**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or the action you should take, you are recommended to seek your own financial advice immediately from an appropriately authorised stockbroker, bank manager, solicitor, accountant or other independent financial adviser who, if you are taking advice in the United Kingdom, is duly authorised under the Financial Services and Markets Act 2000 ("FSMA").**

**This document comprises a Prospectus relating to Anglo African Agriculture plc (the "Company" or "AAA") prepared in accordance with the Prospectus Rules of the Financial Conduct Authority (the "FCA") made under section 73A of FSMA and approved by the FCA under section 87A of FSMA. This document has been filed with the FCA and made available to the public in accordance with Rule 3.2 of the Prospectus Rules.**

Applications will be made to the FCA for the New Ordinary Shares being issued pursuant to the April Subscription, the September Subscription and the acquisition of DIA to be admitted to the Official List of the United Kingdom Listing Authority by way of a standard listing under Chapter 14 of the Listing Rules and to the London Stock Exchange Plc for such Ordinary Shares to be admitted to trading on the London Stock Exchange's main market for listed securities.

It is expected that the admission of the New Ordinary Shares being issued pursuant to the April Subscription, the September Subscription and the acquisition of DIA will become effective, and that dealings in New Ordinary Shares will commence at 8.00 a.m. on 27 March 2017.

The Company and each of the Directors, whose names appear on page 45 of this document, accept responsibility for the information contained in this document. To the best of the knowledge of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

**INVESTORS SHOULD READ THIS DOCUMENT IN ITS ENTIRETY. IN PARTICULAR, YOUR ATTENTION IS DRAWN TO PART 1: "RISK FACTORS" FOR A DISCUSSION OF THE RISKS THAT MIGHT AFFECT THE VALUE OF YOUR SHAREHOLDING IN THE COMPANY.**

Anglo African agriculture PLC

# Anglo African Agriculture plc

(Incorporated and registered in England and Wales under the Companies Act 2006 with Registered Number 7913053)

**Admission of 93,587,829 New Ordinary Shares**
**to**
**trading on the London Stock Exchange's Main Market for listed securities**

VSA capital

## VSA Capital Limited

Financial Adviser
and Broker

**This document does not constitute an offer to sell, or the solicitation of an offer to subscribe for or buy, any Ordinary Shares nor any other securities in any jurisdiction. The Ordinary Shares will not be generally made available or marketed to the public in the UK or any other jurisdiction in connection with Admission.**

The Ordinary Shares have not been, and will not be, registered under the United States Securities Act of 1933 (as amended) (the "**Securities Act**"), or under the securities laws or with any securities regulatory authority of any state or other jurisdiction of the United States or of any province or territory of Australia, Canada, Japan, South Africa or the Republic of Ireland. Securities may not be offered or sold in the United States absent: (i) registration under the Securities Act; or (ii) an available exemption from registration under the Securities Act. The Ordinary Shares have not been and will not be offered or sold in the United States, Australia, Canada, Japan, South Africa or the Republic of Ireland or to or for the account or benefit of any person resident in Australia, Canada, Japan, South Africa or the Republic of Ireland and this document does not constitute an offer to sell or a solicitation of an offer to purchase or subscribe for Ordinary Shares in such jurisdictions or in any jurisdiction in which such offer or solicitation is unlawful or would impose any unfulfilled registration, publication or approval requirements on the Company. These materials may not be published, distributed or transmitted by any means or media, directly or indirectly, in whole or in part, in or into the United States, Australia, Canada, Japan, South Africa or the Republic of Ireland. The distribution of this document in other jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves of and observe any restrictions.

Application will be made for the New Ordinary Shares to be admitted to the standard segment of the Official List. A Standard Listing affords investors in the Company a lower level of regulatory protection than that afforded to investors in companies whose securities are admitted to the premium segment of the Official List, which are subject to additional obligations under the Listing Rules. It should be noted that the UK Listing Authority will not have the authority to (and will not) monitor the Company's compliance with any of the Listing Rules and/or any provision of the Model Code or those aspects of the Disclosure and Transparency Rules which the Company has indicated herein that it intends to comply with on a voluntary basis, nor to impose sanctions in respect of any failure by the Company to so comply.

VSA Capital Limited ("**VSA Capital**"), which is authorised and regulated in the United Kingdom by the FCA, is acting exclusively for the Company and for no one else in relation to Admission and the arrangements referred to in this document. VSA Capital will not regard any other person (whether or not a recipient of this document) as its client in relation to Admission and will not be responsible to anyone other than the Company for providing the protections afforded to clients of VSA Capital or for providing any advice in relation to Admission, the contents of this document or any transaction or arrangement referred to herein. No liability whatsoever is accepted by VSA Capital for the accuracy of any information or opinions contained in this document or for the omission of any material information, for which it is not responsible.

Without prejudice to any obligation of the Company to publish a supplementary prospectus pursuant to section 87G of the FSMA or Rule 3.4 of the Prospectus Rules, the publication of this document does not create any implication that there has been no change in the affairs of the Company since, or that the information contained herein is correct at any time subsequent to, the date of this document. Notwithstanding any reference herein to the Company's website, the information on the Company's website does not form part of this document.

Dated 22 March 2017

# CONTENTS

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# SUMMARY INFORMATION

*Summaries are made up of disclosure requirements known as "Elements". These elements are numbered in Sections A – E (A.1 – E.7).*

*This summary contains all the Elements required to be included in a summary for this type of security and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.*

*Even though an Element may be required to be inserted in the summary because of the type of security and issuer, it is possible that no relevant information can be given regarding the Element. In this case, a short description of the Element is included in the summary with the mention of "not applicable".*

| **Section A – Introduction and warnings** | | |
|---|---|---|
| **A.1** | **Introduction and warnings** | This summary must be read as an introduction to this document. Any decision to invest in the Ordinary Shares should be based on consideration of this document as a whole by the investor.<br><br>Where a claim relating to the information contained in this document is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating this document before the legal proceedings are initiated.<br><br>Civil liability attaches only to those persons who have tabled the summary, including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with other parts of this document or it does not provide, when read together with the other parts of this document, key information in order to aid investors when considering whether to invest in such securities. |
| **A.2** | **Consent for intermediaries** | Not applicable. |

| **Section B – Issuer** | | |
|---|---|---|
| **B.1** | **Legal and commercial name** | Anglo African Agriculture plc |
| **B.2** | **Domicile/legal form/ legislation/ country of incorporation** | The Company was incorporated and registered in England and Wales on 17 January 2012 under the Act with registered number 7913053 as a private limited company and re-registered as a public limited company on 8 May 2012. The Company's registered and head office is situated in England at 4th Floor, New Liverpool House, 15-17 Eldon Street, London, EC2M 7LD |
| **B.3** | **Current operations/ principal activities and markets** | Anglo African Agriculture plc is registered in the United Kingdom and is the holding company of the Group which is involved in the manufacturing of herbs and spices and trading in agricultural products. The commercial activities fall into two principal categories: milling and/or blending of herbs and spices and bulk trading of agricultural products. |
| **B.4a** | **Significant recent trends** | Dynamic made a strategic change to incorporate blended products, with the first sales of these products occurring in the first half of Dynamic's 2014/2015 financial year.<br><br>Dynamic acquired a steam steriliser which was installed at its factory in Cape Town. Due to increased competition in the provision of steam sterilising services the directors are considering converting the steriliser into a nauta mixer which blends products.<br><br>Additionally, the Company has effected a number of transactions in order to streamline its operations and ensure that it has sufficient financial resources and stability to grow the business further. These transactions are the following:<br><br>• April Subscription: 15,000,000 Ordinary Shares were placed at a placing price of 0.5p raising total gross proceeds for the Company of £75,000;<br>• September Subscription: 70,895,521 Ordinary Shares were placed at a placing price of 0.67p raising total gross proceeds for the Company of £475,000;<br>• Acquisition of interest in DIA: the Company acquired a 46.8% interest in DIA for a non-cash consideration of £100,000 payable in 7,692,308 Ordinary Shares issued at a price of 1.3p. Further consideration of £50,000 is payable in Ordinary Shares depending on profit targets being met at DIA for the 12 month period ending 28 February 2017; and |

| | | |
|---|---|---|
| | | • Standby Facility Agreements: two Directors, David Lenigas and George Roach, have agreed to provide a loan facility for working capital purposes of up to £50,000 each immediately available to the Company upon its request. |
| **B.5** | **Group structure** | Anglo African Agriculture plc is the parent company of the Group. The two subsidiaries and two associated companies of the Company are as follows: |

| Name | Country and date of incorporation | Proportion of ownership interest | Principal activity |
|---|---|---|---|
| Dynamic Intertrade (Pty) Limited | Republic of South Africa (22 February 2008) | 100% | Manufacturing of food products and trading of agricultural products |
| Dynamic Madagascar SARLU | Madagascar (20 November 2014) | 100% | Dormant |
| Dynamic Intertrade Agri (Pty) Limited | Republic of South Africa (17 August 2008) | 46.8% | Trading of agricultural products |
| African Projects and Ventures (Pty) Ltd | Republic of South Africa (29 August 2012) | 49.9% | Manufacturing and trading of guar products |

| | | |
|---|---|---|
| **B.6** | **Major Shareholders** | All Shareholders have the same voting rights in respect of the Ordinary Shares.<br><br>As at the Last Practicable Date and insofar as is known to the Company, the following Shareholders, directly or indirectly, have interests in 3 per cent. or more of the Issued Share Capital: |

| Name of Shareholder | As at the Last Practicable Date<br>Number of Ordinary Shares | Percentage of Issued Share Capital |
|---|---|---|
| David Lenigas | 22,388,060 | 11.88 |
| Vidacos Nominees* | 14,138,421 | 7.50 |
| Huntress Nominees | 11,000,000 | 5.84 |
| Platform Securities Nominees Limited** | 10,193,078 | 5.41 |
| VSA Capital*** | 10,126,761 | 5.37 |
| J C Stalker Discretionary Settlement | 8,731,343 | 4.63 |
| Coc' Roach* | 8,462,687 | 4.49 |
| ZRH Nominees (0105) Ltd | 7,692,308 | 4.08 |
| Rulegale Nominees**** | 7,500,000 | 3.98 |

** 8,596,338 of these shares are held by or on behalf of Corestar Holdings Ltd; and 5,000,000 of these shares are held by or on behalf of Coc'Roach Limited.*

*Corestar Holdings Ltd is a BVI company which is wholly-owned by the Corestar STAR Trust, a trust established for the furtherance of certain purposes which could include the provision of benefits to George Roach and his family, at the discretion of the trustees of the trust.*

*Coc'roach Limited is owned by the Coc'roach Trust. The Coc'roach Trust is a partial discretionary trust pursuant to the terms of which George Roach and his family may fall within the class of potential beneficiaries.*

*** 1,693,078 of these shares are held by or on behalf of Carimar International Holdings Limited, a company to which Rob Scott is a consultant.*

**** Andrew Monk is a director of AAA and interested in 29.95 per cent. of the issued share capital of VSA Capital*

***** These shares are beneficially held by or on behalf of Corestar Holdings Ltd. Corestar Holdings Ltd is a BVI company which is wholly-owned by the Corestar STAR Trust, a trust established for the furtherance of certain*

| | | |
|---|---|---|
| | | *purposes which could include the provision of benefits to George Roach and his family, at the discretion of the trustees of the trust.* |
| **B.7** | **Selected historical key financial information** | The following selected historical key financial information has been extracted without material adjustment from the Audited Financial Statements |

**ANGLO AFRICAN AGRICULTURE PLC**

**Consolidated Statements of Comprehensive Income**

| | 01.11.2015 to 31.10.2016 £ | 01.11.2014 to 31.10.2015 £ | 01.11.2013 to 31.10.2014 £ |
|---|---|---|---|
| Revenue | 1,605,219 | 1,249,811 | 865,985 |
| Cost of sales | (1,282,140) | (883,666) | (583,751) |
| Gross profit | 323,079 | 366,145 | 282,234 |
| Other operating income | 2,767 | 12,066 | 15,856 |
| Finance cost | (97,771) | (41,570) | (5,698) |
| Administrative expenses | (665,218) | (732,939) | (646,187) |
| Operating loss | (437,143) | (396,298) | (353,795) |
| Bank interest receivable | 4,109 | 6,745 | 286 |
| Loss before taxation | (433,034) | (389,553) | (353,509) |
| Taxation | - | - | - |
| Net loss for the financial period/year | (433,034) | (389,553) | (353,509) |
| Basic and diluted earnings per share | (0.38p) | (0.41p) | (0.44p) |

**Consolidated Statements of Financial Position**

| | 31.10.2016 £ | 31.10.2015 £ | 31.10.2014 £ |
|---|---|---|---|
| Non-Current Assets | | | |
| Investments | - | 18,514 | 8,864 |
| Other financial assets | - | - | 7,875 |
| Loan to joint venture | 84,473 | 82,579 | 94,431 |
| Property, plant and equipment | 159,595 | 124,437 | 41,759 |
| Goodwill on consolidation | 226,644 | 226,644 | 226,644 |
| | 470,712 | 452,74 | 379,573 |
| Current Assets | | | |
| Inventories | 166,393 | 331,506 | 380,911 |
| Trade and other receivables | 440,455 | 223,077 | 483,821 |
| Cash and cash equivalents | 268,790 | 63,893 | 90,456 |
| | 875,638 | 618,476 | 955,188 |
| Total Assets | 1,346,350 | 1,070,650 | 1,334,761 |
| Equity | | | |
| Share capital | 180,792 | 94,896 | 94,896 |

| | | | |
|---|---|---|---|
| Share premium account | 1,571,477 | 1,107,373 | 1,107,373 |
| Share-based payments reserve | 7,872 | 11,586 | 16,369 |
| Retained earnings | (1,297,288) | (864,254) | (474,701) |
| Total Equity | 462,853 | 349,601 | 743,937 |
| | | | |
| Current Liabilities | | | |
| Trade and other payables | 883,497 | 721,049 | 590,824 |
| Total Liabilities | 883,497 | 721,049 | 590,824 |
| | | | |
| Total Equity and Liabilities | 1,346,350 | 1,070,650 | 1,334,761 |

**Consolidated Statement of Cash Flows**

| | 31.10.2016<br>£ | 31.10.2015<br>£ | 31.10.2014<br>£ |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Operating loss | (339,372) | (354,728) | (353,795) |
| Add: Depreciation | 49,116 | 19,054 | 4,582 |
| Foreign exchange movements | (28,545) | 5,483 | 101,580 |
| Movement in share based payment reserve | (3,714) | (4,783) | - |
| Change in inventories | 165,113 | 49,405 | (117,606) |
| Increase/(decrease) in receivables | (217,378) | 260,744 | (101,258) |
| Increase in payables | 162,448 | 130,225 | 195,222 |
| Finance Costs | (97,771) | (41,570) | - |
| Interest received | 4,109 | 6,745 | 286 |
| Net cash flow from operating activities | (305,994) | 70,575 | (270,989) |
| | | | |
| **Cash flows from investing activities** | | | |
| Net cash on acquisition of subsidiary | - | - | 85,266 |
| Acquisition of fixed assets | (55,729) | (108,678) | - |
| Disposal of fixed assets | - | 1,463 | |
| Increase in financial assets | - | (1.775) | (4,926) |
| Loans to jointly controlled entities | (1,894) | 11,852 | (46,876) |
| Repayments on loans receivable | 18,514 | - | 130,837 |
| Net cash flow from investing activities | (39,109) | (97,138) | 164,301 |
| | | | |
| **Cash flows from financing activities** | | | |
| Net proceeds from issue of shares | 550,000 | - | 172,000 |
| Loan made to current asset investment | - | - | - |
| Net cash flow from financing activities | 550,000 | - | 172,000 |
| | | | |
| Net cash flow | 204,897 | (26,563) | 65,312 |
| | | | |
| **Opening cash** | **63,893** | **90,456** | **25,144** |
| **Closing cash** | **268,790** | **63,893** | **90,456** |

**DYNAMIC INTERTRADE (PTY)**

**Statement of Comprehensive Income**

| | **01.11.2013 to 31.10.2014 ZAR '000** |
|---|---|
| Revenue | 38,543 |
| Cost of sales | -26,704 |
| **Gross profit** | **11,839** |
| | |
| Administrative Expenses | -15,505 |
| Other Income | 395 |
| Recoveries | 31 |
| Gains on Asset Disposals | 196 |
| **Operating loss** | **-3,004** |
| | |
| Finance Costs | -973 |
| Finance Income | - |
| **Loss before income tax** | **-4,017** |
| | |
| Taxation | - |
| Exchange Difference | - |
| | |
| **Profit for the period** | **-4,017** |

**Statement of Financial Position**

| | **31.10.2014 ZAR '000** |
|---|---|
| ***Non-current assets*** | |
| Investments in joint ventures | 153 |
| Other financial assets | 1,642 |
| Property, plant and equipment | 725 |
| | **2,520** |
| ***Current assets*** | |
| Trade and other receivables | 7,999 |
| Cash and cash equivalents | 953 |
| Other financial assets | 137 |
| Inventories | 6,613 |
| Loans receivable | - |
| | **15,702** |
| **Total assets** | **18,222** |
| **Equity** | |
| Called up share capital | 308 |
| Retained earnings | -34,888 |
| **Total equity** | **-34,580** |
| **Liabilities** | |
| | |
| ***Non Current liabilities*** | |
| Shareholder loans | 42,795 |
| Other loans | - |
| | **42,795** |

| | |
|---|---|
| ***Current liabilities*** | |
| Trade and other payables | 9,761 |
| Provisions | 246 |
| Bank overdraft | - |
| | **10,007** |
| **Total liabilities** | **52,802** |
| | |
| **Total equity and liabilities** | **18,222** |

**Statement of Cash Flows**

| | 31.10.2014<br>ZAR '000 |
|---|---|
| **Cash flows from operating activities** | |
| Cash generated from operations | -586 |
| Interest paid | -973 |
| Interest received | 19 |
| Net cash generated from operating activities | **-1,540** |
| | |
| **Cash flows from investing activities** | |
| Purchase of tangibles fixed assets | -486 |
| Proceeds from sale of equipment | 201 |
| Sale of financial assets | -1,738 |
| Net cash generated from investing activities | **-2,023** |
| | |
| **Cash flows from financing activities** | |
| Proceeds from rights issue | - |
| Proceeds from borrowings | - |
| Finance lease | - |
| Repayment of borrowings | 3,511 |
| Net cash generated from financing activities | **3,511** |
| | |
| (Decrease)/Increase in cash and cash equivalents | -51 |
| | |
| Cash and cash equivalents at beginning of period | 1,004 |
| | |
| Cash and cash equivalents at end of period | **953** |

**Commentary on the Group's Financial Performance**

*Revenues*

Dynamic's revenues for the years ended 31 October 2014, 2015 and the year ended 31 October 2016 were ZAR 38.5 million, ZAR 23.6 million and ZAR 33.3 million respectively.

For the year ended 31 October 2014, 73.6 per cent. of revenues came from manufactured products and 26.4 per cent. of revenues came from trading. Of the revenue generated from manufactured products, 36.6 per cent. came from chilli products and 37 per cent. came from paprika.

For the year ended 31 October 2015, 80 per cent of revenues came from manufactured products and 20 per cent came from trading.

Sales in the year to 31 October 2016 grew by 44 per cent. as a result of increased trading and the securing of various tenders. 84 per cent. of revenues came from manufactured products and 16 per cent. of revenues came from trading.

*Cost of Sales*

Cost of sales consists of all costs of purchase and other directly incurred costs.

Cost of purchase comprises the purchase price, import duties and other taxes (other than those subsequently recoverable by the Group from the taxing authorities), if any, and transport, handling and other costs directly attributable to the acquisition of goods. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase. Cost of conversion primarily consists of hiring charges of subcontractors incurred during the course of conversion.

Dynamic's cost of sales for the financial years ended 31 October 2014, 2015 and 2016 ran at 69 per cent., 71 per cent. and 64 per cent. respectively. The reason for the increase in cost of sales from 2014 to 2016 is due to lower margin tender sales as well as rework required on sub-standard product that was supplied to Dynamic .

In the year ended 31 October 2016, margins fell from 31% to 24% due to lower margins on tendered products, however these products absorbed group overheads. In one case, some product was delivered to Dynamic that did not meet quality specifications and required a material rework in order to meet customer requirements.

The Directors expect that future production will include a greater proportion of higher margin batch packs and as production increases in the coming months due to an increasing pipeline of orders and enquiries, so too will margins increase.

*Liquidity and Capital Resources*

Operating Activities
The Group's net cash outflow from operating activities amounted to £305,994 for the period ended 31 October 2016 while there were net inflows for the year ended 31 October 2015.

The net cash outflow for the period ended 31 October 2016 was mainly attributable to net loss incurred by Dynamic Intertrade. As described above this loss was mainly related to lower trading volumes as well as lower margins throughout the business.

The net cash outflow for the year ended 31 October 2014 was mainly attributable to the operating loss of £353,795, itself largely due to costs associated with the reverse takeover and preparation for the move to the Main Market. However this was offset by an increasing in foreign exchange movements and an increase in payables, these increases were in turn slightly reduced by an increase in inventories and an increase in receivables.

Investing Activities
The Group's net cash outflow from investing activities for the period ended 31 October 2016 was related to the investment in small equipment. In the year ended 31 October 2015, the Group invested significantly in the acquisition of new manufacturing equipment in South Africa which led to the net cash outflow for the year of £97,138.

Financing Activities
The Group's net cash inflow from financing in the period ended 31 October 2016 was £550,000 was only attributable to the Company's share placings. This was also the case with the net cash inflows from investing for the year ended 31 October 2014.

*Significant Change*

Since the last audited historical financial information as at 31 October 2016, the Company's financial and operating results have changed.

