery continues to house plants which will now be used, if circumstances allow, to accelerate the Company's local initiatives to increase the quality of the local growers' stock. It is envisaged that this distribution programme will be run in tandem with international agencies and companies looking to expand the productivity of cocoa farmers in West Africa.

Until the Group has further clarity on the development of the Ebola outbreak, investment in the Cocoa plantation will be maintained at a minimum level and no further planting will be undertaken. Where appropriate, the labour force and operating costs have been reduced commensurate with the reduced level of activity.

The demand/supply model remains highly attractive for cocoa producers and West Africa remains a region suitable for mass production operations. The Group remains optimistic about the future prospects for the Cocoa plantation.

As discussed more fully in note 15.2, the Group has ceased its Cocoa trading operations. Vehicles, warehouse facilities and other assets of this business are now being utilised in country in the Ebola relief efforts.

33.2. Settlement of claims with respect to legacy oil interests in the South Sudan

In September 2014, the Company and Group reached a successful settlement (receiving approximately $5,600,000 in cash) with the Republic of South Sudan and Nile Petroleum Corporation Limited in respect of the Company's claims arising from its legacy oil interests in South Sudan. Following the settlement the Company and Group has no further current economic interest in that country.

Financial statements
Company statement of financial position as at 31 May 2014

	Note	2014 $000	2013 $000
Non-current assets			
Property, plant and equipment	36	**1**	35
Investments in subsidiaries	37	**47,591**	39,040
Interests in associates	19	**—**	—
Investments in quoted companies	20	**1,225**	4
		48,817	39,079
Current assets			
Trade and other receivables	38	**166**	2,098
Cash and cash equivalents		**5,747**	17,770
		5,913	19,868
Total assets		**54,730**	58,947
Current liabilities			
Borrowings	39	**—**	(1,500)
Trade and other payables	39	**(1,040)**	(1,193)
		(1,040)	(2,693)
Net current assets		**4,873**	17,175
Net assets		**53,690**	56,254
Share capital	28	**1,960**	1,960
Share premium		**148,622**	148,622
Shares to be issued	29.1	**2,940**	2,940
Share based payment reserve		**1,859**	1,710
Translation reserve	29.2	**2,621**	2,621
Accumulated losses		**(104,312)**	(101,599)
Total equity		**53,690**	56,254

The financial statements of Agriterra Limited were approved and authorised for issue by the Board of Directors on 27 October 2014.
Signed on behalf of the Board of Directors by:

PH Edmonds
Chairman
27 October 2014

Financial statements
Company statement of changes in equity for the year ended 31 May 2014

	Note	Share capital $000	Share premium $000	Shares to be issued $000	Share based payment reserve $000	Translation reserve $000	Accumulated losses $000	Total equity $000
Balance at 1 June 2012		1,957	148,530	2,940	1,620	3,515	(114,245)	44,317
Profit for the year		—	—	—	—	—	12,646	12,646
Other comprehensive income:								
Exchange translation loss		—	—	—	—	(894)	—	(894)
Total comprehensive income for the year		—	—	—	—	(894)	12,646	11,752
Share based payments	30	—	—	—	90	—	—	90
Issue of share capital	28	3	92	—	—	—	—	95
Balance at 31 May 2013		1,960	148,622	2,940	1,710	2,621	(101,599)	56,254
Loss and total comprehensive income for the year		**—**	**—**	**—**	**—**	**—**	**(2,713)**	**(2,713)**
Share based payments	30	**—**	**—**	**—**	**149**	**—**	**—**	**149**
Balance at 31 May 2014		**1,960**	**148,622**	**2,940**	**1,859**	**2,621**	**(104,312)**	**53,690**