Financially, the Company has entered into two transactions which will affect its financial results in the upcoming financial year. These transactions are the following:

- Acquisition of interest in DIA: the Company acquired a 46.8% interest in DIA for a non-cash consideration of £100,000 payable in 7,692,308 Ordinary Shares issued at a price of

| | | |
|---|---|---|
| | | 1.3p. Further consideration of £50,000 is payable in Ordinary Shares depending on profit targets being met at DIA for the 12 month period ending 28 February 2017; and<br>• Standby Facility Agreements: two Directors, David Lenigas and George Roach, have agreed to provide a loan facility for working capital purposes of up to £50,000 each immediately available to the Company upon its request.<br><br>The acquisition of the interest in DIA is of strategic value to the Company as it trades agricultural products in Africa and therefore adds to the Company's ability to expand its relationship base. The Standby Facility Agreements provided by two Directors have been put in place in order to provide the Company with sufficient financial resources and headroom.<br><br>Operationally, the Company has started to improve its operational performance and has begun works to increase the capacity of its manufacturing facility from 80 tonnes per month to 250 tonnes per month. The results of this turnaround can be seen from the results in November 2016 where tonnage output increased to c.150 tonnes (up from an average of 84 tonnes per month in the financial year ending 31 October 2016) which resulted in a turnover of c.£260,000 (on the basis of the exchange rate in November 2016) compared to c.£176,000 (on the basis of the exchange rate in November 2015) in November 2015. Additionally, the Company announced in February 2017 the signing of a contract to supply up to 300 tonnes of specialty spices throughout the year which places the Company in a good position to exceed last year's 1,000 tonnes sold.<br><br>Save for the acquisition of the interest in DIA, entering into the Standby Facility Agreements and its operational improvement, there has been no significant change in the financial condition or operating results of the Group during or subsequent to the period covered by the historical key financial information, being 31 October 2016. |
| **B.8** | **Selected key pro forma financial information** | Not applicable |
| **B.9** | **Profit forecast** | Not applicable; this document does not contain profit forecasts or estimates. |
| **B.10** | **Description of the nature of any qualifications in the audit report on the historical financial information** | In the audited consolidated accounts for the year ended 31 October 2016, the auditors have included an emphasis of matter for going concern. In forming their opinion on the financial statements, which is not modified, they have considered the adequacy of the disclosures made in Note 2a to the accounts which describes the assumptions made in assessing the going concern basis that these financial statements are prepared under. Specifically the note states that the cash flow requirements of the Group for the foreseeable future are contingent on the Group being able to increase sales and maintain its invoice financing arrangements. The Group made a loss of £433,034 (2014: loss of £389,553) and at the statement of financial position date of 31 October 2016 the Group had net current liabilities of £7,859 (2015: £102,573) and the parent company had net current assets of £215,016 (2015: £91,184). These conditions, along with other matters explained in note 2a to the financial statements, indicate the existence of material uncertainty which may cast doubt about the Group's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern. |
| **B.11** | **Working capital** | The Company is of the opinion that the working capital available to the Group is sufficient for the Group's present requirements, for at least the next 12 months from the date of this document. |

| **Section C – Securities** | | |
|---|---|---|
| **C.1** | **Type and class of the securities admitted to trading** | The securities being issued are Ordinary Shares of the Company.<br><br>When admitted to trading the New Ordinary Shares will have an ISIN of GB00B7V2GY97 and SEDOL of B7V2GY9. |
| **C.2** | **Currency of the securities issue** | Pound Sterling. |
| **C.3** | **Issued share capital** | At the date of this document, the Company had 94,896,125 Ordinary Shares with a par value of 0.1p admitted to trading.<br><br>Following the issue of New Ordinary Shares as follows, the Company has 188,483,954 Ordinary Shares with a par value of 0.1p in issue (all of which are fully paid). |

| | | |
|---|---|---|
| | | <table><tr><th>Date</th><th>Reason</th><th>New Ordinary Shares</th></tr><tr><td>April 16</td><td>Share Subscription (the “April Subscription”)</td><td>15,000,000</td></tr><tr><td>September 16</td><td>Share Subscription (the “September Subscription”)</td><td>70,895,521</td></tr><tr><td>March 17</td><td>Acquisition of interest in DIA</td><td>7,692,308</td></tr><tr><td></td><td>**TOTAL**</td><td>**93,587,829**</td></tr></table><br><br>Each New Ordinary Share ranks pari passu with existing ordinary shares. |
| **C.4** | **Rights attaching to the securities** | The Company must hold an annual general meeting each year in addition to any other general meetings held in the year. The Board can call a general meeting at any time. All members who are entitled to receive notice under the articles of association must be given notice.<br><br>Each Shareholder entitled to attend and being present in person or by proxy at a meeting will, upon a show of hands, have one vote and upon a poll each such Shareholder present in person or by proxy will have one vote for each Ordinary Share of which he is the holder.<br><br>In the case of joint holders of an Ordinary Share, the vote of the senior holder who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. Seniority shall be determined by the order in which the names of the holders stand in the register of members of the Company.<br><br>Subject to the Act, the Company may by ordinary resolution declare dividends to be paid to members according to their respective rights and interests in the profits of the Company. However, no dividend shall exceed the amount recommended by the Board. Any dividend declared shall be distributed amongst the Shareholders pro rata according to the nominal amounts paid up or credited as paid up on the Ordinary Shares held by them respectively.<br><br>On a return of assets on liquidation, reduction of capital or otherwise, the surplus assets of the Company available for distribution to the shareholders shall be applied in paying to the Shareholders the nominal amounts paid up or credited as paid up on the Ordinary Shares held by them.<br><br>If the Company is wound up, the liquidator may, with the sanction of a special resolution, any other sanction required by law and subject to the Act, divide among the members in specie the whole or any part of the assets of the Company or vest the whole or any part of the assets in trustees upon such trusts for the benefit of the members as the liquidator, with the like sanction, shall determine. |
| **C.5** | **Restrictions on free transferability of the securities** | The Ordinary Shares are freely transferable and there are no restrictions on transfer. |
| **C.6** | **Admission to trading** | The existing Ordinary Shares have been admitted to the Standard Listed segment of the Official List and to trading on the London Stock Exchange’s Main Market for Listed Securities.<br><br>Application will be made to the United Kingdom Listing Authority and the London Stock Exchange for 93,587,829 Ordinary Shares to be admitted to the standard segment of the Official List and to trading on the London Stock Exchange’s Main Market for listed securities, respectively.<br><br>It is expected that admission will become effective and that unconditional dealings in the New Ordinary Shares will commence on the London Stock Exchange at 8.00 am on 27 March 2017.<br><br>**No application has been made or is currently intended to be made for the Ordinary Shares to be admitted to trading on any other exchange.** |
| **C.7** | **Dividend policy** | The Company has never declared or paid any dividends on the Ordinary Shares. The Company currently intends to pay dividends on future earnings, if any, when it is commercially appropriate |

<table>
<tr><td></td><td></td><td>to do so. Any decision to declare and pay dividends will be made at the discretion of the Board and will depend on, among other things, the Company’s results of operations, financial condition and solvency and distributable reserves tests imposed by corporate law and such other factors that the Board may consider relevant.</td></tr>
</table>

<table>
<tr><th colspan="3">Section D – Risks</th></tr>
<tr><td>D.1</td><td>Key information on the key risks that are specific to the Company or its industry</td><td>RISKS RELATING TO THE GROUP’S BUSINESS AND STRUCTURE<br><ul><li>The fixed cost base of the Group is maintained through the seasons during which sales volumes of manufactured and traded products are traditionally supressed, these being the summer months and the period from December to January; however revenue typically decreases. The reduction in revenue during those periods of seasonally low turnover could have a material adverse impact on the business and financial performance of the Group.</li><li>Climatic conditions such as drought, improper use of pesticides, disease, availability of labour and seasonality of produce, any one of which could result in damage to, or destruction of crops, environmental damage or pollution all of which could have a material adverse impact on the business, operations and financial performance of the Group.</li><li>Dynamic relied on its top five customers for approximately 72 per cent. of its revenues in the year ended 31 October 2016. Dominance of a select few customers has the potential to force erosion of prices and, by extension, profit margins. Additionally, there is the risk that loss of a key customer and inability to locate an alternate buyer for that proportion of product could result in a decrease in revenue.</li><li>At present, a significant proportion 49% of raw materials are supplied by three key suppliers While Dynamic sources raw materials from a range of suppliers, there remains a risk of material impact in the short term if one of its key suppliers were to fail.</li></ul>RISKS RELATING TO THE MARKET IN WHICH THE GROUP OPERATES<br><ul><li>A large majority of Dynamic’s revenue will be transacted in ZAR or directly linked to the ZAR. Additionally, a number of the suppliers to Dynamic are paid in US Dollars. Consequently, investment in the Ordinary Shares includes an economic exposure to the ZAR and US Dollar. The Company’s accounts are maintained in Pounds Sterling and may therefore be partly affected by fluctuations in the Sterling-Rand and Sterling-US Dollar exchange rate. Fluctuations in the value of Sterling, the ZAR and other currencies in which the Company and any subsidiaries may agree to transact business from time to time may materially affect the earnings which the Company expects to realise from its operations when translated into Sterling. The Group has a hedging strategy in place, which is reviewed at the end of each month, whereby it seeks to cover the majority of its foreign currency trading exposure depending on the current volatility of the South African Rand and the anticipated volatility over the following month.<br><br>Dynamic may experience some production down time if its electricity supply is interrupted due to load shedding by the state provider; this is unlikely to affect production volumes as production can be made up. It may however impact margins as the production may have to be made up with overtime which increases production costs.</li></ul>RISKS RELATING TO THE TRANSACTIONS ENTERED INTO BY THE COMPANY<br><br>Three of the transactions recently implemented by the Company, most notably the conditional sale of its interest in APV and the acquisition of DIA have certain associated risks:<br><ul><li>Sale of APV: under the terms of the deal APV will, by way of loans, receive ZAR 560,000 (approximately £35,851 on the basis of the currency quote shown on Reuters.com at approximately 12pm on the Last Practicable Date) to settle existing creditors and will also receive monthly payments, at the option of PMR, of ZAR 150,000 (approximately £9,603 on the basis of the currency quote shown on Reuters.com at approximately</li></ul></td></tr>
</table>

| | | |
|---|---|---|
| | | 12pm on the Last Practicable Date) to fund its ongoing operations until completion of the disposal. Additionally, APV will receive a final payment of ZAR 6,343,297 (approximately £406,101 on the basis of the currency quote shown on Reuters.com at approximately 12pm on the Last Practicable Date) of which ZAR 1,400,565 will repay the loans made by DI to APV and the balance will be used to repay loans made by Lamberti to APV. Should this point be reached, PMR will then also acquire APV for a nominal price and assume all outstanding liabilities. This final tranche of the transaction is subject to PMR receiving external funding and there is therefore a risk that the transfer of the interest in APV may not take place and that the ZAR 1,400,465 loan is not repaid to Dynamic. In order to protect against this risk, two Directors provided the Standby Facility Agreements to provide the Company with sufficient financial resources and headroom. Additionally, in the event that the transaction with PMR does not complete, APV would have to repay the funds received to date. APV has been given written confirmation by PMR that should the transaction not complete by 14 May 2017, it will not require the repayment of the funds received to date for at least 14 months from the written confirmation (being 2 March 2017). In terms of the ongoing funding of the APV joint venture, should the transaction not take place, neither Dynamic nor the Company are under any obligation to continue contributing funds to it and the Directors confirm that they would not intend to do so. In this scenario, Dynamic and Lamberti would consider, among other options, liquidating the joint venture. If this event were to occur, there is no recourse or liability that would affect the Company or Dynamic.<br><br>• *DIA Acquisition:* although the transaction has been completed and the entity is profitable on a standalone basis, its operations are run by key employees who, should they wish to depart DIA once their agreed contractual period expires, could potentially have an impact on the company's profitability |
| **D.3** | **Key information on the key risks that are specific to the securities** | **RISKS RELATING TO THE ORDINARY SHARES**<br>• Notwithstanding the fact that an application will be made for the New Ordinary Shares to be admitted to the standard listing segment of the Official List, this should not be taken as implying that there will be a liquid market in the Ordinary Shares and, accordingly, it may be more difficult for investors to sell their Ordinary Shares. The share price of publicly traded companies can be highly volatile and subject to wide fluctuations in response to a variety of factors, which could lead to losses for Shareholders.<br><br>• Future issues of Ordinary Shares could be dilutive. It may be necessary, at some future time, for the Group to issue additional Ordinary Shares to fund the growth plans of the Group. Any such issue would dilute the interests of Shareholders and could impact upon the price of the Ordinary Shares.<br><br>• Application will be made for the New Ordinary Shares to be admitted to a standard listing on the Official List. A Standard Listing will afford investors in the Company a lower level of regulatory protection than that afforded to investors in a company with a Premium Listing, which is subject to additional obligations under the Listing Rules. |

| **Section E – Offer** | | |
|---|---|---|
| **E.1** | **Net proceeds/ estimate of expenses** | The following are the gross and net proceeds from each of the transactions relating to the New Ordinary Shares: |

| Transaction | Gross Proceeds | Net Proceeds |
|---|---|---|
| April Subscription | £75,000 | £75,000 |
| September Subscription | £475,000 | £475,000 |
| DIA Acquisition[1] | N.A | N.A |
| **Total** | **£550,000** | **£550,000** |

[1] *AAA acquired 46.8% in DIA in an all share transaction and there were no proceeds.*

| | | |
|---|---|---|
| **E.2a** | **Reasons for the offer/use of proceeds/net amount of proceeds** | The focus of the Board has been to develop AAA to its full potential. In this context, the main reasons for each transactions that has resulted in New Ordinary Shares being issued and the corresponding use of proceeds are as follows:<br><br>**Transaction** / **Reasons for Transaction** / **Use of Proceeds**<br>April Subscription / Satisfy AAA's creditors and support working capital requirements of AAA and Dynamic as it sought to diversify its product range to higher margin products and its client base. This expanded strategy led to the requirement to increase inventory levels for which funding was needed. / • Payment of Dynamic creditors: £30,000 • Inventory related payments: £45,000<br>September Subscription / Satisfy AAA's creditors and provide the necessary working capital to continue growing the business. / • Payment of AAA creditors: £80,000 • Payment of Dynamic Creditors: £50,000 • Dynamic inventory related payments: £200,000 • Plant upgrades: £3,500 • Remaining balance: used for ongoing operations of the group<br>DIA Acquisition / Complement AAA's food manufacturing business by adding a food acquisition, distribution and trading arm to assist in providing the additional raw materials for the manufacturing facility / N.A – it was an acquisition and therefore no proceeds were received |
| **E.3** | **Terms and conditions of the offer** | There were no conditions attached to the subscriptions other than those attached to the Ordinary Shares |
| **E.4** | **Interests material to the issue/ conflicting interests** | Not applicable. There are no interests, known to the Company, material to Admission or which are conflicting interests. |
| **E.5** | **Name of the offer or/lock up agreements** | No third party is selling Ordinary Shares in connection with the offer.<br><br>No lock-up arrangements are being entered into in connection with the Ordinary Shares. |
| **E.6** | **Dilution** | Number of Ordinary Shares in Issue prior to admission of New Ordinary Shares: 94,896,125<br>Number of New Ordinary Shares Issued: 93,587,829<br>Number of Ordinary Shares following Admission: 188,483,954<br>Number of New Ordinary Shares as a percentage of the Issued Share Capital: 49.65% |

| Transaction | Reasons for Transaction | Use of Proceeds |
|---|---|---|
| April Subscription | Satisfy AAA's creditors and support working capital requirements of AAA and Dynamic as it sought to diversify its product range to higher margin products and its client base. This expanded strategy led to the requirement to increase inventory levels for which funding was needed. | • Payment of Dynamic creditors: £30,000<br>• Inventory related payments: £45,000 |
| September Subscription | Satisfy AAA's creditors and provide the necessary working capital to continue growing the business. | • Payment of AAA creditors: £80,000<br>• Payment of Dynamic Creditors: £50,000<br>• Dynamic inventory related payments: £200,000<br>• Plant upgrades: £3,500<br>• Remaining balance: used for ongoing operations of the group |
| DIA Acquisition | Complement AAA's food manufacturing business by adding a food acquisition, distribution and trading arm to assist in providing the additional raw materials for the manufacturing facility | N.A – it was an acquisition and therefore no proceeds were received |

| | |
|---|---|
| Number of Ordinary Shares in Issue prior to admission of New Ordinary Shares | 94,896,125 |
| Number of New Ordinary Shares Issued | 93,587,829 |
| Number of Ordinary Shares following Admission | 188,483,954 |
| Number of New Ordinary Shares as a percentage of the Issued Share Capital | 49.65% |

| | | |
|---|---|---|
| **E.7** | **Estimated expenses charged to the investor** | Not applicable. No expenses related to listing are being charged to the investor. |

## INFORMATION INCORPORATED BY REFERENCE

This Prospectus should be read and construed in conjunction with the Audited Financial Statements together with the audit reports thereon and the memorandum and articles of association of the Company.

The table below sets out the sections of these documents which are incorporated by reference into, and form part of, this Prospectus, and only the parts of the documents identified in the table are incorporated into, and form part of, this Prospectus. The parts of these documents which are not incorporated by reference are either not relevant for investors or are covered elsewhere in this Prospectus. To the extent that any part of any information referred to below itself contains information which is incorporated by reference, such information shall not form part of this Prospectus.

Jefferys Henry of Finsgate, 5-7 Cranwood Street, London, EC1V 9EE has issued unqualified audit opinions on the Audited Financial Statements

| Information incorporated by reference into this document | Page numbers in such document | Reference document |
|---|---|---|
| | | |
| **The following sections from the Annual Report for the year ended 31 October 2015:** | | |
| Chairman's Statement | 1 | Annual Report 2015 |
| Strategic/Business Review | 2 | Annual Report 2015 |
| Principal Risks and Uncertainties | 3-4 | Annual Report 2015 |
| Financial Review | 14-40 | Annual Report 2015 |
| Directors' report | 5-8 | Annual Report 2015 |
| Remuneration report | 9-10 | Annual Report 2015 |
| Directors' responsibilities statement | 7 | Annual Report 2015 |
| Independent auditor's report on the group financial statements | 12-13 | Annual Report 2015 |
| Consolidated income statement | 14 | Annual Report 2015 |
| Consolidated statement of comprehensive income | 14 | Annual Report 2015 |
| Consolidated statement of financial position | 16 | Annual Report 2015 |
| Consolidated cash flow statement | 17 | Annual Report 2015 |
| Consolidated statement of changes in equity | 15 | Annual Report 2015 |
| Notes to the group financial statements | 21-40 | Annual Report 2015 |
| Independent auditor's report on the company financial statements | 12-13 | Annual Report 2015 |
| **The following sections from the Annual Report for the year ended 31 October 2016:** | | |

| | | |
|---|---|---|
| Chairman's Statement | 4 | Annual Report 2016 |
| Strategic/Business Review | 5-7 | Annual Report 2016 |
| Principal Risks and Uncertainties | 6-7 | Annual Report 2016 |
| Financial Review | 16-42 | Annual Report 2016 |
| Directors' report | 8-11 | Annual Report 2016 |
| Remuneration report | 13 | Annual Report 2016 |
| Directors' responsibilities statement | 10 | Annual Report 2016 |
| Independent auditor's report on the group financial statements | 14-15 | Annual Report 2016 |
| Consolidated statement of comprehensive income | 16 | Annual Report 2016 |
| Consolidated statement of financial position | 18 | Annual Report 2016 |
| Consolidated cash flow statement | 19 | Annual Report 2016 |
| Consolidated statement of changes in equity | 17 | Annual Report 2016 |
| Notes to the group financial statements | 23-42 | Annual Report 2016 |
| **Memorandum and Articles of Association of the Company** | | Memorandum and Articles of Association |
| **AAA Prospectus for the Admission to the Standard Listing Segment of the Official List** | | |
| AAA Historical Financial Information | 46-71 | AAA Prospectus July 2015 |
| Dynamic Intertrade Historical Financial Information | 72-85 | AAA Prospectus July 2015 |

# PART 1

# RISK FACTORS

**The Group's business, financial condition or results of operations could be materially and adversely affected by the risks described below. In such cases, the market price of the Ordinary Shares may decline due to any of these risks and investors may lose all or part of their investment. Additional risks and uncertainties not presently known to the Directors may also have an adverse effect on the Group. The Directors consider the risks disclosed in this Part 1 to be the known material risks for potential investors in the Group. However, there may be additional risks that the Group and the Directors do not currently consider to be material, which have not been disclosed.**

**Any investment in the Ordinary Shares is speculative and subject to a high degree of risk. Prior to investing in the Ordinary Shares, prospective investors should carefully consider the risks and uncertainties associated with any investment in the Ordinary Shares, the Group's business and the sector in which it operates, together with all other information contained in this document, including, in particular, the risk factors described below. Any of the risks described below, as well as other risks and uncertainties discussed in this document, could have a material adverse effect on the Group's business and could therefore have a negative effect on the trading price of the Ordinary Shares. Prospective investors should note that the risks relating to the Group, its industry and the Ordinary Shares summarised in the 'Summary Information' are the key risks associated with an investment in the Ordinary Shares. However, as the risks which the Group faces relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on the key risks summarised in the 'Summary Information' but also, among other things, the risks and uncertainties described below.**

**The following factors do not purport to be a complete list or explanation of all the risk factors involved in investing in the Ordinary Shares. Additional risks and uncertainties that are not currently known to the Company may individually or cumulatively also have an adverse effect on the Group's business, results of operations, financial condition and prospects. If this occurs, the price of the Ordinary Shares may decline and investors could lose all or part of their investment. Prospective investors should also consider carefully whether an investment in the Ordinary Shares is suitable for them in light of the information in this document and their personal circumstances.**

## RISKS RELATING TO THE GROUP'S BUSINESS AND STRUCTURE

**Seasonality**

The fixed cost base of the Group is maintained through the seasons during which sales volumes of manufactured and traded products are traditionally supressed, these being the summer months and the period from December to January; however revenue typically decreases. The reduction in revenue during those periods of seasonally low turnover could have a material adverse impact on the business and financial performance of the Group.

**Market and competition**

The agriculture sector is a highly competitive market and many competitors will have greater financial and other resources than the Group and as a result may be in a better position to compete for opportunities. The Group's local competitors consist of PaprieX, Best Said Properties, Natpro, Petro Foods, Bidvest, Zemcor Marketing as well as other overseas competitors, mainly from China. These companies operate in the same market as the Group procuring local stock, milling and blending herbs and spices which they supply to the South African food industry. Increased local competition could cause an increase in raw materials costs and may favour competitors that have greater financial and other resources than the Group. There can be no assurances that the Group can or will be able to compete effectively.

**Climate and disease**

The development of agricultural enterprises involves significant uncertainties and risks including unusual climatic conditions such as drought and floods, improper use of pesticides, contamination, disease, availability of labour and seasonality of produce, any one of which could result in damage to, or destruction of crops, environmental damage or pollution all of which could have a material adverse impact on the business, operations and financial performance of the Group.

**Product**

The main commodities purchased by Dynamic are desiccated paprika/chilli, whole dried chillies and whole dried paprika. Product quality varies from origin to origin and batch to batch. Each product has its own specific product risk, relating to quality, moisture, shelf-life, aflotoxins, microbacteria, and pesticide residues among others. The Company has its own in-house laboratory with three permanent quality staff and all incoming goods are sampled and sent for external laboratory

testing. Once it has been confirmed that the goods comply, they are then released into production. All outgoing goods undergo the same testing regime before they are released for sale.
Although structures and protocols are in place to mitigate these risks to as great a degree as possible, product risk retains the capacity to adversely impact on the Group's financial performance.

**Pricing**

The market price of agricultural products and crops is volatile and is affected by numerous factors which are beyond the Group's control. These include international supply and demand, the level of consumer product demand, international economic trends, currency exchange rate fluctuations, the level of interest rates, rates of inflation, global or regional political events and international events as well as a range of other market forces. Sustained downward movements in agricultural prices could render less economic, or uneconomic, any development activities to be undertaken by the Group.

**Regulatory**

The agricultural activities of the Group may be subject to various laws governing development, production, the protection of the environment, taxes, labour standards and occupational health, safety, toxic substances and other matters. Environmental laws, regulations and regulatory initiatives are significant drivers for opportunities in the agricultural sector to stand out from smaller operators who do not comply with the laws or do not seek accreditation for their products. Although the Directors intend that all the Group's activities will be carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit, curtail its activities or lead to fines or suspension of the companies trading activities until the issue has been resolved.

**Dependence on key personnel**

The success of the Group depends largely upon the expertise of the Directors and its senior management. There is no assurance that the Group can retain the services of these persons. Failure to do so any of any of these persons may have a materially adverse effect on the Group's business and prospects.

**Reliance on key customers**

Dynamic generated approximately 72 per cent. of its revenues in the period ended 31 October 2016 from its top five customers. The risks associated with reliance on these customers are recognised by the Directors, and it is intended that the Group will continue to expand both its customer base and its product range so as not to be so reliant on its key customers. Dominance of a select few customers has the potential to force erosion of prices and, by extension, profit margins. Additionally, there is the risk that loss of a key customer and inability to locate an alternate buyer for that proportion of product could result in a decrease in revenue.

**Successful management of growth**

Expansion of the business of the Group may place additional demands on the Group's management, administrative and technological resources and marketing capabilities, and may require additional capital expenditure. If the Group is unable to manage any such expansion effectively, then this may adversely impact the business, development, financial condition, results of operations, prospects, profits and reputation of the Group.

As set out in Part 5 'Business Overview' of this document, the Group intends to expand its operations. The Group's growth and future success will be dependent to some extent on the successful completion of such expansion strategies proposed to be undertaken by the Group and the sufficiency of demand for the Group's products. The execution of the Group's expansion strategies may also place a strain on its managerial, operational and financial reserves. Should the Group fail to implement such expansion strategies or should there be insufficient demand for the Group's products and services, the Group's growth rate may be slower than planned.

**Key suppliers**

The Directors consider Dynamic to have built up a reliable supplier base for its externally sourced raw materials. At present, approximately 74 per cent. of these raw materials are supplied by 6 key suppliers. While Dynamic sources raw materials from a range of suppliers, there remains a risk of material impact in the short term if one of its key suppliers were to fail.

**Litigation**

Legal proceedings, with or without merit, may arise from time to time in the course of the Group's business. Whilst the Group is not currently involved in any legal proceedings which may have a significant effect on the Group, and none are pending or threatened of which the Company is aware, the Directors cannot preclude litigation being brought against the Group and any litigation brought against the Group could have a material adverse effect on the financial condition, results or operations of the Company. The Group's business may be materially adversely affected if the Group and/or its employees or agents are found not to have met the appropriate standard of care or exercised their discretion or authority in a prudent or appropriate manner in accordance with accepted standards. So far as the Directors are aware there are no legal proceedings pending or threatened.

**Management of operations**

Future growth and prospects for the Company will depend on its management's ability to manage the business of the Group and to continue to expand and improve operations, financial efficiencies and quality control of products. Any failure to expand and improve operations, financial efficiencies and quality control in line with the Group's growth could have a material adverse effect on the Group's business, financial condition and results of operations.

**Debtor payments**

Dynamic generated approximately 72 per cent. of its revenues in the period ended 31 October 2016 from its top five customers. Relying on these key customers means that in the event that multiple customers do not pay their debts, it could impact the financial performance of the Company.

**Uninsured liabilities**

The Group may be subject to liability claims due to its products being natural and therefore of variable quality, or for acts or omissions of its sales representatives, agents or distributors. The Group can give no assurance that the proceeds of insurance applicable to covered risks will be adequate to cover expenses relating to losses or liabilities. Accordingly, the Group may suffer material losses from uninsurable or uninsured risks or insufficient insurance coverage.

**Dividends**

There can be no assurance as to the level or frequency of future dividends, if any. The declaration, payment and amount of any future dividends of the Company are subject to the discretion of the Directors, and will depend on, among other things, the Company's earnings, financial position, cash requirements and availability of profits.

**Planning uncertainty**

This Prospectus contains certain forward-looking statements that are subject to certain risks and uncertainties, in particular statements regarding the Group's plans, goals and prospects. These statements and the assumptions that underlie them are based on the current expectations of the Directors and are subject to a number of factors, many of which are beyond their control. As a result, there can be no assurance that actual performance of the Group will not differ materially from the matters described in this document.

**Tariffs and tax changes**

Governments may impose tariffs on imported products and/or introduce changes to their internal tax subsidies which may affect the Group's competitiveness.

**Economic uncertainty**

Future economic uncertainty or significant increases in the Group's operating costs could result in a reduction in profits generated by the Group.

## RISKS RELATING TO THE COUNTRIES IN WHICH THE GROUP OPERATES

**Political and legal factors**

African countries experience varying degrees of political instability. The Group currently has operations in South Africa and sources products from other Southern African countries. There can be no assurance that political stability will continue in those countries where the Company has now or in the future may have operations. In the event of political instability or changes in government policies in those countries where the Company may operate, the operations and financial condition of the Company could be adversely affected.

The countries in which the Group has operations may be subject to legal uncertainties, ambiguities, inconsistencies and anomalies might arise which would not necessarily exist in the UK. In particular, difficulties may arise in seeking to obtain redress through the legal courts in the relevant overseas jurisdictions.

Specific risks may include:

- changes to existing legislation related to tax, import duties, custom procedures, ownership and foreign exchange laws, leading to an adverse impact on the financial performance of the Group;
- delays in the granting of permits, licenses and other consents from the government;
- changes in Black Economic Empowerment legislation leading to non-compliance by the Group;
- bribery and corruption; and
- labour market unrest and political violence.

**Repatriation of funds**

Some of the countries in which the Company may operate have maintained strict controls on access to foreign currency and the repatriation of funds. Although exchange control restrictions in South Africa have been substantially relaxed in recent years, there can be no assurance that they will not be reintroduced. Any changes in exchange controls may limit the ability of the Company to distribute any profits.

**Black Economic Empowerment legislation in South Africa**

Black Economic Empowerment ("**BEE**") is a uniquely South African risk. BEE is a racially selective programme launched by the South African government to redress the inequalities caused by Apartheid by giving certain previously disadvantaged groups (Blacks, Coloureds, Indians, and Chinese who arrived before 1994) of South African citizens' economic privileges previously not available to them. Although race is the overriding factor, it includes measures such as Employment Preference, skills development, ownership, management, socioeconomic development, and preferential procurement. BEE scorecards are generally required for businesses wanting to supply Government departments, as well as larger multinationals and locally listed entities.

From a business risk perspective, BEE should be evaluated on principle and method. The principle or intent of BEE is sound. The transformation of business and economic life in South Africa is crucial to empower the black majority to gain a larger stake in business ownership, managerial positions, jobs, wealth sharing, skills development and training. This is necessary to ensure the ongoing sustainability of the South African economy. At the same time however, BEE subjects businesses to increased governmental regulations, giving rise to disputes between the government and business community as to whether BEE is the best method to empower Black South African's economically without harming business opportunity and economic growth.

Firms operating in South Africa have to meet extensive balanced score card evaluations of their BEE progress. The instruments used to implement and measure BEE prescribe many aspects of business operations including equity ownership, executive (managerial) control, employment, preferential procurement and supply, the transfer of skills, corporate social investment in disadvantaged communities, and the development of entrepreneurship for SMEs and micro-enterprises. Each of these "elements" has set targets (quotas) and timetables for visible black economic empowerment, which introduces risk.

Some specific challenges include:

- regarding Ownership, equity transfer often has the appearance of an involuntary redistribution of wealth and contains the risk to shareholders that value may not be achieved in the case of BEE equity transactions;
- the risk of preferential or "affirmative" procurement has raised new uncertainties about access of foreign firms to government contracts and new procurement rules may create inefficiencies through too much focus on small business;
- achieving the goals set out in BEE charters for skills development, enterprise development, more recently supplier development and socio-economic development can be costly for firms, particularly smaller businesses; and
- long-term uncertainties have recently emerged in the business community regarding increased BEE targets and quotas and penalizing firms that fail to comply voluntarily with BEE targets and timelines.

Failure to achieve a minimum BEE rating can result in the Company's inability to service government contracts and potentially reduce the number of corporate blue chip customers it supplies, as these customers may have minimum BEE requirements. This can potentially result in a loss in revenue and profits. Similarly, if BEE is not implemented properly, it can result in production inefficiencies through the appointment of unqualified personnel, referred to as "window dressing".

**Supply of electricity**

Eskom generates approximately 95 per cent. of the electricity used in South Africa and historically has not always met the demand of customers. Therefore to avoid total collapse of the electricity supply Eskom may interrupt electricity supply to certain areas in what is known as load shedding. Dynamic may experience some loss of production if it experiences load shedding; this is unlikely to affect production volumes as production can be made up. It may however impact margins as the production may have to be made up with overtime which increases production costs. Eskom will not commit to there being no load shedding; however the grid is stable enough that no load shedding has happened over the last 12 months.

**Labour market unrest**

South Africa has in recent history been a place of some political instability, in part due to its complex history and the large gap between the rich and the poor. At the same time, as compared to its other African neighbours, South Africa can be relatively more predictable. Labour unrest is an example of some of the instabilities in South Africa, but also showcases some of the good infrastructure in place. On the one hand, the relatively strong formal business infrastructure in the country has resulted in large labour unions which in theory protect the rights of workers; at the same time, the lack of bridging of the wealth gap has meant that those sitting closer to the poverty line are now given a clear venue through which to voice their discontent, with some parties using this as a political tool.

The main industries that have faced labour unrest in the past few months in South Africa include the mining, manufacturing and telecommunications industries. Previously agriculture has also faced strikes by farmworkers. Workers are mostly striking for (living) wages, misappropriation of company funds, and a growing skills gap (where they cannot get the jobs due to their benchmark skills not meeting certain required criteria). Lately, another nuance has been added with Trade Unions themselves infighting and threatening unrest as they vie for power.

Strikes can extend for months at a time, affecting production, decimating export expectations, turning off investors and buyers from abroad and effectively affecting the profitability of the company.

Labour market unrest that escalates into a strike action may impact supplies, production levels and therefore profits for the Company.

## RISKS RELATING TO THE MARKET IN WHICH THE GROUP OPERATES

**Exchange rate fluctuations**

A large majority of Dynamic's revenue will be transacted in ZAR or directly linked to the ZAR. Additionally, a number of the suppliers to Dynamic are paid in US Dollars. Consequently, investment in the Ordinary Shares includes an economic exposure to the ZAR and US Dollar. The Company's accounts are maintained in South African Rand and may therefore be partly affected by fluctuations in the Sterling-Rand and Sterling-US Dollar exchange rate. Fluctuations in the value of Sterling, the ZAR and other currencies in which the Company and any subsidiaries may agree to transact business from time to time may materially affect the earnings which the Company expects to realise from its operations when translated into Sterling. As the Company receives income, it will be exposed to currency translation risk on such income to the extent the Company does not seek to hedge its currency exposure in the financial markets. The Group has a hedging strategy in place, which is reviewed at the end of each month, whereby it seeks to cover the majority of its foreign currency trading exposure depending on the current volatility of the South African Rand and the anticipated volatility over the following month.

**Exposure to economic cycle**

Market conditions may affect the value of the Company's share price regardless of operating performance. The Group could be affected by unforeseen events outside of its control including economic and political events and trends, inflation and deflation, terrorist attacks or currency exchange fluctuation. The combined effect of these factors is difficult to predict and an investment in the Company could be adversely affected by changes in economic, political, administrative, taxation or other regulatory factors in any jurisdiction in which the Group may operate. Deterioration in the economic climate could result in a delay or cancellation of clients' projects.

**Force majeure events**

There is a risk that the markets in which the Group currently operates could be affected by events such as war, civil war, riot or armed conflict, acts of terrorism, floods, explosions or other catastrophes, epidemics or quarantine restrictions, which are outside of the Directors' control and generally not covered by insurance. Such events could have a variety of materially adverse consequences for the Group, including risks and costs related to decline in revenues or reputational damage, and injury or loss of life, as well as litigation related thereto.

**Legal systems**

The Republic of South Africa and some of the countries in which the Group may operate in could have legal systems that result in risks such as: (i) potential difficulties in obtaining effective legal redress in the courts of such jurisdictions, whether in respect of a breach of law or regulation, or in an ownership dispute; (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; (iv) inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions; and (v) relative inexperience of the judiciary and courts in such matters. 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 licences and agreements for business. These may be susceptible to revision or cancellation and legal redress may be uncertain or delayed. There can be no assurance that joint ventures, licences, licence applications or other legal arrangements will not be adversely affected by the actions of government authorities or others and the effectiveness of and enforcement of such arrangements in these jurisdictions cannot be assured.

## RISKS RELATING TO TAXATION

**The Group may have exposure to greater than anticipated tax liabilities**

Determining the Group's provision for corporation and other tax liabilities, and the application and calculation of any tax relief, requires significant judgments and estimates, and there are many transactions and calculations where the ultimate tax determination is uncertain. Although the Group believes its estimates are reasonable, the ultimate tax outcome may differ from the amounts recorded in its financial statements and may materially affect its financial results in the period or periods for which such determination is made. Any adverse tax determination may require the Group to pay material amounts in taxes and penalties or materially reduce the Group's existing tax assets, which could have a material adverse effect on the Group's business, results of operations or financial condition.

**Taxation of returns from assets located outside of the UK may reduce any net return to investors**

To the extent that any asset, company or business which the Company acquires is established outside the UK, it is possible that any return the Company receives from it may be reduced by irrecoverable foreign withholding or other local taxes and this may reduce any net return derived by investors from a shareholding in the Company.

**Changes in tax law and practice may reduce any net returns for investors**

The tax treatment of Shareholders, any special purpose vehicle that the Company may establish and any company which the Company may acquire are, all subject to changes in tax laws or practices in the relevant jurisdiction. Any change may reduce the net return derived by investors from a shareholding in the Company.

Investors should not rely on the general guide to taxation set out in this document and should seek their own specialist advice. The tax rates referred to in this document are those currently applicable and they are subject to change.

**There can be no assurance that the Company will be able to make returns for Shareholders in a tax-efficient manner**

It is intended that the Company will structure the group to maximise returns for Shareholders in as fiscally efficient a manner as is practicable. The Company has made certain assumptions regarding taxation. However, if these assumptions are not correct, taxes may be imposed with respect to the Company's assets, or the Company may be subject to tax on its income, profits, gains or distributions (either on a liquidation and dissolution or otherwise) in a particular jurisdiction or jurisdictions in excess of taxes that were anticipated. This could alter the post-tax returns for Shareholders (or Shareholders in certain jurisdictions). The level of return for Shareholders may also be adversely affected. Any change in laws or tax authority practices could also adversely affect any post-tax returns of capital to Shareholders or payments of dividends (if any, which the Company does not envisage the payment of, at least in the short to medium term). In addition, the Company may incur costs in taking steps to mitigate any such adverse effect on the post-tax returns for Shareholders.

## RISKS RELATING TO THE ORDINARY SHARES

**Share price volatility and trading basis**

Notwithstanding the fact that an application will be made for the New Ordinary Shares to be admitted to the standard listing segment of the Official List, this should not be taken as implying that there will be a liquid market in the Ordinary Shares and, accordingly, it may be more difficult for investors to sell their Ordinary Shares. A return on investment in the Ordinary Shares may, therefore, in certain circumstances be difficult to realise. The share price of publicly traded companies can be highly volatile and subject to wide fluctuations in response to a variety of factors, which could lead to losses for Shareholders. The price at which the Ordinary Shares may trade and the price which investors may realise for their Ordinary Shares will be influenced by a large number of factors, some specific to the Group and some which may affect quoted companies generally. These factors could include the performance of the Group's operations, large purchases or sales of shares, liquidity (or absence of liquidity) in its shares, currency fluctuations, legislative or regulatory changes (including changes in the tax regime in the jurisdiction in which the Group or its investments operate), additions or departures of key personnel at the Group, adverse press, newspaper and other media reports and general economic conditions. In addition, stock markets from time to time suffer significant price and volume fluctuations that affect the market price for securities and which may be unrelated to the Group's performance. The value of the Ordinary Shares may therefore fluctuate and may not reflect their underlying asset value.

**New Ordinary Shares and Impact on Share Price**

As a result of the issue of New Ordinary Shares, and their subsequent admission, the share capital of the Company will have increased 98.62% with the New Ordinary Shares representing 49.65% of the Issued Share Capital of the Company. This will result in a significant dilution to the interests of current holders of the Ordinary Shares.

Additionally, given the large number of shares that will be admitted to trading, it is possible that this will have a negative impact on the share price of the Ordinary Shares of the Company.

**Future issues of Ordinary Shares could be dilutive**

It may be necessary, at some future time, for the Group to issue additional Ordinary Shares to fund the growth plans of the Group. Any such issue would dilute the interests of Shareholders and could impact upon the price of the Ordinary Shares.

**Regulatory Protection**

Application will be made for the Ordinary Shares to be admitted to a standard listing on the Official List. A Standard Listing will afford investors in the Company a lower level of regulatory protection than that afforded to investors in a company with a Premium Listing, which is subject to additional obligations under the Listing Rules. Further details regarding the differences in the protections afforded by a Premium Listing or against a Standard Listing are set out in Part 10 entitled 'Consequences of a Standard Listing'.

## RISKS RELATING TO THE TRANSACTIONS

**Sale of APV**

Under the terms of the transaction APV will, by way of loans, receive ZAR 560,000 (approximately £35,851 on the basis of the currency quote shown on Reuters.com at approximately 12pm on the Last Practicable Date) to settle existing creditors and will also receive monthly payments, at the option of PMR, of ZAR 150,000 (approximately £9,603 on the basis of the currency quote shown on Reuters.com at approximately 12pm on the Last Practicable Date) to fund its ongoing operations for a until completion of the disposal. Additionally, APV will receive a final payment of ZAR 6,343,297 (approximately £406,101 on the basis of the currency quote shown on Reuters.com at approximately 12pm on the Last Practicable Date) of which ZAR 1,400,565 will repay the loans made by DI to APV and the balance will be used to repay loans made by Lamberti to APV. Should this point be reached, PMR will then also acquire APV for a nominal price and assume all outstanding liabilities. This final tranche of the transaction is subject to PMR receiving external funding and there is therefore a risk that the transfer of the interest in APV may not take place and that the ZAR 1,400,565 loan is not repaid to Dynamic. In order to protect against this risk, two Directors provided the Standby Facility Agreements to provide the Company with sufficient financial resources and headroom. Additionally, in the event that the transaction with PMR does not complete, APV would have to repay the funds received to date. APV has been given written confirmation by PMR that should the transaction not complete by 14 May 2017, it will not require the repayment of the funds received to date for at least 14 months from the written confirmation (being 2 March 2017). In terms of the ongoing funding of the APV joint venture, should the transaction not take place, neither Dynamic nor the Company are under any obligation to continue contributing funds to it and the Directors confirm that they would not intend to do so. In this scenario, Dynamic and Lamberti would consider, among other options, liquidating the joint venture. If this event were to occur, there is no recourse or liability that would affect the Company or Dynamic.

**DIA Acquisition**

Although the transaction has been completed and the entity is profitable on a standalone basis, its operations are run by key employees who, should they wish to depart DIA once their agreed contractual period expires, could potentially have an impact on the company's profitability.

**Investors should therefore consider carefully whether investment in the Company is suitable for them, in view of the risk factors outlined above and the information contained in this document, their personal circumstances and the financial resources available to them.**

# PART 2

# PRESENTATION OF FINANCIAL AND OTHER INFORMATION

## General

**No person has been authorised to give any information or to make any representations in connection with Admission other than the information and representations contained in this document and, if any other information is given or representations are made, such information or representations must not be relied upon as having been authorised by or on behalf of the Company or the Directors.**

The Company does not accept any responsibility for the accuracy or completeness of any information reported by the press or other media, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media regarding Admission, the Ordinary Shares or the Group. The Company makes no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. Without prejudice to any obligation of the Company under the FSMA, the Prospectus Rules, the Listing Rules or the Disclosure and Transparency Rules, the delivery of this document shall not, under any circumstances, create any implication that there has been no change in the business or affairs of the Company or of the Group taken as a whole since the date hereof or that the information contained herein is correct as of any time subsequent to its date.

The contents of this document or any subsequent communications from any member of the Group or any of their respective affiliates, officers, advisers, directors, employees or agents are not to be construed as advice on legal, business, taxation, accounting, regulatory, investment or any other matters. Each investor should consult his or her own lawyer, financial adviser or tax adviser for legal, financial or tax advice, as appropriate.

This document does not constitute, and may not be used for the purposes of, an offer to sell or an invitation or the solicitation of an offer or invitation to subscribe for or buy, any Ordinary Shares by any person in any jurisdiction.

The Ordinary Shares have not been and will not be registered under the Securities Act, or under any relevant securities laws of any state or other jurisdiction in the United States, or under the applicable securities laws of Australia, Canada, Japan, South Africa or the Republic of Ireland.

Investors should read this document in its entirety.

## Presentation of financial information

The financial information presented in this document by reference includes:

- audited consolidated financial information for the Group as at and for the periods ended 31 October 2014, 31 October 2015 and 31 October 2016.

In each case, prepared in accordance with IFRS.

## Non-financial information operating data

The non-financial operating data included in this document has been extracted without material adjustment from the management records of the Group and is unaudited.

## Currencies

In this document, references to "**Pounds Sterling**", "**£**", "**pence**" or "**p**" are to the lawful currency of the UK; references to "**South African Rand**", "**Rand**", or "**ZAR**" are to the lawful currency of the Republic of South Africa; and references to **"US Dollar"**, **"US$"** or **"USD"** are to the lawful currency of the United States of America. The basis of translation of any foreign currency transactions and amounts in the financial information set out in Part 11 of this document under the section headed 'Historical Financial Information'.

## Rounding

Percentages and certain amounts in this document, including financial, statistical and operating information, have been rounded to the nearest thousand whole number or single decimal place for ease of presentation. As a result, the figures shown as totals may not be the precise sum of the figures that precede them. In addition, certain percentages and amounts contained in this document reflect calculations based on the underlying information prior to rounding, and, accordingly, may not conform exactly to the percentages or amounts that would be derived if the relevant calculations were based upon the rounded numbers.

## Third party information

The Company confirms that all third party information contained in this document has been accurately reproduced and, so far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted that would render the reproduced information inaccurate or misleading. Where third party information has been used in this document, the source of such information has also been identified.

## No incorporation of website

The contents of the Company's website, any website mentioned in this document or any website directly or indirectly linked to these websites have not been verified and do not form part of this document and investors should not rely on such information.

## Definitions

A list of defined terms and technical terms used in this document is set out in Part 16 'Definitions'.