Financial statements
Company cash flow statement

	Note	2014 $000	2013 $000
Cash flows from operating activities			
Loss before tax from continuing operations		**(1,336)**	(16,093)
Adjustments for:			
– Depreciation	36	**—**	12
– Profit on disposal of property, plant and equipment		**(8)**	—
– Share based payment expense	30	**55**	90
– Impairment of loans to subsidiary undertakings		**1,038**	13,423
– Foreign exchange loss		**37**	—
– Finance costs		**12**	—
– Investment revenues		**(1,186)**	(571)
– Increase in fair value of quoted investments	12	**(936)**	—
Operating cash flows before movements in working capital		**(2,324)**	(3,139)
Decrease in trade and other receivables		**1,026**	662
Decrease in trade and other payables		**(252)**	(50)
Net cash used in operating activities by continuing operations		**(1,550)**	(2,527)
Finance costs		**(12)**	(339)
Interest received		**140**	31
Net cash used in operating activities by continuing operations		**(1,422)**	(2,835)
Net cash used in operating activities by discontinued operations		**(378)**	—
Net cash used in operating activities		**(1,800)**	(2,835)
Cash flows from investing activities			
Acquisition of property, plant and equipment		**—**	(43)
Proceeds from disposal of property, plant and equipment		**42**	—
Purchase of investments in quoted companies	20	**(285)**	(4)
Loans to subsidiary undertakings	37	**(8,449)**	(10,453)
Net cash used in investing activities by continuing operations		**(8,692)**	(10,500)
Net cash from investing activities in discontinued operations		**—**	27,171
Net cash (used in)/from investing activities		**(8,692)**	16,671
Cash flow from financing activities			
New borrowings		**—**	6,000
Repayment of borrowings	39	**(1,500)**	(4,500)
Net cash (outflow)/inflow from financing activities from continuing operations		**(1,500)**	1,500
Net (decrease)/increase in cash and cash equivalents		**(11,992)**	15,336
Effect of exchange rates on cash and cash equivalents		**(31)**	—
Cash and cash equivalents at beginning of period		**17,770**	2,434
Cash and cash equivalents at end of period		**5,747**	17,770

Financial statements
Notes to the Company financial statements

34. Company accounting policies

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

The financial statements have been prepared on the historical cost basis except for the measurement of certain financial instruments, and share based payments. The principal accounting policies adopted are the same as those set out in note 3 to the consolidated financial statements, other than as noted below.

34.1. Investments in subsidiary undertakings

Investments are recorded at cost, less provision for impairment. The Company includes within the carrying value of investments in subsidiary undertakings the fair value of the consideration paid for the subsidiary. Additional investment in the subsidiary undertakings, in the form of capital subscriptions, capital contributions or share based payment obligations assumed on behalf of the subsidiary is added to the cost of the investment in the period in which it arises.

35. Result for the year

As permitted by Guernsey law, the Company has elected not to present its own income statement. The Company reported a loss for the year of $2,713,000 (2013: profit of $12,646,000).

36. Property, plant and equipment

	Motor vehicles $000	Other assets $000	Total $000
Cost			
At 1 June 2012	—	15	15
Additions	42	1	43
At 31 May 2013	42	16	58
Disposals	**(42)**	**—**	**(42)**
At 31 May 2014	**—**	**16**	**16**
Accumulated depreciation			
At 1 June 2012	—	11	11
Charge for the year	8	4	12
At 31 May 2013	8	15	23
Eliminated on disposals	**(8)**	**—**	**(8)**
31 May 2014	**—**	**15**	**15**
Net book value			
31 May 2014	**—**	**1**	**1**
31 May 2013	34	1	35