## Forward-looking statements

This document includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "expects", "intends", "may", "might" , "could" , "will", "target", "plan", "continue" or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding the intentions, beliefs or current expectations of the Company concerning, amongst other things, the objectives and policies, financing strategies, performance, results of operations, financial condition, prospects, and dividend policy of the Company and the markets in which it and the other companies in the Group operate. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. The Company's actual performance, results of operations, financial condition, dividend policy and the development of its financing and operational strategies may differ materially from the impression created by the forward-looking statements contained in this document. In addition, even if the performance, results of operations, financial condition and dividend policy of the Company, and the development of its financing and operating strategies, are consistent with the forward-looking statements contained in this document, those results or developments may not be indicative of results or developments.

Important factors that could cause these differences include, but are not limited to the risk factors (which are not exhaustive) set forth above in Part 1 'Risk Factors'.

Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company, are inherently subject to significant business, economic and competitive uncertainties and contingencies. Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements. In addition, even if the Company's results of operations and financial condition, and the development of the industry in which the Company operates, are consistent with the forward-looking statements contained in this document, those results or developments may not be indicative of results or developments in subsequent periods.

Investors are cautioned that forward-looking statements are not guarantees of future performance. The Company makes no representation, warranty or prediction that the results predicted by such forward-looking statements will be achieved and these forward-looking statements represent, in each case, only one of many possible scenarios and should not be viewed as the most likely or standard scenario. Forward-looking statements may, and often do, differ materially from actual results. Any forward-looking statements in this document speak only as at the date of this document, reflect the Company's current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Company's operations, results of operations and growth strategy. Investors should specifically consider the factors identified in this document that could cause actual results to differ. All of the forward-looking statements made in this document are qualified by these cautionary statements. For the avoidance of doubt, nothing in this paragraph on forward-looking statements constitutes a qualification of the working capital statement contained in paragraph 15 of Part 13 "Additional Information".

Forward-looking statements contained in this document apply only as at the date of this document. Subject to any obligations under FSMA, the Listing Rules, the Disclosure and Transparency Rules and the Prospectus Rules, the Group undertakes no obligation publicly to update or review any forward-looking statements, whether as a result of new information, future developments or otherwise.

# PART 3

## DIRECTORS, SECRETARY, REGISTERED AND HEAD OFFICE AND ADVISERS

| | | |
|---|---|---|
| **Directors** | David Lenigas | *Non-Executive Chairman* |
| | Andrew Anthony Monk | *Non-Executive Director* |
| | George Greville Roach | *Non-Executive Director* |
| | Robert Stuart Scott | *Non-Executive Director* |
| **Company Secretary** | Stephen Edward Clow | |
| **Registered and Head office of the Group** | Fourth Floor<br>New Liverpool House<br>15-17 Eldon Street<br>London<br>EC2M 7LD | |
| **Financial Adviser & Broker** | VSA Capital Limited<br>New Liverpool House<br>15-17 Eldon Street<br>London<br>EC2M 7LD | |
| **Legal Adviser to the Group** | Moore Blatch LLP<br>6th Floor<br>125 Old Broad Street<br>London<br>EC2N 1AR | |
| **Auditors & Reporting Accountant** | Jeffreys Henry LLP<br>Finsgate<br>5-7 Cranwood Street<br>London<br>EC1V 9EE | |
| **Registrars** | Neville Registrars Limited<br>Neville House<br>18 Laurel Lane<br>Halesowen<br>West Midlands<br>B63 3DA | |

# PART 4

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

| | |
|---|---|
| Publication of this document | 22 March 2017 |
| Admission and commencement of dealings in Ordinary Shares | 27 March 2017 |

These dates and times are indicative only, subject to change and may be brought forward as well as moved back, in which case new dates and times will be announced. The times referred to above are references to the time in London, UK.

# PART 5

# BUSINESS OVERVIEW

*Investors should read this Part 5 "Business Overview" in conjunction with the more detailed information contained in this document, including the financial and other information incorporated by reference.*

## Introduction

Anglo African Agriculture plc is registered in the United Kingdom and is the holding company of the Group which is involved in the manufacturing of herbs and spices and trading in agricultural products. The Company was admitted to trading on the standard segment of the Main Market of the LSE on 30 July 2015.

Between March 2013 and June 2014, the Company went through the process of acquiring Dynamic with the objective of entering the food manufacturing sector in Africa. Dynamic is a manufacturer of herbs and spices, trader of agricultural products and was, originally, involved in the production of guar beans. Since this acquisition, the Company has worked towards improving operations and has since moved Dynamic's operations from Brits, Johannesburg, to Cape Town in January 2016 as well as potentially disposing of its interest in the guar business, through the conditional agreement dated 14 November 2016 to dispose of its interest in APV.

The Company also acquired, in March 2017, 46.8% in DIA for an initial consideration of £100,000, payable in 7,692,308 Ordinary Shares. Further consideration of £50,000 is payable in Ordinary Shares depending on profit targets being met at DIA for the 12 month period ending 28 February 2017. DIA is a profitable and well established business which will serve to enhance Dynamic's trading capabilities. DIA is based in Johannesburg in South Africa and trades directly with primary producers and end users and arranges funding, transport and distribution from farm to factory. The primary agricultural commodities traded are dried produce, with the emphasis being on supplying various protein products to the human and animal feed industries in southern Africa. DIA trades and distributes commodities including sugar beans, popcorn, soya oil cake meal, cottonseed oil cake meal, meat and bone meal (carcass meal), blood meal, sun flower seed, soya beans, assorted fertilizers, maize, chillies, paprika, whole pepper and other spices. Commodities are sourced in Malawi, Zambia, Zimbabwe and Mozambique, South America, and imported into South Africa. Products are exported from South Africa to the same regions in Southern Africa.

In addition to the acquisition of DIA, the Company has implemented a number of other transactions throughout 2016 and early 2017. The decision to undergo these transactions was taken in the context of lower than expected trading volumes at Dynamic which were having an impact on the financial performance of AAA. This disappointing financial performance is evidenced in a net loss of £389,553 and £433,034 for the 2015 and 2016 financial years respectively and a significant deterioration of the Group's reserves that resulted in a cash position of £63,892 by 31 October 2015 and of £73,683 by the end of April 2016. Given this situation, the Board of the Company therefore decided that it should seek external funding in order to meet immediate creditor needs as well as to continue to fund growth. The first transaction was the April Subscription when it issued 15,000,000 New Ordinary Shares at 0.5p for a total gross consideration of £75,000. The main purpose of this subscription was to satisfy some of AAA's immediate creditors and, to the extent possible, support working capital requirements of AAA and Dynamic as it sought to diversify its product range to higher margin products. The second transaction was the September Subscription when it issued 70,895,521 New Ordinary Shares at 0.67p for a total consideration of £475,000. The proceeds from this subscription where used to satisfy AAA's creditors and provide the necessary working capital to continue growing the business. The September subscription was effected after the Company's board had undergone a strategic review and had placed the company into an offer period which ended immediately prior to the subscription closing. The board underwent the strategic review to consider the options available to the Company to most effectively implement its strategy and it ultimately decided that an additional fundraise would be the most appropriate way forward. Thirdly, and finally, two Directors, David Lenigas and George Roach, have agreed to enter into Standby Facility Agreements to provide the Company with up to £50,000 each. The purpose of these Standby Facility Agreements is to ensure that the Company has sufficient financial resources and headroom going forward.

## Commercial Activities of Dynamic

AAA has owned 100 per cent. of Dynamic since June 2014.

Dynamic is a manufacturer of food products. Dynamic's commercial activities fall into two principal categories:

- manufacturing of herbs and spices; and
- trading in agricultural products.

**Manufacturing of herb and spice products**

Dynamic's core operations are the manufacture of chilli and paprika blended products and batch packs. Dynamic is responsible for quality control, milling, blending and packaging of the product, such that it satisfies each customer's specific requirement. Dynamic also develops batch pack products for clients on request.

Incoming raw materials are tested in-house at Dynamic's warehouse and distribution facility in Cape Town, South Africa, and by external laboratories, before being approved for processing. The raw materials are then milled into flakes or powders. The range of milling equipment, owned by Dynamic, includes hammer mills and a turbine mill. Dynamic is currently commissioning a pin mill which will increase milling capacity and reduce operating costs. Following milling, the goods are then blended according to customer-specific formulas developed by a qualified food scientist. Finished product is packed into bags ranging from 500g to 25kg for sale to the food manufacturing industry.

Dynamic's quality assurance manager has primary responsibility for the quality control function and is supported by two quality controllers. The quality control team operates an in-house laboratory capable of testing for moisture and ASTA levels. ASTA is a unit used to measure the intensity of the red colour of paprika. New methods of measurement have been introduced to Dynamic within the last eighteen months, whereby a Chroma meter is utilised to give a light absorption reading. This scientific instrument guarantees very intuitive routine work by features such as automatic calibration and is particularly suited for food colour grading and spices.

Other microbiological and analytical tests which may be required according to legislation or customer specifications are performed by outsourced accredited laboratories. Tests include those for microbial contaminants, pesticide residues, and Scoville Heat Units (a scientific measure of capsicum 'heat').

Quality control is run according to World Health Organisation Good Manufacturing Practise standards, and all goods are batch tracked "from farm to fork". Dynamic holds FSSC 22000 (Food Safety System Certification) accreditation. The FSSC 22000 scheme is recognised by the Global Food Safety Initiative and is also supported by the Confederation of FoodDrinkEurope. FSSC 22000 is an international, auditable standard that specifies the requirements for food safety management systems, which has been designed to cover all the processes along the food chain that deal directly or indirectly with the end product being consumed. The Directors believe that such accreditation therefore has the potential for Dynamic to access the European and US markets, where food safety requirements are typically more stringent.

Dynamic produces two distinct own brand ranges: Spic'd and Chef-Worthy. Spic'd is a range of herbs and spices manufactured for retail sale, packaged as 100ml grinders and bottles and 50ml refills. The Chef-Worthy range is available in two product lines, Professional and Cater, and is primarily targeted at the catering industry.

**Guar Bean Production Joint Venture**

In 2012, Dynamic agreed a joint venture with a European company for the cultivation and production of guar seeds into guar splits in southern Africa. The joint venture was established in a separate entity, APV, 49.9 per cent. owned by Dynamic, with the two parties having equal numbers of board members and voting rights.

Due to the decrease of shale gas exploitation hydraulic fracturing demand for guar gum demand and prices have been on a downward trend from October 2014. The directors of APV believed that the price slump would remain while there was pressure on oil prices. Dynamic therefore entered into a conditional agreement for the disposal of its share of APV in November 2016. Under the terms of the deal, APV has, by way of loans, received ZAR 560,000 (approximately £35,851 on the basis of the currency quote shown on Reuters.com at approximately 12pm on the Last Practicable Date) to settle existing creditors and will also receive monthly payments, at the option of PMR, of ZAR 150,000 (approximately £9,603 on the basis of the currency quote shown on Reuters.com at approximately 12pm on the Last Practicable Date) to fund its ongoing operations until completion of the disposal. Additionally, APV will receive a final payment of ZAR 6,343,297 (approximately £406,101 on the basis of the currency quote shown on Reuters.com at approximately 12pm on the Last Practicable Date) of which ZAR 1,400,565 will repay the loans made by Dynamic to APV and the balance will be used to repay loans made by Lamberti to APV. Should this point be reached, PMR will then also acquire APV for a nominal price and assume all outstanding liabilities. PMR is currently in the process of a fundraising on the TSX-V market. The completion of the transaction, is subject to PMR securing funding, and is expected to conclude in early 2017. Further details of the transaction can be found at Part 13, paragraph 10.2.1.

**Trading**

Dynamic trades in black pepper, chilli flakes, garlic products, white pepper, roasted coriander and other herbs and spices. Gross profit margins on trading lines are typically lower than those on chilli and paprika products. Dynamic is targeting higher trading margins by focusing on value added batch packs and hopes to increase sales in future years. Following the acquisition of DIA, the Company's trading activities have increased and include, popcorn, soya oil cake meal, cottonseed oil cake meal, meat and bone meal, blood meal, sunflower seeds, assorted fertilizers, maize, chillies and paprika. It is expected that these will be traded exclusively through DIA as well as trading Dynamic's own products.

**Warehouse and Distribution**

Dynamic has a manufacturing and distribution facility in Cape Town. The facility is FSSC 22000 compliant and has sufficient space to handle an increase in production, storage and sales.

**Seasonality**

Dynamic's revenue has two annual peaks. The first is from March to April, precipitated by the fishing season, when the canning industry is processing tinned fish, primarily pilchards. Dynamic manufactures a special blend of cayenne pepper for this product. The fishing industry awards business on a tender basis, based on submissions in December the prior year.

The second annual peak occurs just prior to year-end. October to November is the period during which most manufacturers increase their throughput just prior to the traditional factory shutdown, for plant maintenance and summer holidays in December. December also represents the peak period for retail sales, during the annual holiday season. The lean sales period is the December to February quarter, followed by a slow start up in January to February.

As well as sales, procurement of raw materials is also seasonal as chilli and paprika crops have a four to five month growing season and therefore are less widely available at other times of the year. Towards the end of the procurement season, Dynamic forward buys raw materials to hold in store; thus ensuring it has sufficient raw materials to meet consumer demand until the next season's new crop becomes available. Suppliers are audited in order to ensure continuity of supply as well as quality of manufacturing, storage and distribution.

**Management of Dynamic**

The day-to-day operations of Dynamic are the responsibility of the management team, currently based in Cape Town, South Africa. The management team reports to Dynamic's board of directors, comprising CEO Mark Neilson, non-executive directors David Lenigas and Robert Scott. Dynamic's board of directors regularly reports to the Board.

**Customers and suppliers**

In the year ended 31 October 2016, Dynamic supplied product to approximately 41 customers, predominantly based in South Africa. The South African food industry represents Dynamic's primary market, accounting for almost 100% of turnover during this period. In addition to the food industry, Dynamic also supplies the South African fishing industry, which is a relatively new market for its products.

Sales by Dynamic by product segment are 84 per cent. manufactured product and 16 per cent. traded product for the year ended 31 October 2016.

Dynamic sources its raw materials from suppliers in South Africa and Malawi as well as China and India. In the year ended 31 October 2016, the top 6 suppliers accounted for approximately 74 per cent., by value.

**Business Strategy of Dynamic**

Dynamic's strategy is to sustainably grow each business segment (milling and/or blending of herbs and spices and bulk trading of agricultural products). Dynamic intends for both these segments to continue being core to operations and intends to focus on increasing production volumes. In order to increase volumes it will focus on signing new clients and ensuring that appropriate levels of quality inventory are kept.

Dynamic intends to continue to trade a similar product range, with chilli, garlic products and paprika as well as developing a standard range of seasonings, customized product batch packs for the general foods market.

Dynamic will continue to review its supplier base, ensuring it sources high quality raw materials at competitive prices. At the same time they will also seek to grow the breadth of its consumer base, whilst ensuring order volumes are maintained or increased from key customers.

Dynamic intends to continue to prioritise sales into the South African market and specifically intends to grow sales to the domestic fishing industry. Dynamic also plans to capitalise on any opportunity to profitably expand the export market for its product and trading ranges.

## Markets and Competition

The Directors believe that Dynamic's product offering is competitive in the market. They anticipate the market segments supplied by their product range (herbs, spices and seasonings) will continue to expand.

The Company's competitors comprise both local manufacturers, and companies exporting similar product ranges from overseas, for example, China.

## Competitive Advantages

The Directors believe the Group has the following competitive advantages:

**Experienced management team**

The Directors and senior management have extensive experience across a broad range of disciplines including finance, natural resources, agriculture and advisory work, as well as experience gained working across Africa.

**Established position in the South African spices market**

Established in October 2007, Dynamic has been a trading company for over eight years and has been in the food manufacturing business for approximately seven years. Dynamic is involved in the cultivation, manufacture, import and distribution of herbs, spices and seasonings and supplies a number of blue chip customers in South Africa, such as the Oceana Group, Bidvest Group and Tiger Brands, amongst others.

**Wide network of suppliers, customers and contacts**

Dynamic deals with a number of suppliers from through-out the world, procuring raw materials from countries such as Malawi, Zambia, South Africa, China, Madagascar and India to name a few. Dynamic's customer base is predominately focused within Southern Africa but is currently being expanded through the use of brokers to include the whole of Europe and, the USA. The Group's contact base is strong, particularly in the African context, considering the joint 75 years' experience of the Board, primarily on the African continent.

**Clear and focused business plan**

The Group has a clear business plan focused on value added businesses within the African agricultural space. The Group's core focus is not on primary agriculture, although this will be considered if it were to form part of vertical integration into one of our existing businesses, but rather on value added processes from the farm gate forward, and taking these products to market. Where a deal cannot be done with a target business, joint venture projects focused on their expansion will be pursued where the Group can add value to the target and set the platform for further potential negotiations with the target at a future point in time.

## Strategy

The Directors' strategy is to develop the business of Dynamic both organically and by acquisition. The Group plans to implement the following internally funded steps to achieve its growth plans:

**Acquisitions**

The Directors are focused on acquiring value added businesses within the agricultural sector, primarily focused on processing and service sectors involved from the farm gate forward. The key focus is on adding value and providing a market for these products. Primary agriculture businesses will only be considered if they form vertical integration of the Group's existing business and are deemed to be of strategic value to the Group.

In March 2017 the Company completed the acquisition of 46.8% of the shares of DIA. DIA is based in Johannesburg in South Africa and trades directly with primary producers and end users and arranges funding, transport and distribution from farm to factory. The company is well established and profitable. The primary agricultural commodities traded are dried produce, with the emphasis being on supplying various protein products to the human and animal feed industries in southern Africa. DIA trades and distributes commodities including sugar beans, popcorn, soya oil cake meal, cottonseed oil cake meal, meat and bone meal (carcass meal), blood meal, sun flower seed, soya beans, assorted fertilizers, maize, chillies, paprika, whole pepper and other spices. Commodities are sourced in Malawi, Zambia, Zimbabwe and Mozambique, South America, and imported into South Africa. Products are exported from South Africa to the same regions in Southern Africa

**Steam Sterilised Products**

Dynamic acquired a steam steriliser which was installed at its factory in Cape Town. Due to increased competition in the provision of steam sterilising services, the directors of Dynamic are considering converting the steriliser into a nauta mixer which blends products.

**Expansion into Madagascar**

The Company established a company in Madagascar. There are no immediate plans to begin operations in Madagascar.

## Employees

As at Admission, the Company has four directors, Dynamic has three directors, two of whom are also directors of AAA, and 20 other employees.

## Admission and dealing arrangements

Application will be made to the London Stock Exchange for the New Ordinary Shares to be admitted for trading on its main market for listed securities. It is expected that Admission will become effective and that dealings in the New Ordinary Shares will commence on 27 March 2017.

## CREST arrangements

The Ordinary Shares can be held in CREST in accordance with the Company's articles of association. Accordingly, settlement of transactions in the New Ordinary Shares following Admission may take place within the CREST system if the individual Shareholders so wish. CREST is a paperless settlement procedure which allows securities to be evidenced without a certificate and transferred other than by written instruction. CREST is a voluntary system and holders of Ordinary Shares who wish to receive and retain share certificates will be able to do so. Should Shareholders wish to hold their Ordinary Shares in CREST, they will need to follow the requisite CREST procedures for the dematerialisation of their shareholding.

# PART 6

# INDUSTRY OVERVIEW

The African agriculture sector provides investors with extremely good growth prospects, underpinned by a strong fundamental supply and demand structural trend. However, the performance of listed vehicles seeking to tap into this sector over the last few years has, for the most part, been poor.

The United Nations projects that Africa's population could increase by 58 per cent. to reach 1.9 billion in 2030, vs 1.2 billion in 2012. With significant levels of costly food imports in many countries, excellent agronomic conditions in certain areas which could allow more food to be grown in-country, increasing international and domestic policy support, a history of farming and food production, and an emerging middle class (with the associated increase in protein intake) the African agriculture sector has the potential to provide excellent opportunities going forward.

The Food and Agriculture Organisation stated in 2011 that Africa is a net importer of food and the largest recipient of food aid. This is coupled with the fact that Africa possesses almost 60 per cent. of the world's uncultivated arable land, totalling 600 million hectares. A report in June 2010 stated that Africa's labour force is expanding more rapidly than anywhere else in the world; the continent has more than 500 million people of working age and that is projected to exceed 1.1 billion by 2040. The Directors believe the continent has the potential to expand its agricultural capacity such that it not only meets a large part of its domestic requirements, but also becomes a major player in international export markets.

African governments are increasingly adopting policies to energise markets, including reducing trade barriers, cutting corporate taxes, and strengthening legal and regulatory systems. Africa has been at the centre of land deals, with an estimated 948 deals occurring in the 10 years until 2012, covering an area of 134 million hectares (greater than the combined area of the UK, France and Germany). The Directors believe the entry into the African agricultural sector offers significant upside potential. It must be appreciated that Africa is a continent with developing countries, and there are associated risks as set out in Part 1 'Risk Factors'.

The World Bank estimates that Africa's food and beverage markets could reach US$1 trillion by 2030. In 2013, the market was worth US$313 billion per annum, this offers the prospect of a three-fold increase, increasing employment, increasing wealth, reducing hunger, and more opportunities enabling African farmers to compete globally. Although Africa has more than half of the world's fertile yet unused land, the continent only uses two per cent. of its renewable water resources compared to the global average of five per cent. meaning there is significant scope for growth.

**Herbs and spices manufacturing market**

The EU is an important market for spices and herbs with over 500 million consumers and imports in 2013 of €1.8 billion. Of this 53 per cent., or €926 million, of herbs and spices imports came from developing countries with the main imported products being capsicums, pepper and ginger, and in 2013 these accounted for 22 per cent., 23 per cent. and 23 per cent. of imported volumes respectively. The volume of imports has grown by 4.1 per cent. year on year from 2009 to 2013 with prices increasing on average by 8.3 per cent. year on year over the same time period. With both prices and volumes expected to continue increasing this appears to bode well for the market.

## Drivers of the agricultural market in Africa

The Directors believe there to be three major drivers of the agricultural market in Africa:

**Population Growth, Middle Class Growth and Urbanisation**

With the population of Africa increasing, and potentially reaching 1.9 billion by 2030, demand for food products is set to increase substantially. At the same time a growing middle class and increased urbanisation is likely further increase demand within the continent.

**Underutilised Land**

With more than half of the world's uncultivated arable land, Africa has significant opportunities for agricultural growth. Alongside this the continent only uses two per cent. of its renewable water resources for agriculture compared to the global average of five per cent., again highlighting the potential for significant growth.

**Improved Access to Finance**

As the access to financial markets increases and the prevalence of micro-finance spreads across the continent small-hold farmers will have greater access to finance. This will allow agricultural companies to access much needed capital to expand and modernise their practices and it will also enable small hold farmers to invest in fertilisers and improved cultivation techniques.

# PART 7

## OPERATING AND FINANCIAL REVIEW

*The following discussion of the results of operations and financial condition of the Group should be read in conjunction with 'Historical Financial Information' included by reference and with the information relating to the business of the Group included elsewhere in this document. The discussion includes forward-looking statements that reflect the current views of management and involve risks and uncertainties. The actual results of the Group could differ materially from those contained in any forward-looking statements as a result of factors discussed below and elsewhere in this document, particularly in Part 1 'Risk Factors' of this document. Investors should read the whole of this document and not rely just on summarised information.*

### Overview

Anglo African Agriculture plc is registered in the United Kingdom and is the holding company of the Group which is involved in the manufacturing of herbs and spices and trading in agricultural products. The Company was admitted to trading on the standard segment of the Main Market of LSE on 30 July 2015.

Between March 2013 and June 2014, the Company went through the process of acquiring Dynamic with the objective of entering the food manufacturing sector in Africa. Dynamic is a manufacturer of herbs and spices, trader of agricultural products and was, previously, involved in the production of guar beans until the conditional disposal of this business in November 2016. Since the acquisition of Dynamic by AAA, the Company has worked towards improving Dynamic's operations and completed the relocation of Dynamic's operations from Brits, Johannesburg, to Cape Town in January 2016 as well as conditionally disposing of its interest in the guar business, APV in November 2016. Additionally, these changes have been supplemented by the purchase of a 46.8% interest in DIA in March 2017, which will serve to enhance Dynamic's trading capabilities. DIA is a profitable, well established business, based in Johannesburg in South Africa that trades directly with primary producers and end users and arranges funding, transport and distribution from farm to factory. The primary agricultural commodities traded are dried produce, with the emphasis being on supplying various protein products to the human and animal feed industries in southern Africa. The company trades and distributes commodities including sugar beans, popcorn, soya oil cake meal, cottonseed oil cake meal, meat and bone meal (carcass meal), blood meal, sun flower seed, soya beans, assorted fertilizers, maize, chillies, paprika, whole pepper and other spices. Commodities are sourced in Malawi, Zambia, Zimbabwe and Mozambique, South America, and imported into South Africa. Products are exported from South Africa to the same regions in Southern Africa.

Since the September Subscription the Company has benefited from being in a stronger financial position and, led by its new Non-Executive Chairman, David Lenigas, has focused on improving operational performance of its core business and has invested in expanding production capacity. This has translated into an improvement in performance for the first months of the 2017 financial year as evidenced by tonnage output in November 2016 increasing to c.150 tonnes from the average of 84 tonnes per month sold in the financial year ending 31 October 2016 which resulted in a turnover of £260,000 (on the basis of the exchange rate in November 2016) for November 2016 increasing from the £176,000 (on the basis of the exchange rate in November 2015) generated in November 2015. Additionally, the pipeline of orders has begun translating into signed contracts with the Company announcing in February 2017 that it had signed a contract to supply up to 300 tonnes of specialty spices to a major South African food manufacturer. This supply contract has been agreed at prices that provide higher margins than what was historically the case. The ability to materialise on the Company's orders will be increased by the end of April 2017, when the Company will have increased its production capacity to 250 tonnes per month which will allow it to meet larger customer orders should they come.

### Issue of New Ordinary Shares for which Admission is sought

The Company has undergone a number of transactions which has led to the issuance of the New Ordinary Shares. The description and the details of the transactions are listed in the table below:

| Transaction | Reasons for Transaction | New Ordinary Shares Issued | Price per Share | Gross Proceeds | Use of Proceeds |
|---|---|---|---|---|---|
| April Subscription | Satisfy AAA creditors and support working capital requirements of AAA and Dynamic as it sought to diversify its product range to | 15,000,000 | 0.5p | £75,000 | • Payment of Dynamic creditors: £30,000<br>• Other working |

| | | | | | |
|---|---|---|---|---|---|
| | higher margin products and its client base. This expanded strategy led to the requirement to increase inventory levels for which funding was needed. | | | | capital payments: £45,000 |
| September Subscription | Satisfy AAA's creditors and provide the necessary working capital to continue growing the business. | 70,895,521 | 0.67p | £475,000 | • Payment of AAA creditors: £80,000<br>• Payment of Dynamic creditors: £50,000<br>• Dynamic inventory related payments: £200,000<br>• Capital investment: £3,500<br>• Remaining balance: used for ongoing operations of the Group |
| DIA Acquisition | Complement AAA's food manufacturing business by adding a food acquisition, distribution and trading arm to assist in providing the additional raw materials for the manufacturing facility | 7,692,308 | 1.3p | N.A | N.A – it was an acquisition and therefore no proceeds were received |

**Summary of New Ordinary Shares**

The following table summarises the issues of New Ordinary Shares for which Admission is being sought:

| Date | Reason | New Ordinary Shares |
|---|---|---|
| April 2016 | Share Subscription (the "April Subscription") | 15,000,000 |
| September 2016 | Share Subscription (the "September Subscription") | 70,895,521 |
| March 2017 | Acquisition of interest in DIA | 7,692,308 |
| | **TOTAL** | **93,587,829** |

## Principal Risks and Uncertainties

The Directors consider the following risk factors are of particular relevance to the Group's activities. It should be noted that the list is not exhaustive and that other risk factors not presently known or currently deemed immaterial may apply. The risk factors are summarised below:

**Development Risk**
The Group's development will be dependent on the ability of the Directors to expand the current business, implement the Group's strategy and identify other suitable opportunities. There is no assurance that the Group will be successful achieving these objectives.

**Sector Risk**
The agriculture sector is a highly competitive market and many of the competitors will have greater financial and other resources than the Company and as a result may be in a better position to compete for opportunities. The development of agricultural enterprises involves significant uncertainties and risks including unusual climatic conditions such as drought, improper use of pesticides, availability of labour and seasonality of produce, any one of which could result in damage to, or destruction of crops, environmental damage or pollution all of which could have a material adverse impact on the business, operations and financial performance of the Group. The market price of agricultural products and crops is volatile and is affected by numerous factors which are beyond the Group's control. These include international supply and demand, the level of consumer product demand, international economic trends, currency exchange rate fluctuations, the level of interest rates, rates of inflation, global or regional political events and international events as well as a range of other market forces. Sustained downward movements in agricultural prices could render less economic, or uneconomic, any development activities to be undertaken by the Group. Certain agricultural projects involve high capital costs and associated risks. Unless such projects enjoy long term returns, their profitability will be uncertain resulting in potentially high investment risk.

**Country Risk**
African countries experience varying degrees of political instability. There can be no assurance that political stability will continue in those countries where the Group has now or in the future may have operations. In the event of political instability or changes in government policies in those countries where the Group may operate, the operations and financial condition of the Group could be adversely affected.

**Transaction Risk**
Three of the transactions recently implemented by the Company, most notably the conditional sale of its interest in APV and the acquisition of DIA have certain associated risks:

- *Sale of APV:* under the terms of the deal APV will, by way of loans, receive ZAR 560,000 (approximately £35,851 on the basis of the currency quote shown on Reuters.com at approximately 12pm on the Last Practicable Date) to settle existing creditors and will also receive monthly payments, at the option of PMR, of ZAR 150,000 (approximately £9,603 on the basis of the currency quote shown on Reuters.com at approximately 12pm on the Last Practicable Date) to fund its ongoing operations until completion of the disposal. Additionally, APV will receive a final payment of ZAR 6,343,297 (approximately £406,101 on the basis of the currency quote shown on Reuters.com at approximately 12pm on the Last Practicable Date) of which ZAR 1,400,565 will repay the loans made by DI to APV and the balance will be used to repay loans made by Lamberti to APV. Should this point be reached, PMR will then also acquire APV for a nominal price and assume all outstanding liabilities. This final tranche of the transaction is subject to PMR receiving external funding and there is therefore a risk that the transfer of the interest in APV may not take place and that the ZAR 1,400,565 loan is not repaid to Dynamic. In order to protect against this risk, two Directors provided the Standby Facility Agreements to provide the Company with sufficient financial resources and headroom. Additionally, in the event that the transaction with PMR does not complete, APV would have to repay the funds received to date. APV has been given written confirmation by PMR that should the transaction not complete by 14 May 2017, it will not require the repayment of the funds received to date for at least 14 months from the written confirmation (being 2 March 2017). In terms of the ongoing funding of the APV joint venture, should the transaction not take place, neither Dynamic nor the Company are under any obligation to continue contributing funds to it and the Directors confirm that they would not intend to do so. In this scenario, Dynamic and Lamberti would consider, among other options, liquidating the joint venture. If this event were to occur, there is no recourse or liability that would affect the Company or Dynamic.
- *DIA Acquisition:* although the transaction has been completed and the entity is profitable on a standalone basis, its operations are run by key employees who, should they wish to depart DIA once their agreed contractual period expires, could potentially have an impact on the company's profitability.

## Review of AAA and Dynamic for the three years ended 31 October 2016

**Revenue**

*AAA*

The Group only had revenues in the four months at the end of the financial year ended 31 October 2014, prior to that the Company only held a minority interest in Dynamic. The Company acquired the remaining share capital of Dynamic on 9 July 2014 and subsequently fully consolidated the accounts of Dynamic for the four month period post acquisition.

*Dynamic*

Dynamic's revenues for the years ended 31 October 2014, 2015 and the year ended 31 October 2016 were ZAR 38.5 million, ZAR 23.6 million and ZAR 33.3 million respectively.

For the year ended 31 October 2014, 73.6 per cent. of revenues came from manufactured products and 26.4 per cent. of revenues came from trading. Of the revenue generated from manufactured products, 36.6 per cent. came from chilli products and 37 per cent. came from paprika.

For the year ended 31 October 2015, 80 per cent of revenues came from manufactured products and 20 per cent came from trading.

Sales in the year to 31 October 2016 grew by 46 per cent. as a result of increased trading and the securing of various tenders. 84 per cent. of revenues came from manufactured products and 16 per cent. of revenues came from trading.

**Cost of Sales**

*AAA*

The Group only incurred cost of sales in the four month period at the end of the financial year ended 31 October 2014 as prior to that the Company only held a minority interest in Dynamic.

*Dynamic*

Cost of sales consists of all costs of purchase and other directly incurred costs.

Cost of purchase comprises the purchase price, import duties and other taxes (other than those subsequently recoverable by the Group from the taxing authorities), if any, and transport, handling and other costs directly attributable to the acquisition of goods. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase. Cost of conversion primarily consists of hiring charges of subcontractors incurred during the course of conversion.

Dynamic's cost of sales for the financial years ended 31 October 2014, 2015 and 2016 ran at 69 per cent., 71 per cent. and 64 per cent. respectively. The reason for the increase in cost of sales from 2014 to 2016 is due to lower margin tender sales as well as rework required on sub standard product that was supplied to Dynamic .

In the year ended 31 October 2016, margins fell from 31% to 24% due to lower margins on tendered products, however these products absorbed group overheads. In one case, some product was delivered to Dynamic that did not meet quality specifications and required a material rework in order to meet customer requirements.

The Directors expect that future production will include a greater proportion of higher margin batch packs and as production increases in the coming months due to an increasing pipeline of orders and enquiries, so too will margins increase.

**Other Operating Income**

*AAA*

There has been no material other operating income for AAA since incorporation.

*Dynamic*

Dynamic's other operating income for the years ended 31 October 2014 and 31 October 2015 was ZAR 0.602 million and ZAR 0.239 million respectively. In the period ended 31 October 2016, Dynamic recorded operating losses of ZAR 4.377 million.

There was a one-off item in the accounts for the year ended 31 October 2014 relating to an insurance claim and profit received on the sale of a non-current asset. For the periods ended 31 October 2015 and 31 October 2016, the other operating income and other operating costs were related mainly to the discount attributable to the Bibby Invoice Discounting facility.

**Finance Costs**

*AAA*

AAA has not incurred any material financing costs since incorporation.

*Dynamic*

Dynamic's finance costs for the years ended 31 October 2014, 2015 and 2016 were ZAR 0.973 million, ZAR 1.162 million and ZAR 2.195million.

There was a one-off item in the accounts for the year ended 31 October 2014 relating to interest due on the late payment of tax. For the periods ended 31 October 2015 and 31 October 2016, the finance costs were related mainly to interest incurred on the Bibby Stock Financing facility. This facility ended in November 2016.

**Administrative Expenses**

*AAA*

Since incorporation, the Directors have sought to keep the administrative expenses in AAA as low as possible. Such costs mainly comprise professional fees and expenses of maintaining a public listing.

For the year ended 31 October 2014 expenses also included the costs relating to the reverse takeover of Dynamic on 9 July 2014 which accounted for approximately £225,572 of the administrative expenses for the year ended 31 October 2014 and costs incurred in preparation for a move to a standard listing on the Main Market.

*Dynamic*

Dynamic's administrative costs for the years ended 31 October 2014, 2015 and 2016 were ZAR 10.5 million, ZAR 10.1 million and ZAR 11.1 million. These expenses mainly relate to salaries, freight, transport and rent.

**Net Loss for the Financial Period**

*AAA*

For the year ended 31 October 2014 AAA made a loss of £353,509.

Corporate costs for the years ended 31 October 2014 and 2015 were higher than hoped, but these were largely one off costs related to the reverse takeover of Dynamic and costs incurred in planning for a move to a standard listing on the Main Market.

Until April 2016, the Directors took no salary whilst the Company was in its infancy and building up its operations.

*Dynamic*

For the year ended 31 October 2014, 2015 and 2016, Dynamic made a net loss of ZAR 4 million, ZAR 13.4 million and ZAR 4.54 million.

Aside from difficult trading activities, Dynamic suffered a negative impact from an exchange difference in the period ended 31 October 2015 of ZAR 9.6 million.

**Key Performance Indicators**

The key performance indicators of the company are cash and financial performance.

| | 01.11.2015 to 31.10.2016 £ | 01.11.2014 to 31.10.2015 £ | 01.11.2013 to 31.10.2014 £ |
|---|---|---|---|
| Cash at bank and in hand | 268,700 | 63,892 | 90,456 |
| Underlying operating loss | (433,034) | (276,840) | (128,223) |

## Liquidity and Capital Resources

The Group's ability to finance its strategy in the twelve months following Admission and to meet the Group's obligations as they become due will be fulfilled by cash currently held by the Group, cash flow generated from operations and through use of the invoice discounting facility outlined below under the section titled 'Borrowings'.

The Group to date has mainly generated its cash resources from capital contributions from Shareholders, in the form of issues of Ordinary Shares.

**Cash Flow Statement Data**

| | 01.11.2015 to 31.10.2016 £ | 01.11.2014 to 31.10.2015 £ | 01.11.2013 to 31.10.2014 £ |
|---|---|---|---|
| Cash flow from operating activities | -305,994 | 70,575 | (270,989) |
| Cash flow from investing activities | -39,109 | (97,138) | 164,301 |
| Cash flow from financing activities | 550,000 | - | 172,000 |
| | | | |
| Net cash flow | 204,897 | (26,563) | 65,312 |
| Closing cash position | 268,790 | 63,893 | 90,456 |

**Operating Activities**

The Group's net cash outflow from operating activities amounted to £305,994 for the period ended 31 October 2016 while there were net inflows for the year ended 31 October 2015.

The net cash outflow for the period ended 31 October 2016 was mainly attributable to net loss incurred by Dynamic Intertrade. In addition Dynamic Intertrade invested significantly in the Company's new facility in Cape Town.

The net cash outflow for the year ended 31 October 2014 was mainly attributable to the operating loss of £353,795, itself largely due to costs associated with the reverse takeover and preparation for the move to the Main Market. However this was offset by an increasing in foreign exchange movements and an increase in payables, these increases were in turn slightly reduced by an increase in inventories and an increase in receivables].

**Investing Activities**

The Group's net cash outflow from investing activities for the period ended 31 October 2016 was related to the investment in small equipment. In the year ended 31 October 2015, the Group invested significantly in the acquisition of new manufacturing equipment in South Africa which led to the net cash outflow for the year of £97,138.

**Financing Activities**

The Group's net cash inflow from financing in the period ended 31 October 2016 was £550,000 was only attributable to the Company's share placings. This was also the case with the net cash inflows from investing for the year ended 31 October 2014.

**Significant Developments Since 31 October 2016**

*AAA*

Since the year end, the Company has acquired the shareholding in DIA, entered into the conditional agreement to dispose of APV and entered into the Standby Facility Agreements as described more fully in paragraphs 10.1.2, 10.2.1 and 10.1.5 respectively of Part 13 of this document.

*Dynamic*

Dynamic has commissioned a 1,500 litre, Stainless Steel Ribbon Blender and is in the process of commissioning a pin mill which will increase milling capacity. Additionally, Dynamic is making progress in preparing value added batch packs for the meat industry in South Africa.

The Company has invested in expanding the capacity of its manufacturing plant. The result of this investment will be an increase in capacity from 80 tonnes per month to 250 tonnes per month which will be completed and will be capable of being in full operation by the end of April 2017 with testing having begun in March 2017.

## Treasury Policies

The Company has established accounting and internal control systems to ensure that the cash resources, or when applicable loan facility funds, are appropriate according to plans and allowed use set by the Board, in accordance with laws, regulations and auditing standard and practices generally accepted in the United Kingdom. All treasury transactions are reported to and approved by the Board. The Group does not enter into or trade financial instruments for speculative purposes. Cash and cash equivalents for AAA are held in Sterling and cash and cash equivalents for Dynamic are mostly held in South African Rand. The Group reviews treasury strategy at the end of each month.

## Borrowings

Other than the below, at the date of this document, the Group does not have any secured, unsecured or unguaranteed indebtedness, including direct and contingent indebtedness. The Group's current Debt/Equity ratio stands at 1.9.

**The Corestar Loan**

The Company acquired the Corestar Loan for a deferred consideration of up to US$225,000 (approximately £180,112 on the basis of the currency quote shown on Reuters.com at approximately 12pm on the Last Practicable Date), payable in annual instalments not exceeding an amount equal to 15 per cent. of annual audited pre-tax profits of Dynamic (after taking into account management, administration or like charges). The Company can discharge this liability by the issue of Ordinary Shares at a fixed price of 2.4p per Ordinary Share.

**Dynamic Stock Facility**

Dynamic had a structured funding trade facility agreement in place with Bibby pursuant to which Bibby agreed to provide Dynamic with a facility of up to ZAR4,000,000 (approximately £256,082 on the basis of the currency quote shown on Reuters.com at approximately 12pm on the Last Practicable Date) for the purpose of purchasing certain stock from suppliers. This facility was terminated as Bibby no longer are funding trading stock and are focusing on invoice discounting. The final principal repayment of R125,000 (plus interest) was made on this facility in November 2016 and is now closed.

**Dynamic Invoice Discounting Facility**

Dynamic have an invoice discounting facility in place with Bibby pursuant to which Dynamic have agreed to sell its debts (with some excluded) to Bibby, whether those debts are in existence at the commencement of the agreement or come into existence during the term of this agreement. Foreign debtors are purchased at Bibby's discretion. This facility allows Dynamic to reduce payment risk.

The purchase price payable by Bibby to Dynamic for the sold debts are the gross amount owed to Dynamic by the customer less a discount charge of 1.5 per cent. and less any discount or credit due to the customer by Dynamic in the ordinary course of Dynamic's business. An additional discount of 1.5 per cent. is be applicable for every 30 days that the debt remains unpaid thereafter up to 90 days. Dynamic receives 73.5 per cent. of the purchase price in respect of each sold debt on conclusion of the sale of the debt, with the balance becoming payable to Dynamic at a later date.

This agreement is terminable by either party on not less than three months written notice.

Security for the invoice discounting facility, as detailed at Part 13 'Additional Information' paragraphs 10.1.3.1 and 10.2.5 includes a cession of each sold debt to Bibby.

## Emphasis of matter – going concern

In the audited consolidated accounts for the year ended 31 October 2016, the auditors have included an emphasis of matter for going concern. In forming their opinion on the financial statements, which is not modified, they have considered the adequacy of the disclosures made in Note 2a to the accounts which describes the assumptions made in assessing the going concern basis that these financial statements are prepared under. Specifically the note states that the cash flow requirements of the Group for the foreseeable future are contingent on the Group being able to increase sales and maintain its invoice financing arrangements. The Group made a loss of £433,034 (2014: loss of £389,553) and at the statement of financial position date of 31 October 2016 the Group had net current liabilities of £7,859 (2015: £102,573) and the parent company had net current assets of £215,016 (2015: £91,184). These conditions, along with other matters explained in note 2a to the financial statements, indicate the existence of material uncertainty which may cast doubt about the Group's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern.

# PART 8

# DIRECTORS, SENIOR MANAGEMENT AND CORPORATE GOVERNANCE

## Directors of Anglo African Agriculture plc

The following table lists the names, positions and date of appointment of the Directors:

| **Name** | **Position** | **Year Appointed** |
|---|---|---|
| David Anthony Lenigas | *Non-Executive Chairman* | 2016 |
| Andrew Anthony Monk | *Non-Executive Director* | 2012 |
| George Greville Roach | *Non-Executive Director* | 2014 |
| Rob Stuart Scott | *Non-Executive Director* | 2016 |

**David Anthony Lenigas (aged 55) – Non-Executive Chairman**

David holds a Bachelor of Applied Science Degree in Mining Engineering (Distinction). He has served as Executive Chairman of numerous publicly listed companies on London's AIM and LSE markets. He has extensive experience operating in the public company environment across the UK, African, Canadian and Australian markets investing in multiple investment sectors.

**Andrew Anthony Monk (aged 55) – Non-Executive Director**

Andrew has a successful stockbroking career spanning over 30 years. In that time he has built up strong relationships with many major UK institutions. He was employed by Hoare Govett ABN AMRO for 11 years, before founding Oriel Securities as Joint CEO. Andrew later became CEO of Blue Oar plc, before joining VSA Capital as CEO. VSA Capital is an investment banking and institutional broking firm focused on natural resources, including agriculture. Andrew was one of the founders of AAA. Andrew was also Executive Chairman of Resource Reserve Recovery plc, a UK based crowdfunding platform for companies seeking pre-IPO or IPO finance.

**George Greville Roach (aged 68) – Non-Executive Director**

George Roach is an experienced, senior business leader and entrepreneur who has spent his career in the resources sector mainly in Sub-Saharan Africa. He is, inter alia, currently Chief Executive Office of Premier African Minerals Inc., an AIM quoted company established to acquire and develop mineral properties across Africa.

**Robert Stuart Scott (aged 49) – Non-Executive Director**

Rob has over 20 years of finance experience, with the last ten years specifically focused in Africa within the mining industry and general investments. He has held executive and senior positions with a number of companies, as well as having served on both public and private company boards. He has been involved in companies with locations in South Africa, Angola, Mozambique, Zimbabwe, DRC, CAR, Tanzania, Kenya and Namibia amongst others. Rob has also previously been involved in hotels, agriculture and construction industries.

## Directors of Dynamic Intertrade (Pty) Limited

The following table lists the names, positions and date of appointment of the Directors of Dynamic:

| **Name** | **Position** | **Year Appointed** |
|---|---|---|
| Mark Neilson | Chief Executive Officer | 2016 |
| David Lenigas | Non-Executive Director | 2016 |
| Robert Stuart Scott | Non-Executive Director | 2011 |

**Mark Neilson (aged 55) – CEO Dynamic Intertrade**

Mark Neilson is a qualified Food Technologist with 31 years' experience in the General Foods, Meat, Beverage and Dairy industry. His experience includes Quality Control, Quality Assurance, Product Development, Product Management, Sales of ingredients from non-functional to functional ingredients. He has spent many years in the flavour industry as well as the Spice Blending Industry and more recently Functional Modified Starch Industry. Mark has held positions such as Sales and Marketing Director in the flavour industry and Managing Executive of a division of Bidvest Group, focussing on spices and spice blends as well as representing a number of international food ingredient principals.