Financial statements
Notes to the Company financial statements continued

37. Investment in subsidiaries

	Investment $000	Loans $000	Total $000
Cost			
At 1 June 2012	9,680	47,245	56,925
Loans advanced in the year	—	10,453	10,453
Interest accrued	—	463	463
At 31 May 2013	9,680	58,161	67,841
Loans advanced in the year	**—**	**8,449**	**8,449**
Interest accrued	**—**	**1,046**	**1,046**
Capital contribution	**94**	**—**	**94**
Foreign exchange gain	**—**	**1,312**	**1,312**
At 31 May 2014	**9,774**	**68,968**	**78,742**
Provision for irrecoverable amounts			
At 1 June 2012	3,801	11,577	15,378
Charge for the year	—	13,423	13,423
At 31 May 2013	3,801	25,000	28,801
Charge for the year	**—**	**1,038**	**1,038**
Foreign exchange loss	**—**	**1,312**	**1,312**
31 May 2014	**3,801**	**27,350**	**31,151**
Net book value			
31 May 2014	**5,973**	**41,618**	**47,591**
31 May 2013	5,879	33,161	39,040

Capital contributions represent increases or decreases in investment arising from the grant, lapse or termination of share options or Ordinary Shares to employees of subsidiary undertakings.

Loans to subsidiaries fall due after more than one year. The provision against loans to subsidiaries in the year reflects the cessation of the Group's cocoa trading activities and reductions in the value of the underlying businesses as a result of movements in exchange rates (2013: reductions in the value of the underlying businesses as a result of movements in exchange rates).

As set out in note 4.2, the Company and Group have suspended further expenditure on all oil and gas exploration and evaluation projects. Accordingly the Company's investment and loans provided to subsidiary undertakings conducting such operations were fully provided against in prior periods.

As at 31 May 2014, the Company held equity interests 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
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
Branca Tide Limited	100%	British Virgin Islands	Holding company

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 (SL) Limited	100%	Sierra Leone	Cocoa & Coffee

Indirect investments of Branca Tide Limited

Subsidiary undertakings	Proportion held	Country of incorporation	Nature of business
Tropical Farms Plantation (SL) Limited	100%	Sierra Leone	Cocoa Plantation

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

38. Trade and other receivables

	2014 $000	2013 $000
Other receivables	**134**	1,064
Corporation tax recoverable	**—**	1,000
Prepayments	**32**	34
	166	2,098

'Trade receivables' and 'Other receivables disclosed' above are classified as loans and receivables and measured at amortised cost. The Directors consider that the carrying amount of these financial assets approximates their fair value. There are no significant amounts past due which have not been provided against (2013: $nil). Further details on the Company's financial assets are provided in note 27.

Other receivables include $122,000 (2013: $1,088,000) due from related parties (see note 31).

39. Financial liabilities

	2014 $000	2013 $000
Borrowings		
Loan note	**—**	1,500
	—	1,500
Trade and other payables		
Trade payables	**78**	140
Other payables	**573**	679
Accrued liabilities	**389**	374
	1,040	1,193

Other payables includes $nil (2013: $165,000) payable to related parties (see note 31).

The loan note outstanding as at 31 May 2013 was unsecured, due within one year and carried a coupon of 10%. The loan note was repaid during the year in accordance with its terms.

The Directors consider that the carrying amount of financial liabilities approximates their fair value. Further details on the Company's financial liabilities are provided in note 27.

Financial statements
Notes to the Company financial statements continued

40. Related parties

Transactions and balances due at the period end with related parties, other than with subsidiary undertakings, are disclosed in note 31.

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 market rates of interest. The Company provided funding to its subsidiaries of $8,449,000 (2013: $10,453,000) during the year and at 31 May 2014 had outstanding amounts receivable of $68,968,000 (2013: $58,161,000). Interest due on the loans in the period was $1,046,000 (2013: $463,000) which was accrued but unpaid in the year. With the continued depreciation of the Mozambican Metical and the cessation of the Group's cocoa trading operations, the Company has made a provision against amounts receivable from subsidiary undertakings of $1,038,000 (2013: $13,423,000) during the year. Further details on the Company's receivables from subsidiary undertakings are provided in note 37.

41. Ultimate controlling party

The Directors are of the opinion that there is no controlling party of the Company.

42. Events subsequent to the balance sheet date

Details of events subsequent to the balance sheet date, all of which relate to the Company, are included in note 33.

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