## Corporate Governance

The Directors recognise the importance of sound corporate governance and confirm that, following Admission, they will continue to comply with the recommendations in the QCA Guidelines, which have become a widely recognised benchmark for corporate governance of smaller quoted companies.

The Board is responsible for formulating, reviewing and approving Company strategy, budgets and corporate actions. The Directors intend to hold meetings of the Board at least six times per annum, and at other times as and when required. AAA will continue to operate its existing audit, remuneration and nomination committees with formally delegated duties and responsibilities.

The Company has established the following Board committees:

***Audit committee***

The audit committee has the primary responsibility of monitoring the quality of internal controls and ensuring that the financial performance of AAA is properly measured and reported on. It receives and reviews reports from the Company's management and external auditors relating to the interim and annual accounts and the accounting and internal control systems in use throughout the Group. The audit committee will meet not less than twice in each financial year and will have unrestricted access to the Group's external auditors. The audit committee is chaired by David Lenigas and includes George Roach and Robert Scott.

***Remuneration committee***

The remuneration committee reviews the performance of the Directors and makes recommendations to the Board on matters relating to remuneration, including bonuses and on proposals for the granting of share options and other equity incentives pursuant to any employee share option scheme or equity incentive plans in operation from time to time. The remuneration committee will meet as and when necessary and not less than twice per year. The remuneration committee is chaired by Andrew Monk and includes George Roach.

***Nomination committee***

The nomination committee is responsible for recommendations to the Board for the appointment of additional directors or replacement of current directors, for reviewing the composition and makeup of the Board and for succession planning taking into account the skills, knowledge and experience that will be needed on the Board in the future. The nomination committee comprises David Lenigas as chairman and includes George Roach and will meet as and when necessary, and not less than twice per year.

**Share Dealing Code**

The Company has adopted, and will continue to operate where applicable, a share dealing code for directors and senior executives under the same terms as the Model Code on directors dealing in securities, published from time to time by the UKLA. Compliance with the Model Code is being undertaken on a voluntary basis and the FCA will not have the authority to (and will not) monitor the Company's voluntary compliance with the Model Code, nor to impose sanctions in respect of any failure by the Company to so comply.

# PART 9

# SHARE CAPITAL AND CAPITALISATION

## Share Capital

The Company was incorporated and registered in the United Kingdom on 17 January 2012 under the Act, with registered number 7913053.

Details of the Issued Share Capital of the Company are set out in Part 13 'Additional Information' of this document. Following the issue of the New Ordinary Shares, the issued share capital of the Company is 188,483,954 (all of which are fully paid) with a nominal value of 0.1p each.

The New Ordinary Shares have been issued as follows:

| Date | Reason | New Ordinary Shares |
|---|---|---|
| April 2016 | Share Subscription (the "April Subscription") | 15,000,000 |
| September 2016 | Share Subscription (the "September Subscription") | 70,895,521 |
| March 2017 | Acquisition of interest in DIA | 7,692,308 |
| | **TOTAL** | **93,587,829** |

All of the issued Ordinary Shares are in registered form and capable of being held in certificated or uncertificated form.

The Registrar is responsible for maintaining the register of members. Temporary documents of title will not be issued.

The ISIN of the Ordinary Shares is GB00B7V2GY97.

The SEDOL number of the Ordinary Shares is B7V2GY9.

## Capitalisation and indebtedness

The Group's capitalisation as of 31 October 2016 is summarised in the table below:

| | Unaudited<br>£ |
|---|---|
| **Total Current Debt** | |
| - Guaranteed | 883,497 |
| - Secured | - |
| - Unguaranteed/unsecured | 883,497 |
| | |
| **Total Non-current Debt (excluding current portion of long-term debt)** | |
| - Guaranteed | - |
| - Secured | - |
| - Unguaranteed/unsecured | - |
| | |
| **Shareholder's Equity** | |
| a) Share capital | 180,792 |
| b) Legal Reserves | 1,579,349 |
| c) Other Reserves | (1,297,288) |
| | |
| **Total** | **1,346,350** |

The Group's net indebtedness at 31 October 2016, both in the short term and in the medium-long term is summarised in the following table:

| | Unaudited<br>£ |
|---|---|
| Cash | 268,790 |
| Cash equivalents | - |
| **Liquidity** | 268,790 |
| | |
| **Current Financial Receivables** | 440,455 |
| | |
| Current Bank debt | - |
| Current portion of non-current debt | - |
| Other current financial Debt | 883,497 |
| **Current Financial Debt** | |
| | |
| **Net Current Financial Indebtedness** | (174,252) |
| | |
| Non-current Bank loans | - |
| Bonds Issued | - |
| Other non-current loans | - |
| **Non-current Financial Indebtedness** | - |
| | |
| **Net Financial Indebtedness** | (174,252) |

For details of guarantees, security on borrowings and contingent borrowings see the section on borrowings above.

**Statement of material change**

Whilst the information presented in the tables above is as at 31 October 2016 there have been a series of share issuances, as described above, that have resulted in a material change to the Company's financial resources.

As at the date of this document, the Company has cash resources of £17,265.

# PART 10

# CONSEQUENCES OF A STANDARD LISTING

Application has been made for the New Ordinary Shares to be admitted to the standard segment of the Official List ("**Standard Listing**"). A Standard Listing affords Shareholders and investors in the Group a lower level of regulatory protection than that afforded to investors in companies whose securities are admitted to the premium segment of the Official List, which are subject to additional obligations under the Listing Rules.

The New Ordinary Shares will be admitted to listing on the standard segment of the Official List pursuant to Chapter 14 of the Listing Rules, which sets out the requirements for Standard Listings. The Company intends to comply with the Listing Principles set out Chapter 7 of the Listing Rules at Listing Rule 7.2.1 which apply to all companies with their securities admitted to the Official List. In addition, the Company also intends to comply with the Listing Principles at Listing Rule 7.2.1A notwithstanding that they only apply to companies which obtain a Premium Listing on the Official List. With regard to Listing Principles at 7.2.1A, the Company is not, however, formally subject to such Listing Principles and will not be required to comply with them by the UK Listing Authority.

**Listing Rules which are not applicable to a Standard Listing**

Such non-applicable Listing Rules include, in particular:

- Chapter 8 of the Listing Rules regarding the appointment of a listing sponsor to guide the Company in understanding and meeting its responsibilities under the Listing Rules in connection with certain matters. In particular, the Company is not required to appoint a sponsor in relation to the publication of this document or Admission;
- Chapter 9 of the Listing Rules relating to further issues of shares, issuing shares at a discount in excess of 10 per cent. of market value, notifications and contents of financial information;
- Chapter 10 of the Listing Rules relating to significant transactions which requires Shareholder consent for certain acquisitions;
- Chapter 11 of the Listing Rules regarding related party transactions;
- Chapter 12 of the Listing Rules regarding purchases by the Group of its Ordinary Shares; and
- Chapter 13 of the Listing Rules regarding the form and content of circulars to be sent to Shareholders.

**Listing Rules with which the Company must comply under a Standard Listing**

There are, however, a number of continuing obligations set out in Chapter 14 of the Listing Rules that will be applicable to the Company. These include requirements as to:

- the forwarding of circulars and other documentation to the UKLA for publication through the document viewing facility and related notification to a regulatory information service;
- the provision of contact details of appropriate persons nominated to act as a first point of contact with the UKLA in relation to compliance with the Listing Rules and the Disclosure and Transparency Rules;
- the form and content of temporary and definitive documents of title;
- the appointment of a registrar;
- the making of regulatory information service notifications in relation to a range of debt and equity capital issues; and
- at least 25 per cent. of the Ordinary Shares being held by the public in one or more EEA States.

In addition, as a company whose securities are admitted to trading on a regulated market, the Company will be required to comply with the Disclosure and Transparency Rules.

**It should be noted that the UK Listing Authority will not have the authority to (and will not) monitor the Company's compliance with any of the Listing Rules which the Company has indicated herein that it intends to comply with on a voluntary basis and/or any provision of the Model Code nor to impose sanctions in respect of any failure by the Company to so comply.**

# PART 11

## HISTORICAL FINANCIAL INFORMATION

See the section headed “Information Incorporated by Reference” on pages 18 to 19 of this Prospectus for details about information that has been incorporated by reference into this Prospectus, which comprises the Audited Financial Statements and the Unaudited Interim Financial Statements.

# PART 12

# TAXATION

The following section is a summary guide only to certain aspects of tax in the UK. This is not a complete analysis of all the potential tax effects of acquiring, holding and disposing of Ordinary Shares in the Company, nor will it relate to the specific tax position of all Shareholders in all jurisdictions. This summary is not a legal opinion. Shareholders are advised to consult their own tax advisers.

**TAXATION IN THE UK**

The following summary is intended as a general guide only to the United Kingdom tax position of Shareholders who are the beneficial owners of Ordinary Shares in the Company who are United Kingdom tax resident and, in the case of individuals, domiciled in the United Kingdom for tax purposes and who hold their shares as investments (otherwise than under an individual savings account (ISA)) only and not as securities to be realised in the course of a trade. It relates only to certain limited aspects of UK tax consequences of holding and disposing of Ordinary Shares in the Company. It is based on current UK tax law and the current practice of HMRC, both of which are subject to change, possibly with retrospective effect.

Any person who is in any doubt as to his or her tax position, or who is resident or otherwise subject to taxation in a jurisdiction outside the UK, should consult his or her tax advisers immediately.

***Taxation of dividends***

*United Kingdom resident individuals*

With effect from 6 April 2016 a new system of taxation for dividends applies to United Kingdom resident individual shareholders. From this date dividends received are no longer grossed up to include a 10% notional tax credit. Instead individuals will pay tax on the amount received.

Dividend income is subject to income tax as the top slice of the individual's income. Each individual will have an annual Dividend Allowance of £5,000 which means that they will not have to pay tax on the first £5,000 of all dividend income they receive.

Dividends in excess of the Dividend Allowance will be taxed at the individual's marginal rate of tax, with dividends falling within the basic rate band taxable at 7.5% (the "dividend ordinary rate"), those within the higher rate band taxable at 32.5% (the "dividend upper rate") and those within the additional rate band taxable at 38.1% (the "dividend additional rate").

*United Kingdom discretionary trustees*

The annual Dividend Allowance available to individuals will not be available to United Kingdom resident trustees of a discretionary trust. From 6 April 2016 United Kingdom resident trustees of a discretionary trust in receipt of dividends are liable to income tax at a rate of 38.1%, which mirrors the dividend additional rate.

*United Kingdom resident companies*

Shareholders that are bodies corporate resident in the United Kingdom for tax purposes, may (subject to anti-avoidance rules) be able to rely on Part 9A of the Corporation Tax Act 2009 to exempt dividends paid by the Company from being chargeable to United Kingdom corporation tax. Such shareholders should seek independent advice with respect to their tax position.

United Kingdom pension funds and charities are generally exempt from tax on dividends that they receive.

*Non-United Kingdom residents*

Generally, non-United Kingdom residents will not be subject to any United Kingdom taxation in respect of United Kingdom dividend income. Non-United Kingdom resident shareholders may be subject to tax on United Kingdom dividend income under any law to which that person is subject outside the United Kingdom. Non-United Kingdom resident shareholders should consult their own tax advisers with regard to their liability to taxation in respect of the cash dividend.

*Withholding tax*

Under current United Kingdom tax legislation no tax is withheld from dividends or redemption proceeds paid by the Company to Shareholders.

***Taxation of chargeable gains***

The following paragraphs summarise the tax position in respect to a disposal of Ordinary Shares on or after 6 April 2016 by a Shareholder resident for tax purposes in the United Kingdom.

A disposal of Ordinary Shares by a Shareholder who is resident in the United Kingdom for United Kingdom tax purposes or who is not so resident but carries on business in the United Kingdom through a branch, agency or permanent establishment with which their investment in the Company is connected may give rise to a chargeable gain or an allowable loss for the purposes of United Kingdom taxation of chargeable gains, depending on the Shareholder's circumstances and subject to any available exemption or relief.

For individual Shareholders who are United Kingdom tax resident or only temporarily non-United Kingdom tax resident, capital gains tax at the rate of 10 per cent. for basic rate taxpayers (previously 18 per cent.) or 20 per cent. for higher or additional rate taxpayers (previously 28 per cent.) may be payable on any gain (after any available exemptions, reliefs or losses). For Shareholders that are bodies corporate any gain may be within the charge to corporation tax. Individuals may benefit from certain reliefs and allowances (including a personal annual exemption allowance) depending on their circumstances. Shareholders that are bodies corporate resident in the United Kingdom for taxation purposes will benefit from indexation allowance which, in general terms, increases the chargeable gains tax base cost of an asset in accordance with the rise in the retail prices index, but will not create or increase an allowable loss.

For trustee Shareholders of a discretionary trust who are United Kingdom tax resident, capital gains tax at the rate of tax of 20 per cent. (previously 28 per cent.) may be payable on any gain (after any available exemptions, reliefs or losses).

Non-United Kingdom resident Shareholders will not normally be liable to United Kingdom taxation on gains unless the Shareholder is trading in the United Kingdom through a branch, agency or permanent establishment and the Ordinary Shares are used or held for the purposes of the branch, agency or permanent establishment.

***Inheritance tax***

Individuals and trustees are subject to inheritance tax in relation to a shareholding in the Company subject to any inheritance tax reliefs that may be available.

***Stamp duty and stamp duty reserve tax***

The statements below are intended as a general guide to the current position. They do not apply to certain intermediaries who are not liable to stamp duty or SDRT, or to persons connected with depository arrangements or clearance services, who may be liable at a higher rate.

In relation to stamp duty and SDRT:

I. The allocation and issue of the new Ordinary Shares will not give rise to a liability to stamp duty or SDRT;
II. Any subsequent conveyance or transfer on sale of shares will usually be subject to stamp duty on the instrument of transfer at a rate of 0.5 per cent of the amount or value of the consideration (rounded up, if necessary, to the nearest £5). An exemption from stamp duty is available on an instrument transferring shares where the amount or value of the consideration is £1,000 or less, and it is certified on the instrument that the transaction effected by the instrument does not form part of a larger transaction or series of transactions in respect of which the aggregate amount or value of the transaction exceeds £1,000. A charge to SDRT at the rate of 0.5 per cent will arise in relation to an unconditional agreement to transfer such shares. However, where within six years of the date of the agreement (or, if the agreement was conditional, the date the agreement became unconditional) an instrument of transfer is executed pursuant to the agreement and stamp duty is paid on that instrument, any liability to SDRT will be cancelled or repaid; and
III. A transfer of shares effected on a paperless basis through CREST (where there is a change in the beneficial ownership of the shares) will generally be subject to SDRT at the rate of 0.5 per cent of the value of the consideration given.

**This summary of UK taxation issues can only provide a general overview of these areas and it is not a description of all the tax considerations that may be relevant to a decision to invest in the Company. The summary of certain UK tax issues is based on the laws and regulations in force as of the date of this Document and may be subject to any changes in UK law occurring after such date. Legal advice should be taken with regard to individual circumstances. Any person**

**who is in any doubt as to his tax position or where he is resident, or otherwise subject to taxation, in a jurisdiction other than the UK, should consult his professional adviser.**

# PART 13

# ADDITIONAL INFORMATION

1. **RESPONSIBILITY STATEMENTS**

The Directors, whose names are set out on page 45 of this Prospectus, and the Company, accept responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of the Directors and the Company (who have taken all reasonable care to ensure that such is the case) the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. **THE GROUP**

2.1. The Company was incorporated and registered in England and Wales on 17 January 2012 under the Act with company number 07913053 as a private limited company with the name "Latedusk Limited". A decision of the Directors dated 30 March 2012 resolved to change the name of the Company to "Anglo African Agriculture Limited" and the Company's name was changed by the Registrar of Companies on 14 April 2012. Resolutions of the Company were passed, on 8 May 2012, to re-register the Company as a public limited company. Accordingly, the Company was re-registered as a public limited company and the name of the company was changed to "Anglo African Agriculture plc" on 8 May 2012.

2.2. The Company has its registered office and head office at Fourth Floor, New Liverpool House, 15-17 Eldon Street, London EC2M 7LD. The telephone number at the Company's head office is 0203 005 5000. The Company's website can be found at www.aaaplc.com.

2.3. The principal legislation under which the Company operates is the Act, and the regulations made thereunder. The liability of the members of the Company is limited.

2.4. The principal activity of the Company is to act as the holding company of the Group.

2.5. The Company has two subsidiary companies and two associated companies, whose details, at the date of this Prospectus, are as follows:

| ***Name*** | ***Principal Activity*** | ***Country of incorporation or residence*** | ***Class and percentage of ownership interest and voting power*** |
|---|---|---|---|
| Dynamic Intertrade (Proprietary) Limited (company number 2008/004693/07) | Manufacturing food products and trading in agricultural products | Republic of South Africa | 100% |
| Dynamic Madagascar SARLU<br><br>(company number 2014 B 00953) | Dormant | Madagascar | 100% |
| Dynamic Intertrade Agri (Pty) Limited | Trading in agricultural products | Republic of South Africa | 46.8% |
| African Projects and Ventures (Pty) Limited | Processing of guar beans | Republic of South Africa | 49.9% |

2.6. Save for the acquisitions of Dynamic and DIA and the disposal of APV (details of which can be found at paragraph 10.1 of this Part 13 'Additional Information'), since incorporation the Company has not acquired or disposed of any companies or businesses and there are no other companies in which the Company has an interest other than those set out at paragraph 2.5 above.

3. **SHARE CAPITAL**

3.1. The Company was incorporated on 17 January 2012 with 1 ordinary share of £1.00.

3.2. The following changes in the share capital have occurred since incorporation of the Company up to the Last Practicable Date:

3.2.1. On 4 April 2012, the single ordinary share of £1 in issue in the capital of the Company was divided into 1,000 Ordinary Shares;

3.2.2. In the period of 4 April 2012 to 20 April 2012, 9,999,000 Ordinary Shares were issued by the Company and were allotted for cash at £0.001 per ordinary share to various investors, credited as fully paid;

3.2.3. On 4 May 2012, 45,226,600 Ordinary Shares were issued by the Company and were allotted for cash at £0.01 per Ordinary Share to various investors, credited as fully paid;

3.2.4. On 4 April 2013, 9,750,000 warrants were exercised, resulting in the issue and allotment of 9,750,000 Ordinary Shares at a price of 1.5p each;

3.2.5. On 4 April 2013, pursuant to the acquisition agreement described at paragraph 10.1.1 of this Part 13 'Additional Information', 3,538,105 Ordinary Shares were issued and allotted to the selling shareholders of Dynamic to satisfy the consideration for the purchase of 2,172 ordinary shares in the capital of Dynamic (19 per cent. of the issued share capital of Dynamic) by the Company;

3.2.6. On 12 August 2013, 1,500,000 warrants were exercised, resulting in the issue and allotment of 1,500,000 Ordinary Shares at a price of 1.5p each;

3.2.7. On 20 December 2013, Neil Herbert subscribed for 6,000,000 Ordinary Shares in the Company at a price of 1.7p each;

3.2.8. On 9 July 2014, 10,000,000 Ordinary Shares were issued and allotted to the selling shareholders of Dynamic to satisfy the consideration for the purchase of 7,037 ordinary shares in the capital of Dynamic (the remaining 81 per cent. of the issued share capital of Dynamic) by the Company (pursuant to which Dynamic became a wholly owned subsidiary of the Company);

3.2.9. On 9 July 2014, 1,126,761 Ordinary Shares were issued and allotted to VSA Capital at a price of 2.13p each. The Company owed VSA Capital, in its capacity as financial adviser and broker to the Company, £36,000 (including VAT) in connection with the re-admission of the Company to the ISDX Growth Market. VSA Capital agreed to release the Company from its liability to pay £24,000 of the amount due in cash in return for the issue of 1,126,761 Ordinary Shares; and

3.2.10. On 8 August 2014, 4,070,447 Ordinary Shares were issued and allotted at a price of 1.9p to two suppliers in consideration for the release of the Company from its liability to pay certain debts (which had, on 8 August 2014, been novated from Dynamic to the Company), and 3,684,212 Ordinary Shares were issued and allotted at a price of 1.9p to various investors.

3.2.11. On 11 April 2016, 15,000,000 Ordinary Shares were allotted and issued to Directors, a related trust and an investor at a price of 0.5p but not admitted to trading.

3.2.12. On 9 September 2016, 70,895,521 Ordinary Shares were allotted and issued at a placing price of 0.67p but not admitted to trading.

3.2.13. On 17 March 2017,7,692,308 Ordinary Shares were allotted and issued to satisfy the consideration for the purchase of 5,150 ordinary shares in the capital of DIA (46.8% of DIA's entire issued share capital) by the Company (at a price of 1.3p) but not admitted to trading.

3.3. Pursuant to an ordinary resolution of the Company passed at a general meeting on 9 December 2016, the Directors were generally and unconditionally authorised to allot Ordinary Shares up to an aggregate nominal amount of £94,896, in accordance with section 551 of the Act. This authority shall expire at the conclusion of the next annual general meeting (or 30 April 2017, if earlier), unless renewed, varied or revoked by the Company in a general meeting.

3.4. Pursuant to a special resolution of the Company passed at the general meeting on 9 December 2016, the Directors were empowered (pursuant to section 570 and 571 of the Act) to allot equity securities (within the meaning of section 560 of the Act) for cash pursuant to the authority referred to in paragraph 3.3 above as if section 561(1) of the Act did not apply, provided this power is limited (amongst other things) to the allotment of up to 94,896,000 ordinary shares issued for cash. This authority shall expire at the conclusion of the next annual general meeting (or 30 April 2017, if earlier), unless renewed, varied or revoked by the Company in general meeting.

3.5. Save for the allotments referred to in this Prospectus, since incorporation no capital of the Company has been allotted for cash or for a consideration other than cash and save as described above, the Company has made no further allotments of Ordinary Shares since the date of incorporation.

3.6. The issued fully paid share capital of the Company at the date of this Prospectus and on Admission is:

| | **Number** | **Nominal Value** |
|---|---|---|
| **As at date of this Prospectus (Issued Share Capital)** | 188,483,954 Ordinary Shares | £188,483.954 |

3.7. As detailed in paragraphs 3.2.5, 3.2.8, 3.2.9, 3.2.10 and 3.2.13, more than 10 per cent. of the Issued Share Capital has been paid for with assets other than cash within the period covered by the historical financial information contained in Part 11 'Historical Financial Information'.

3.8. Pursuant to the Act, with effect from 1 October 2009, the concept of authorised share capital was abolished and, accordingly, there is no limit on the maximum amount of shares that may be allotted by the Company.

3.9. The Company does not have in issue any securities not representing share capital.

3.10. No shares of the Company are currently in issue with a fixed date on which entitlement to a dividend arises and there are no arrangements in force whereby future dividends are waived or agreed to be waived.

3.11. No commissions, discounts, brokerages or other special terms have been granted by the Company in connection with the issue or sale of any share or loan capital of the Company since incorporation.

3.12. Save as disclosed in paragraph 4 of this Part 13 'Additional Information', on Admission no share capital of the Company will be under option or will be agreed conditionally or unconditionally to be put under option.

3.13. The Ordinary Shares are in registered form and are capable of being held in either certificated or uncertificated form.

3.14. The currency of the Ordinary Shares is Sterling.

3.15. None of the Ordinary Shares have been sold or are available in whole or in part to the public in conjunction with the application for the Ordinary Shares to be admitted to the Official List.

3.16. Save as disclosed in this Prospectus in this Part 13 'Additional Information', there are no convertible securities, exchangeable securities or securities with warrants.

3.17. Other than as provided by the City Code and Part 28 of the Act, there are no rules or provisions relating to mandatory takeover bids and/or squeeze-out and sell-out rules which relate to the Company.

3.17.1. *Mandatory Bid*

The Company is subject to the provisions of the City Code, including the rules regarding mandatory takeover offers set out in the City Code. Under Rule 9 of the City Code, when (i) a person acquires shares which, when taken together with shares already held by him or persons acting in concert with him (as defined in the City Code), carry 30 per cent. or more of the voting rights of a company subject to the City Code or (ii) any person who, together with persons acting in concert with him, holds not less than 30 per cent. but not more than 50 per cent. of the voting rights of a company subject to the City Code, and such person, or any person acting in concert with him, acquires additional shares which increases his percentage of the voting rights in the company, then, in either case, that person, together with the persons acting in concert with him, is normally required to make a general offer in cash, at the highest price paid by him or any person acting in concert with him for shares in the company within the preceding 12 months, for all of the remaining equity share capital of the company.

3.17.2. *Squeeze-out*

The Ordinary Shares will also be subject to the compulsory acquisition procedures set out in the Act. Under the Act, if an offeror were to make an offer to acquire all of the shares in the Company not already owned by it and were to acquire, or unconditionally contract to acquire, not less than 90 per cent. of the shares to which the offer related (and, in a case where the shares to which the offer relates are voting shares, not less than 90 per cent. of the voting rights carried by those shares), it could then compulsorily acquire the remaining shares which have not been acquired or unconditionally contracted to be acquired.

The offeror would do so by sending a notice to outstanding members telling them that it will compulsorily acquire their shares and then, six weeks later, it would deliver a transfer of the outstanding shares in its favour to the Company which would execute the transfers on behalf of the relevant members, and pay the consideration to the Company which would hold the consideration on trust for outstanding members. The consideration offered to the members whose shares are compulsorily acquired must be the same as was offered under the original offer, and if there was any choice of consideration given in the original offer, the minority shareholders must be given the same options.

3.17.3. *Sell-out*

The Act also gives minority members a right to be bought out in certain circumstances by an offeror who has made a takeover offer. Under the Act, if an offeror were to make an offer to acquire all the shares in the Company not already owned by it and, by virtue of the offer and any other acquisitions, holds not less than 90 per cent. of the shares in the Company and which carry not less than 90 per cent. of the voting rights in the Company, than a minority shareholder may require the offeror to acquire his shares in the Company.

The offeror would be required to give any member notice of his right to be bought out within one month of that right arising. The offeror may impose a time limit on the rights of minority members to be bought out, but that period cannot end less than three months after the end of the acceptance period or, if later, three months from the date on which notice is served on members notifying them of their sell-out rights. A member is entitled to receive the consideration set out in the terms of the offer and may also indicate his choice whether there are several consideration options. If a member exercises his rights, the offeror is entitled and bound to acquire those shares on the terms of the offer or on any other such terms as may be agreed.

3.18. Since the date of incorporation of the Company, there has been no takeover offer (within the meaning of Part 28 of the Act) for any Ordinary Shares.

4. **WARRANTS AND OPTIONS**

4.1. As at the Last Practicable Date, there are 2,761,330 warrants in issue, each as follows:

| Ordinary Shares under warrant | Price per share | Expiry Date |
|---|---|---|
| 2,761,330 [1] | 1 p | 05/09/2022 |

[1] Issued to the then joint financial advisers of the Company, Zeus Capital Limited and VSA Capital (see paragraph 5.1 below).

As at the Last Practicable Date, there are 17,356,184 options to acquire or subscribe for Ordinary Shares in issue, including the following owned by Directors and former directors of the Company:

| Director / Former Director | Number of Options | Exercise price per share (p) | Option Expiry Date |
|---|---|---|---|
| Andrew Monk | 3,839,046 | (1) 1,839,046 at 1 p<br>(2) 2,000,000 at 0.55 p | 05/09/2022 |
| Neil Herbert [1] | 3,839,046 | (1) 1,839,046 at 1 p<br>(2) 2,000,000 at 0.55 p | 05/09/2022 |
| George Roach | 3,839,046 | (1) 1,839,046 at 1 p<br>(2) 2,000,000 at 0.55 p | 05/09/2022 |
| Robert Scott [2] | 1,000,000 | 1 p | 05/09/2022 |
| Mark Neilson | 3,000,000 | (1) 1,000,000 at 0.55 p<br>(2) 1,000,000 at 1 p<br>(3) 1,000,000 at 1.5 p | 05/09/2022 |

[1] Held by Cambrian Limited.
[2] Held by Carimar International Holdings Limited.

4.2. As at the date of this Prospectus, there are no share option schemes or incentive schemes in place in respect of the Group.

5. **SIGNIFICANT SHAREHOLDERS**

5.1. Other than the interests of the Directors and Senior Management disclosed in paragraph 7 of this Part 13 ‘Additional Information’, in so far as is known to the Company, the following persons as at the Last Practicable Date were interested, directly or indirectly, in 3 per cent. or more of the Issued Share Capital:

| | As at the Last Practicable Date | | Warrants as at the Last Practicable Date | |
|---|---|---|---|---|
| **Shareholder** | **Number of Ordinary Shares** | **Percentage of Issued Share Capital (%)** | **Number of 1p Warrants** | **Number of 2.75p Warrants** |

| | | | | |
|---|---|---|---|---|
| David Lenigas | 22,388,060 | 11.88 | N/A | N/A |
| Vidacos Nominees Limited [1] | 14,138,421 | 7.50 | N/A | N/A |
| Huntress Nominees | 11,000,000 | 5.84 | N/A | N/A |
| Platform Securities Nominees Limited[2] | 10,193,078 | 5.41 | N/A | N/A |
| VSA Capital[3] | 10,126,761 | 5.37 | 1,380,665 | N/A |
| J C Stalker Discretionary Settlement | 8,731,343 | 4.63 | N/A | N/A |
| Coc'Roach Limited [1] | 8,462,687 | 4.49 | N/A | N/A |
| ZRH Nominees (0105) Ltd[4] | 7,692,308 | 4.08 | N/A | N/A |
| Rulegale Nominees Limited | 7,500,000 | 3.98 | N/A | N/A |

1 *8,596,338 of these shares are held by or on behalf of Corestar Holdings Ltd and 5,000,000 of these shares are held by or on behalf of Coc'Roach Limited. Corestar Holdings Ltd is a BVI company which is wholly-owned by the Corestar STAR Trust, a trust established for the furtherance of certain purposes which could include the provision of benefits to George Roach and his family, at the discretion of the trustees of the trust. Coc'roach Limited is owned by the Coc'roach Trust. The Coc'roach Trust is a partial discretionary trust pursuant to the terms of which George Roach and his family may fall within the class of potential beneficiaries.*

2 *1,693,078 of these shares are held by or on behalf of Carimar International Holdings Limited, a company to which Rob Scott is a consultant.*

3 *Andrew Monk is a director of AAA and interested in 29.95 per cent. of the issued share capital of VSA Capital Limited*.

4 *These shares are beneficially held by or on behalf of Corestar Holdings Ltd. Corestar Holdings Ltd is a BVI company which is wholly-owned by the Corestar STAR Trust, a trust established for the furtherance of certain purposes which could include the provision of benefits to George Roach and his family, at the discretion of the trustees of the trust.*

5.2. None of the holders of Ordinary Shares listed above has voting rights different from the other holders of Ordinary Shares.

5.3. Save as disclosed in paragraph 5.1 and paragraph 7.1 of this Part 13 'Additional Information', neither the Company nor the Directors are aware of any person who will, immediately following Admission, hold directly or indirectly, voting rights representing 3 per cent. or more of the Issued Share Capital or of any person or persons who either alone or, if connected, jointly following Admission will (directly or indirectly) exercise or could exercise control over the Company.

5.4. Insofar as is known to the Company, no arrangements are in place, the operation of which may at a later date result in a change of control of the Company.

6. **MEMORANDUM AND ARTICLES OF ASSOCIATION**

See the section headed "Information Incorporated by Reference" on pages 18 to 19 of this Prospectus for details about information that has been incorporated by reference into this Prospectus.

7. **DIRECTORS' AND SENIOR MANAGEMENT'S INTERESTS**

7.1. The interests of the Directors (and of persons connected with them) in the Issued Share Capital (excluding the options and warrants referred to in paragraph 4 of this Part 13 'Additional Information') as at the Last Practicable Date and as they are expected to be immediately following Admission are as follows:

| | **As at the Last Practicable Date** | |
|---|---|---|
| **Director** | **Number of Ordinary Shares held** | **Percentage of Issued Share Capital (%)** |
| David Lenigas | 22,388,060 | 11.88 |
| George Roach[1] | 33,751,333 | 17.91 |
| Andrew Monk[2] | 2,000,000 | 1.06 |
| Robert Scott[3] | 1,693,078 | 0.90 |

[1] *16,288,646 of these shares are held by or on behalf of Corestar Holdings Ltd and 5,000,000 of these shares are held by or on behalf of Coc'Roach Limited. Corestar Holdings Ltd is a BVI company which is wholly-owned by the Corestar STAR Trust, a trust established for the furtherance of certain purposes which could include the provision of benefits to George Roach and his family, at the discretion of the trustees of the trust. Coc'roach Limited is owned by the Coc'roach Trust. The Coc'roach Trust is a partial discretionary trust pursuant to the terms of which George Roach and his family may fall within the class of potential beneficiaries.*

[2] *Andrew Monk is a director of AAA and interested in 29.95 per cent. of the issued share capital of VSA Capital Limited.*

[3] *Robert Scott is a consultant to Carimar International Holdings Ltd who is the beneficial holder of the Ordinary Shares (via a nominee company, Platform Securities Nominees Limited).*

7.2. Save for the following, none of the Directors nor any of the Senior Management has any conflicts of interest between his duties to the Company and his private interests and/or any other duties he may have:

7.2.1. Mr Andrew Monk is the Chief Executive Officer of VSA Capital, who are financial adviser and broker to the Company. Mr Monk is also a Director.

7.3. There are no outstanding loans, granted by any member of the Company or Dynamic to the Directors or any member of the Senior Management, or any guarantees by any member of the Company or Dynamic for the benefit of the Directors or any member of the Senior Management.

7.4. Subject to the Company's share dealing code for directors and senior executives, as described in Part 8 'Directors, Senior Management and Corporate Governance', there are no restrictions on any Director on the disposal within a period of time of their holding of Ordinary Shares.

8. **DIRECTORS' TERMS OF APPOINTMENT AND REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT**

8.1. Mr Andrew Monk was appointed as a director of the Company on 9 March 2012. Pursuant to the terms of a letter of appointment with the Company dated 5 September 2012, Mr Monk agreed to serve as a non-executive director and chairman and Mr Monk's annual fee is £12,000.

8.2. David Lenigas was appointed as a director of the Company on 5 September 2016. Pursuant to the terms of appointment with the Company dated 8 February 2017 he has agreed to serve as a non-executive Chairman with effect from 5 September 2016. Mr Lenigas' annual fee will be £12,000.

8.3. Pursuant to the terms of a letter of appointment with the Company dated 15 July 2015, Mr George Roach has agreed to serve as a non-executive director, commencing on 31 October 2014. Mr Roach's annual fee is £12,000.

8.4. Pursuant to the terms of a letter of appointment with the Company dated 8 February 2017, Mr Robert Scott has agreed to serve as a non-executive director, with effect from 15 September2016. Mr Scott's annual fee is £12,000.

8.5. Save as disclosed in this Prospectus at paragraphs 8.1 to 8.4 of this Part 13 'Additional Information' above, there are no service agreements or agreements for the provision of services, existing or proposed, between any of the Directors and the Company.

9. **ADDITIONAL INFORMATION ON THE DIRECTORS AND SENIOR MANAGEMENT**

9.1. The companies and partnerships of which the Directors and members of the Senior Management are, or have been, within the past five years, members of the administrative, management or supervisory bodies or partners (excluding the Company and its subsidiaries) are set out below:

| **Director** | **Current directorships/partnerships** | **Previous directorships/partnerships** |
|---|---|---|
| David Lenigas | Active Resource Realisation Fund[2]<br>Gold Mines of Wales Limited[7]<br>Central African Investments Limited (formerly Central African Investments Plc)[1]<br>AfriAg Limited (formerly Buchanist Limited)[2]<br>Emy Services MC Sarl[8]<br>AfriAg Holdings (Pty) Limited[3]<br>AfriAg Marketing (Pty) Limited[3]<br>AMKI Investments Limited[1]<br>Leni Gas Cuba Limited[1]<br>Leni Gas Cuba Limited (formerly Leni Gas and Oil Limited)[1,2]<br>Leni Gas & Oil Limited[1]<br>TravelWelcome Ltd[1]<br>Doriemus Plc[1]<br>AfriAg Global Plc formerly AfriAg Plc)[9]<br>Macarthur Minerals Limited[5]<br>LGC Capital Ltd (formerly Leni Gas Cuba Limited)[5]<br>Artemis Resources Limited<br>Auroch Minerals Ltd | Hotel Accommodation Limited[10]<br>Afex Holdings Limited[11]<br>Lonrho Water Limited[12]<br>Africa Expeditions Limited[13]<br>Africa Expeditions TZ Limited[14]<br>Africa Expeditions Uganda Limited[15]<br>Best In Tents Limited[13]<br>Global Horizons Limited[9]<br>Lonrho Hotels Limited[12]<br>LAH Mozambique Hotels Limited[12]<br>DRC Hotels Limited[12]<br>Lonrho Ports & Infrastructure Limited[12]<br>Lonrho Infrastructure Limited[12]<br>Lonrho Ports Limited[12]<br>LAH Jersey 2 Limited[7]<br>Leni Trinidad[16]<br>Solo Oil International Limited [1]<br>Fish On Line (Pty) Limited[3]<br>Lonrho Support Services Limited (formerly Lonrho Holdings Limited)[12]<br>Lonrho Integrated Support Services Limited[12]<br>Lonrho Hotels (Holdings) Limited[12]<br>Lonrho Budget Hotels Limited[12]<br>Lonrho IT Limited[12]<br>LAH Jersey 3 Limited[7]<br>Lonrho Transport Limited[12]<br>Lonrho Logistics (Pty) Limited[3]<br>Lonrho Investments Limited (formerly Lonrho African Investments Ltd)[3]<br>Lonrho Investments Limited (formerly Lonrho Africa (Investments) Limited[1]<br>Lonrho Infra One UK Limited (formerly Lonrho Finance Limited)[1]<br>Lonrho South Africa (Pty) Limited[3]<br>Lonrho Management South Africa (Pty) Limited[3]<br>Lonrho Projects South Africa (Pty) Limited[3]<br>Lonrho Projects Consulting (Pty) Limited[3]<br>Lonrho Projects Agri (Pty) Limited[3]<br>Lonrho Energy (Pty) Limited[3]<br>Lonrho Securitec (Pty) Limited[3]<br>Lonrho Amathonga Hotels (Pty) Limited[3]<br>Oceanfresh Seafoods (UK) Limited (formerly Lonrho Mining Limited)[1]<br>Lonrho Market Expansion Services Limited (formerly Lontel Limited)[1]<br>Lonrho Africa (Holdings) Limited (formerly Lonrho Africa Limited)[1]<br>Lonrho Food Supply Chain Management Limited (formerly Lonrho Support Limited)[1] |

| | | |
|---|---|---|
| | | Swissta Mozambique Lda[17]<br>Sociedade Comercial Bytes & Pieces Limitada[17]<br>Primorus Investments Plc (formerly Stellar Resources Plc)[1]<br>FastJet Plc[1]<br>Galleon Resources Limited[3]<br>Solo Oil (Argentina) Limited[1] (Dissolved)<br>Buchanist Limited[1]<br>Cambria Africa plc (formerly LonZim Plc) [1]<br>Polemos Plc[1]<br>AfriAg Global Plc (formerly AfriAg Plc and formerly 3D Resources Plc)[9]<br>Inspirit Energy Holdings Plc[1]<br>UK Oil & Gas Investments Plc (formerly Sarantel Group Plc) [1]<br>Octagonal Plc[1]<br>Horse Hill Developments Limited[1]<br>Gunsynd Plc (formerly Evocutis Plc)[1]<br>UKOG Weald Limited[1]<br>UKOG (GB) Limited[1]<br>UKOG Solent Limited[1]<br>Leni Gas and Oil Limited[2]<br>Bacanora Minerals Limited[1, 5]<br>Lonrho Limited (formerly Plc)[1]<br>LGO Energy Plc (formerly Leni Gas and Oil Plc)[1]<br>Solo Oil Plc[1]<br>Rare Earth Minerals Plc[1]<br>Ret Services Limited (formerly Rare Earth Minerals Limited)[1]<br>REM Mexico Limited[1]<br>Rare Earth Resources Limited[1] (Dissolved)<br>Rare Earth Resources Limited[1]<br>Warlaw (1989) Limited[1] |
| Andrew Monk | VSA Capital Limited[1]<br>MMM Acquisitions Limited (formerly Resource Reserve Recovery Limited)[1] | Resource Reserve Recovery plc (formerly VSA Capital Group PLC)[1] |
| George Roach | Freshname No. 389 Limited[1]<br>Premier African Minerals Incorporated[2]<br>ROC Exploration IC Ltd[2]<br>ROC Afrique Ltd[2]<br>Calaska Trading 30 (Pty) Ltd[3]<br>Misty Rose Properties 11 CC[3]<br>Two Brother Entertainment (Pty) Ltd[3]<br>Agriminco Inc[5] | AfNat Resources Limited[2]<br>G&B Central African Resources Ltd[2]<br>African Olive Trading 200 (Pty) Ltd[3]<br>Skat Music P(ty) Ltd[3]<br>Vazex SA (Pty) Ltd[3]<br>Idada Trading 316 (Pty) Ltd[3]<br>Axmin Inc[5] |
| Robert Scott | Acacia Coal Ltd<br>Coal Ventures Limited[2]<br>Coal Ventures South Africa (Pty) Ltd[3]<br>Grootspruit Coal SA (Pty) Ltd[3]<br>Monomatapa Coal Holdings South Africa (Pty) Ltd[3]<br>Sheepmore Coal Holdings (Pty) Ltd[3]<br>Sheepmore Witbank Coal (Pty) Ltd[3]<br>Big Match Trading 47 (Pty) Ltd[3]<br>Scenispot (Pty) Ltd[3]<br>Rubispark (Pty) Ltd[3]<br>Ivory Coast Trading (Pty) Ltd[3]<br>K2014075547 (South Africa) (Pty) Ltd[3]<br>Submex Investments Limited[6]<br>Congrecept Investments (Pty) Ltd[3]<br>African Projects and Ventures (Pty) Ltd[3] | Tasmel Props 7 CC[3]<br>William Tell Holdings Limited[3]<br>Dainfern Homeowners Association[3]<br>Africamp International Limited[2] |

| | | |
|---|---|---|
| | Vryheid Anthracite Collieries (Pty) Ltd[3]<br>Tryline AG (Pty) Ltd[3] | |
| Mark Neilson | - | - |

[1] United Kingdom
[2] British Virgin Islands
[3] Republic of South Africa
[4] Seychelles
[5] Canada
[6] Cyprus
[7] Jersey
[8] Monaco
[9] Isle of Man
[10] Guernsey
[11] Nevada, USA
[12] Mauritius
[13] Kenya
[14] Tanzania
[15] Uganda
[16] Trindad
[17] Mozambique

9.2. Save as disclosed in this Prospectus at paragraph 9.3 of this Part 13 'Additional Information', within the period of five years preceding the date of this Prospectus, no Director or member of the Senior Management:

9.2.1. has any unspent convictions in relation to fraudulent offences for at least the previous five years;

9.2.2. has been associated with any bankruptcy, receivership or liquidation while acting in the capacity of a member of the administrative, management or supervisory body of a company or a senior manager of a company within the previous five years; or

9.2.3. has been subject to any official public incrimination and/or sanction of him by any statutory or regulatory authorities (including designated professional bodies) or has ever been disqualified by a court from acting as a director of a company or from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company for at least the previous five years.

9.3. Andrew Monk was a non-executive director of Radicle Projects plc from 1 March 2010 until 24 August 2010. Mr Monk put forward a takeover proposal which was rejected by the bond holders, and this led to him deciding to resign. The company was placed into insolvent voluntary liquidation in April 2011 and was dissolved in April 2012.

10. **MATERIAL CONTRACTS**

10.1. The following contracts (a) have been entered into by the Company within the two years immediately preceding the date of this Prospectus, not being contracts entered into in the ordinary course of business; or (b) are, or may be, contracts entered into by the Company which are material or contain, or may contain, provisions under which the Company has an obligation or entitlement which is material to the Company as at the date of this Prospectus:

10.1.1. A cession agreement between (1) Corestar, (2) the Company and (3) Dynamic dated 27 March 2013, in relation to the Corestar Loan. Pursuant to this agreement the parties ceded the Corestar Loan to the Company.

The consideration for the Corestar Loan is up to US$225,000 (approximately £180,112 on the basis of the currency quote shown on Reuters.com at approximately 12 pm on the Last Practicable Date), payable in annual instalments not exceeding an amount equal to 15 per cent. of annual audited pre-tax profits of Dynamic (after taking into account management, administration or like charges). The Company can discharge this liability by the issue of Ordinary Shares at a fixed price of 2.4p per Ordinary Share;

10.1.2. an agreement dated 2 November 2016 between ZRH Nominees (0105) Ltd, the Company and DIA pursuant to which Company purchased 46.8% of DIA from ZRH Nominees (0105) LTD ("**ZRH**"), a trust established for, among other purposes, the provision of benefits to George Roach, a director of the Company, and his family. The principal terms of the agreement are as follows:

10.1.2.1. The purchase price of £100,000, payable by way of 7,692,308 Ordinary Shares at a price of 1.3p per share at completion of the Transaction ("**Completion**");

10.1.2.2. An earn-out payment ("**Earn-out Payment**") payable to ZRH. The Earn-out Payment is £50,000 in new Ordinary Shares at the 5-day volume weighted average price preceding the day of announcement of the Earn-out Payment, providing the net profits of DIA for the Financial Year ending 28 February 2017 are in excess of ZAR 1,000,000; and

10.1.2.3. A shareholders agreement shall be concluded with the other shareholders of DIA within 30 days of Completion.

The same terms were offered to the two other shareholders of DIA who did not accept the offer.

Completion was subject to a resolution of the shareholders of the Company which was passed at a general meeting held on 9 December 2016. Completion occurred in March 2017.

10.1.3. the Company has provided suretyship as follows:

10.1.3.1. the Company has provided suretyship to Bibby pursuant to which the Company has bound itself as surety and co-principal debtor, jointly and severally in favour of Bibby, for the repayment on demand of any sum or sums of money which Dynamic owes or may owe to Bibby in connection with the structured funding trade facility agreement and the due fulfilment of all obligations of Dynamic in respect of such agreement; and

10.1.3.2. the Company has entered into a deed of suretyship dated 5 May 2015 pursuant to the agreement of lease described at paragraph 11.3 below, pursuant to which the Company has bound itself as surety and co-principal debtor in favour of Midnight Feast Properties 11 CC for all the obligations of Dynamic under such agreement of lease, in particular for all amounts of money that may be due, including damages; and

10.1.4. an engagement letter between (1) the Company and (2) VSA Capital dated 24 August 2016 pursuant to which the Company shall enter into an agreement with VSA Capital appointing VSA Capital as the retained financial adviser and broker to the Company on an on-going basis with effect from Admission. The annual retainer fee payable to VSA Capital in respect of these services shall initially be £30,000 per annum, to be reviewed annually, and either VSA Capital or the Company may terminate the agreement by giving the other not less than three months' notice (such notice not to be given by the Company prior to the first anniversary of Admission).

10.1.5. George Roach and David Lenigas (the "Lenders"), both directors of the Company, entered into facility agreements with the Company on 21 March 2017 to assist the Company with operating capital requirements for a 24 month period. Pursuant to these agreements each of Mr Roach and Mr Lenigas agreed to lend up to £50,000 each to the Company (the "Loans"). The agreements are on the same terms which include the following provisions:

10.1.5.1. The Loans are available for drawdown (in minimum advances of £5,000) by the Company from the date of each facility agreement up to and including 21 March 2019 by the Company sending to the respective director a notice of drawing which will be irrevocable.;

10.1.5.2. The Lenders will not be obliged to provide the Loans unless:

10.1.5.2.1. The requested drawdown date is a Business Day

10.1.5.2.2. The requested loan amount is for a minimum of £5,000

10.1.5.2.3. The aggregate of all drawdowns does not exceed the remaining balance under the Loan

10.1.5.2.4. The representations and warranties agreed to are true and accurate as at the drawdown date

10.1.5.3. The Company has undertaken to the Lenders that:

10.1.5.3.1. It will use the Loans only for the agreed purpose;

10.1.5.3.2. It will not enact payment of any form of dividend out of the profits available for distribution until such time as the loan including any accrued interest has been repaid in full;

10.1.5.3.3. It will ensure that its obligations under the facility agreement rank pari passu with all its present or future unsecured subordinated indebtedness expect for such obligations as would by virtue only of the law of its jurisdictions of incorporation be preferred in the event of steps being taken for the winding up, dissolution or liquidation of the Company;

10.1.5.4. The Loans are repayable no later than on 10 April 2019 (such date being 14 business days following the expiry of the availability period (being 21 March 2019)), but may be repaid in full or in part earlier than this date at the discretion of the Company and with any instalment plan also requiring the consent of the relevant director;

10.1.5.5. The Loans are unsecured;

10.1.5.6. Interest is payable on the Loans at the rate of LIBOR plus 3%;

10.1.5.7. The Company undertakes that no dividend will be paid until the Loans and accrued interest have been repaid;

10.1.5.8. The Loans are repayable on demand on an event of default, including:

10.1.5.8.1. a failure by the Company to comply with a material provision of the agreements;

10.1.5.8.2. an insolvency event or

10.1.5.8.3. a change of control of the Company; and

10.1.5.9. The Loans may be assigned by the directors.

10.2. ***Dynamic***

The following contracts (a) have been entered into by Dynamic within the two years immediately preceding the date of this Prospectus, not being contracts entered into in the ordinary course of business; or (b) are, or may be, contracts entered into by Dynamic which are material or contain, or may contain, provisions under which Dynamic has an obligation or entitlement which is material to Dynamic as at the date of this Prospectus:

10.2.1. An agreement dated 14 November 2016 with PMR, Lamberti, Dynamic and APV.

Pursuant to terms of the Agreement:

10.2.1.1. Dynamic and Lamberti will sell their shares in APV ("APV Shares") to PMR (the "APV Transaction");

10.2.1.2. completion of the APV Transaction by PMR ("APV Completion") is subject to a fund raising, due diligence and obtaining any necessary regulatory approvals;

10.2.1.3. prior to APV Completion, PMR will make two refundable loans to APV comprising a loan of ZAR560,000 to eliminate current APV payables and liabilities ("Payables Loan") and a second loan payable in monthly instalments at the option of PMR of ZAR150,000 a month until APV Completion toward the working capital of APV ("Working Capital Loan"); and

10.2.1.4. on APV Completion a final loan of ZAR6,343,297 will be made by PMR, of which ZAR1,400,565 will replay Dynamic's loan to APV, and Dynamic and Lamberti will transfer the APV Shares to PMR for a nominal amount.

In addition to the agreement, PMR has provided APV with written confirmation in a letter dated 2 March 2017 that should the transaction not complete by 14 May 2017, it will not request the repayment of the Payables Loan and the Working Capital Loan for at least 14 months from the date of the letter.

10.2.2. A sale and purchase agreement with Capsimills, dated 15 January 2015 and an addendum to that agreement dated 1 April 2015, pursuant to which Dynamic have purchased a steam sterilizing machine, to be used for the treating of spices.

Pursuant to the agreement, Capsimills shall remain the owner of the steam sterilizer until Dynamic has paid in full, albeit that Dynamic will have use of the steam sterilizer at their premises.

The purchase price is ZAR 750,000 (approximately £48,015 on the basis of the currency quote shown on Reuters.com at approximately 12pm on the Last Practicable Date), which is payable in full within 24 months. A 10 per cent. deposit is payable upon completion of trials which confirm that the steam sterilizer is effective in the treating of spices. The balance is payable based on certain trigger points, being:

10.2.2.1. based on throughput once the machine has been commissioned, at a price of ZAR0.60kg, payable monthly until repaid in full;

10.2.2.2. in the event that the machine has not been commissioned, monthly instalments of ZAR41,666.66 (approximately £2,667 on the basis of the currency quote shown on Reuters.com at approximately 12pm on the Last Practicable Date) shall become payable within 6 months from 15 January 2015 and thereafter each successive month until repaid in full;

10.2.2.3. if the Company is admitted to the London Stock Exchange and raises £1,000,000, then the outstanding balance will be paid in full; and

10.2.2.4. if the Company is admitted to the London Stock Exchange and raises less than £1,000,000, then a proportional payment will be made by reference to the £1,000,000 referred to at paragraph 10.2.7.3 of this Part 13 'Additional Information' (for example, if the Company raises £250,000 being 25 per cent. of 1,000,000, then 25 per cent. of the purchase price shall become due) with the balance, if any, being paid in accordance with the trigger points described at paragraph 10.2.7.1 and 10.2.7.2.

10.2.3. A structured funding trade facility agreement entered into between (1) Dynamic and (2) Bibby dated 20 March 2015 pursuant to which Bibby has agreed to provide Dynamic with a facility of up to ZAR 4,000,000 (approximately £256,082 on the basis of the currency quote shown on Reuters.com at approximately 12pm on the Last Practicable Date) for the purpose of purchasing certain stock from suppliers. This facility has been repaid and closed.

10.2.4. An invoice discounting facility agreement with Bibby dated 12 June 2014, as amended by addenda dated 12 June 2014 and 2 September 2014, pursuant to which Dynamic has agreed to sell its debts (with some excluded) to Bibby, whether those debts are in existence at the commencement of the agreement or come into existence during the term of this agreement. Foreign debtors will be purchased at Bibby's discretion.

The purchase price payable by Bibby to Dynamic for the sold debts will be the gross amount owed to Dynamic by the customer less a discount charge of 1.5 per cent. and less any discount or credit due to the customer by Dynamic in the ordinary course of Dynamic's business. An additional discount of 1.5 per cent. will be applicable for every 30 days that the debt remains unpaid thereafter up to 90 days. Dynamic will receive 73.5 per cent. of the purchase price in respect of each sold debt on conclusion of the sale of the debt, with the balance becoming payable to Dynamic at a later date.

10.2.5. Dynamic has provided suretyship as follows:

10.2.5.1. a general and special notarial bond dated 13 May 2015 over Dynamic's stock and movable assets in the amount of ZAR4,000,000; and

10.2.5.2. a cession of all of Dynamic's future and present debtors dated 12 June 2014;

in each case as security for the invoice discounting facility detailed in paragraph 10.2.4 of this Part 13 "Additional Information".

11. **PROPERTY, PLANT AND EQUIPMENT**

11.1. The Company does not own and freehold land or property, and is not party to any leases.

11.2. Dynamic has entered into a lease dated 5 May 2015 between (1) Midnight Feast Properties 11 (Pty) Ltd and (2) Dynamic in relation to Dynamic's new premises in Cape Town. The lease period commenced on 1 July 2015 and has a termination date of 30 June 2020. Dynamic shall have the option to renew the lease (on the same terms, save for the rental) for a further five year period (until 30 June 2025) provided it exercises that option in writing not less than six months prior to 30 June 2020. There shall be no further option to renew thereafter. The agreement of lease contains a break clause entitling Dynamic to terminate the lease, no earlier than 30 June 2017, by giving twelve months written notice.

For the first year of the lease, the rental payable was ZAR120,000 (approximately £7,682 on the basis of the currency quote shown on Reuters.com at approximately 12pm on the Last Practicable Date) and the rent increased thereafter annually by 7.5 per cent. on 1 July each year. Currently the rent is ZAR 129,000.

12. There is a risk that Dynamic's utilisation of its tangible fixed assets may be affected by 'load shedding' which would result in production downtime. Load shedding occurs when there is not enough electricity available to meet demand if it proves necessary to interrupt supply to certain areas. Load shedding differs to a power outage that could occur for several other reasons. Load shedding is a last resort designed to balance electricity supply and demand and will only apply when all other options have been exhausted. If unbalances are not managed this could lead to the risk of collapse of the entire power network and if this occurs, it could take more than a week to restore power to the entire country. By rotating and shedding the load in a planned and controlled manner, the system remains stable. Dynamic may experience some loss of production if they experience load shedding; this is unlikely to affect production volumes as production can be made up, however it may impact margins as the production may have to be made up with overtime which increases production costs.

13. **EMPLOYEES**

13.1. The Company has no employees and has four directors.

13.2. Dynamic currently has twenty employees and three directors

13.3. The number of persons employed by Dynamic at the end of each of the following financial years was as follows:

| | 31 October 2014 | 31 October 2015 | 31 October 2016 |
|---|---|---|---|
| Management | 4 | 4 | 4 |
| Accounts and Administration | 2 | 1 | 1 |

| | | | |
|---|---|---|---|
| Sales | 1 | 2 | 2 |
| Manufacturing/Warehouse/Quality Control | 20 | 16 | 16 |

14. **RELATED PARTY TRANSACTIONS**

14.1 Save as disclosed at paragraphs 14.2 to 14.5 of this Part 13 'Additional Information' and as described in note 26 for the financial information incorporated by reference for the year ended 31 October 2016, note 26 for the financial information incorporated by reference for the financial year ended 31 October 2015 and note 27 for the consolidated financial statements incorporated by reference for the financial year ended 31 October 2014, there are no other related party transactions that were entered into during the period covered by such financial statements or during the period from 31 October 2016 to the Last Practicable Date.

14.2 As part of the April Subscription:

14.2.1 Coc'Roach Limited subscribed for 1,000,000 New Ordinary Shares. Coc'roach Limited is owned by the Coc'roach Trust. The Coc'roach Trust is a partial discretionary trust pursuant to the terms of which George Roach, a Director, and his family may fall within the class of potential beneficiaries;

14.2.2 George Roach, a Director, subscribed for 4,000,000 New Ordinary Shares;

14.2.3 Huntress Nominees Limited, a significant shareholder, subscribed for 5,000,000 New Ordinary Shares; and

14.2.4 The J Stalker Discretionary Settlement, a significant shareholder, subscribed for 5,000,000 New Ordinary Shares.

14.3 As part of the September Subscription:

14.3.1 David Lenigas, a Director, subscribed for 22,388,060 New Ordinary Shares; and

14.3.2 Coc'Roach Limited subscribed for 7,462,687 New Ordinary Shares. Coc'roach Limited is owned by the Coc'roach Trust. The Coc'roach Trust is a partial discretionary trust pursuant to the terms of which George Roach, a Director, and his family may fall within the class of potential beneficiaries;

14.4 Corestar Holdings Ltd held the beneficial interest in the shares amounting to 46.8% of DIA which were acquired by the Company. Corestar Holdings Ltd is a BVI company which is wholly-owned by the Corestar STAR Trust, a trust established for the furtherance of certain purposes which could include the provision of benefits to George Roach, a Director, and his family, at the discretion of the trustees of the trust.

14.5 David Lenigas and George Roach, each of which are Directors, have entered into the Standby Facility Agreements, which are more fully described at paragraph 10.1.5 above.

15. **WORKING CAPITAL**

In the opinion of the Company the working capital available to the Group is sufficient for the Group's present requirements, that is, for at least the next 12 months from the date of this Prospectus.

16. **LITIGATION**

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) which may have, or has had in the 12 months preceding the date of this Prospectus, a significant effect on the Company and/or Group's financial position or profitability.

17. **SIGNIFICANT CHANGE**

Since 31 October 2016, being the date to which the last audited financial information of the Company, as incorporated by reference in this Prospectus was prepared, the Company has implemented the following two transactions:

- Acquisition of interest in DIA: the Company acquired a 46.8% interest in DIA for a non-cash consideration of £100,000 payable in 7,692,308 shares in the Company issued at a price of 1.3p; and
- Standby Facility Agreements: two Directors, David Lenigas and George Roach, have agreed to provide a loan facility for working capital purposes of up to £50,000 each immediately available to the Company upon its request.

The acquisition of the interest in DIA is of strategic value to the Company as it trades agricultural products in Africa and there adds to the Company's ability to expand its relationship base. As to the Standby Facility Agreements, they have been entered into to ensure that the Company has sufficient financial resources and headroom.

Operationally, the Company has started to improve its operational performance and has begun works to increase the capacity of its manufacturing facility from 80 tonnes per month to 250 tonnes per month. The results of this turnaround can be seen from the results in November 2016 where tonnage output increased to c.150 tonnes (up from an average of 84 tonnes per month in the financial year ending 31 October 2016) which resulted in a turnover of c.£260,000 (on the basis of the exchange rate in November 2016) compared to c.£176,000 (on the basis of the exchange rate in November 2015) in November 2015. Additionally, the Company announced in February 2017 the signing of a contract to supply up to 300 tonnes of specialty spices throughout the year which places the Company in a good position to exceed last year's 1,000 tonnes sold.

Save for the acquisition of the interest in DIA, entering into the Standby Facility Agreements and its operational improvement, there has been no significant change in the trading or financial position of the Group since 31 October 2016, being the date as at which the financial information has been published.

18. **CONSENTS**

18.1. Jeffreys Henry LLP has given and has not withdrawn its written consent to the inclusion in this Prospectus of its reports in the form and context in which they appear and has authorised the contents of those parts of this Prospectus which comprise its reports for the purpose of Rule 5.5.3R(2)(f) of the Prospectus Rules and paragraph 23.1 of Annex I of the Prospectus Directive Regulation. Jeffreys Henry LLP is registered to carry out audit work by the Institute of Chartered Accountants in England and Wales and has no material interest in the Group.

18.2. VSA Capital has given and has not withdrawn its written consent to the inclusion in this Prospectus of its name and references to it in the form and context in which they appear

19. **GENERAL**

19.1. It is estimated that the total expenses payable by the Company in connection with Admission will amount to approximately £80,000 (excluding VAT).

19.2. There are no patents, patent applications or other intellectual property rights, licences, industrial, financial, commercial or financial contracts which are of material importance to the Company's business or profitability, other than various permits relating to the importation of controlled goods and the sale of irradiated foodstuffs.

19.3. There are no restrictions on the free transferability of the securities.

20. **AVAILABILITY OF DOCUMENTS**

20.1. Copies of the following documents will be available for inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the registered office of the Company and shall remain available for a period of 12 months from Admission:

20.1.1. the articles of association of the Company;

20.1.2. this Prospectus.

Copies of this Prospectus will also be available for download from http://www.aaaplc.com/, subject to certain access restrictions applicable to persons resident outside of the United Kingdom. The contents of the Company's website or any website directly or indirectly linked to the Company's website do not form part of this Prospectus and investors should not rely on such contents.

# PART 14

# DEFINITIONS

| | |
|---|---|
| "Act" | the Companies Act 2006 (as amended) of England and Wales; |
| "Admission" | the admission of the New Ordinary Shares to the standard segment of the Official List and to trading on the London Stock Exchange's main market for listed securities, and "Admitted" shall be construed accordingly; |
| "April Subscription" | The subscription to raise £75,000 by the issue of 15,000,000 New Ordinary Shares at a price of 0.5p; |
| "APV" | African Projects and Ventures (Pty) Limited, a company incorporated and registered in the Republic of South African with registration number 2012/156634/07; |
| "Audited Financial Statements" | means the audited financial statements of the Company for the years ended 31 October 2014, 31 October 2015 and 31 October 2016; |
| "Bibby" | Bibby Financial Services (Pty) Ltd, a company incorporated and registered in the Republic of South Africa with registration number 2012/026107/07; |
| "Capsimills" | Capsimills (Pty) Ltd, a company incorporated and registered in the Republic of South Africa with registration number 1999/027128/07; |
| "Company" or "AAA" | Anglo African Agriculture plc, a company incorporated in England and Wales with registered number 07913053; |
| "Corestar" | Corestar Holdings Ltd, a company registered in the British Virgin Islands under company number 1496384; |
| "Corestar Loan" | a loan of US$3 million provided to Dynamic by Corestar, pursuant to a loan agreement dated 8 October 2009, which has been acquired as described in paragraph 10.1.1 of Part 13 'Additional Information'; |
| "CREST" | the relevant system (as defined in the CREST Regulations) which enables title to securities to be evidenced and transferred without a written instrument and which is operated by Euroclear; |
| "Directors" or "Board" | the directors of the Company, whose names are set out in Part 3 'Directors, Secretary, Registered and Head Office and Advisers'; |
| "DIA" | Dynamic Intertrade Agri (PTY) Ltd a company incorporated in the Republic of South Africa with company number 2005/028946/07; |
| "DIs" | a dematerialised depositary interest representing an entitlement to Ordinary Shares which may be traded through CREST in dematerialised form; |
| "Dynamic" | Dynamic Intertrade (Pty) Ltd, a company incorporated in the Republic of South Africa with company number 2008/004693/07 and which is the Company's wholly owned subsidiary; |
| "FCA" | the Financial Conduct Authority of the United Kingdom (or any such body appointed in replacement thereof); |
| "FSMA" | the Financial Services and Markets Act 2000 (as amended from time to time); |

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|---|---|
| “Group” | the Company and its subsidiaries from time to time; |
| “IFRS” | International Financial Reporting Standards; |
| “Issued Share Capital” | the 188,483,954 Ordinary Shares in issue at the date of this document; |
| “Lamberti” | Lamberti Speciality Chemicals (Pty) Ltd; |
| “Last Practicable Date” | 21 March 2017; |
| “Listing Rules” | the Listing Rules made by the FCA under Part VI of the FSMA; |
| “London Stock Exchange” | London Stock Exchange plc; |
| “Main Market” | the Main Market of the London Stock Exchange; |
| “Member States” | the member states of the European Union and the European Economic Area, each a “Member State”; |
| “Model Code” | the model on directors' dealings in securities adopted by the Company immediately prior to its Admission to ISDX Growth Market (as amended); |
| “New Ordinary Share” | the ordinary shares of 0.1p each in the Company that were issued in connection with the Company’s subscriptions and the acquisition of Dynamic Intertrade Agriculture; |
| “Official List” | the Official List of the United Kingdom Listing Authority; |
| “Ordinary Shares” | the ordinary shares of 0.1p each in the Company; |
| “PLUS” or “PLUS-quoted” | the PLUS-quoted market in London re-launched as the ISDX Growth Market on 31 October 2012; |
| “PMR” | Prime Meridian Resources Corp, a corporation incorporated under the Laws of the Province of British Columbia; |
| “Pounds Sterling”, “£”, “pence” or “p” | the lawful currency of the United Kingdom; British Pounds Sterling; |
| “Premium Listing” | a listing on the premium segment of the Official List; |
| “Prospectus Directive Regulation” | the expression ‘‘Prospectus Directive Regulation’’ means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in each Relevant Member State and the expression ‘‘2010 PD Amending Directive’’ means Directive 2010/73/EU; |
| “Prospectus Rules” | the prospectus rules made by the FCA under section 73A of FSMA; |
| “Prospectus” | the final prospectus approved by the FCA as a prospectus prepared in accordance with the Prospectus Rules made under section 73A of the FSMA; |
| “SDRT” | stamp duty reserve tax; |
| “Securities Act” | the U.S. Securities Act of 1933, as amended; |
| “Senior Management~ | Mark Nielson, director of Dynamic; |
| “September Subscription” | The subscription to raise £475,000 by the issue of 70,895,521 New Ordinary Shares at a price of 0.67p; |
| “Shareholders” | holders of Ordinary Shares; |

| | |
|---|---|
| "Standard Listing" | a listing on the standard listing segment of the Official List; |
| "Standby Facility Agreements" | The Loan Agreements entered into between the Company and David Lenigas and George Roach, as described at paragraph 10.1.5 of Part 13 of this Prospectus; |
| "Takeover Code" | the UK City Code on Takeovers and Mergers published by the Panel on Takeovers and Mergers; |
| "UK" or "United Kingdom" | the United Kingdom of Great Britain and Northern Ireland; |
| "UKLA" or "United Kingdom Listing Authority | the FCA acting in its capacity as the competent authority for the purposes Part VI of FSMA; |
| "US" or "United States" | United States of America, its territories and possessions, any state of the United States and the District of Columbia; |
| "US Dollar", "US$" or "USD" | the lawful currency of the United States; United States Dollars; |
| "VSA Capital" | VSA Capital Limited, a company incorporated in England and Wales with registered number 02405923, authorised and regulated by the FCA and Financial Advisor to the Group; |
| "South African Rand", "Rand" or "ZAR" | the lawful currency of the Republic of South Africa; South African Rand. |

In this document, words denoting any gender include all genders and the singular includes the plural (and vice versa).