



ANGLO AFRICAN AGRICULTURE PLC
DIRECTORS' REPORT AND CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 APRIL 2018

Anglo African Agriculture plc (“AAA” or the “Company”)

Half yearly report for the six months ended 30 April 2018

The Chairman’s Report

I am pleased to report on the progress of the business over the six-month period ended 30 April 2018

The past six months have seen the underlying businesses settling down and getting into a steady state of growth. The period has also seen the board actively looking at opportunities to accelerate the growth and size of the Company.

Dynamic Intertrade (“DI”)

DI had a challenging start to the financial year but, through the streamlining of costs and the generation of consistent business, will produce its first net profit in the 3rd quarter. Cost savings at DI were generated by, amongst others, changes at the DI management level where the financial manager and sales manager were promoted to director level, with the DI managing director leaving DI. The year on year numbers were disappointing, however, post April the necessary cost saving actions and consistent revenue generating business began to bear fruit. DI maintained the tender business won the previous year, due to superior product and service, and the DI staff are now targeting new customers to supplement the current customer base. Two new sales people have been employed with commission incentivised contracts with similar future hires targeted. Positive margin improvement 33% (2017 – 25%) is because of better procurement and a better mix of product sales. Expenses were in line with expectations, although, as stated, have been reduced during the 3rd quarter.

DI has maintained its FSSC22000 certification which is important when dealing with blue chip food manufacturing companies.

Dynamic Intertrade Agri (“DIA”) (46.8% owned by AAA)

Whilst the South African economy undergoes significant challenges, DIA has continued to secure orders within the agricultural commodity trading environment not only within South Africa but also in the surrounding countries, and I look forward to sustained progress from this operation.

With the application of sound credit control and the accessing of further credit facilities due to the relationships of the Company’s directors, the Company’s 46.8% interest in DIA has moved from a net loss in the period ending 31 October 2017 of ZAR 10,000k and into a net profit of ZAR 68,000 for the half year ending 30 April 2018.

The directors of the Company are pleased with the consistent improvement of DIA’s results and look forward to further progress in the future.

Results for the period

The loss for the 6-month period 30 April 2018 was £147.8k which includes an exchange gain of £44.4k (6-month period to 30 April 2017 – loss of £285.7k, year ended 31 October 2017 - loss of £550.3k). Whilst turnover has decreased by 45%, the gross margin has increased materially from 25% in the comparative period to almost 33% in the current year (Year to 31 October 2017: 24%). Attributable costs have been contained and are almost flat compared to the prior period comparative, which has resulted in the reduced loss.

Funding

During the period under review the company raised an additional £138.9k to assist with working capital requirements. In addition, DI managed to secure a R3m stock funding facility as well as an unlimited invoice discounting facility.

Outlook

As detailed above, after streamlining certain aspects of the business and arranging for further access to funding facilities, the current subsidiaries of the Company have both begun moving to a net profit in the 3rd quarter.

Although this is undoubtedly positive, the Directors of the Company recognise that the existing operational businesses of the Company are not of a sufficient scale, in and of themselves, to justify the existence of a publicly listed Company. The board has spent considerable time and effort over the past few months in examining potential acquisitions and opportunities to increase the size and growth of the Company and hope to announce some positive news in this regard in the near future.

David Lenigas
Non-Executive Chairman
26 July 2018

FOR FURTHER INFORMATION PLEASE CONTACT:

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Forward looking statement

Certain statements in this announcement, are, or may be deemed to be, forward looking statements. Forward looking statements are identified by their use of terms and phrases such as “believe”, “could”, “should” “envisage”, “estimate”, “intend”, “may”, “plan”, “will” or the negative of those, variations or comparable expressions, including references to assumptions. These forward-looking statements are not based on historical facts but rather on the Directors’ current expectations and assumptions regarding the Company’s future growth, results of operations, performance, future capital and other expenditures (including the amount, nature and sources of funding thereof), competitive advantages, business prospects and opportunities. Such forward looking statements reflect the Directors’ current beliefs and assumptions and are based on information currently available to the Directors. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements including risks associated with vulnerability to general economic and business conditions, competition, environmental and other regulatory changes, actions by governmental authorities, the availability of capital markets, reliance on key personnel, uninsured and underinsured losses and other factors, many of which are beyond the control of the Company. Although any forward-looking statements contained in this announcement are based upon what the Directors believe to be reasonable assumptions, the Company cannot assure investors that actual results will be consistent with such forward looking statements.

For further information please visit <http://www.aaapl.com> or contact the following:

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Interim Condensed Consolidated Statement of Comprehensive Income

	Notes	6 months Ended 30 April 2018	Year Ended 31 October 2017	6 months Ended 30 April 2017
		£	£	£
Turnover		638,996	2,126,797	1,144,889
Cost of Sales		(428,198)	(1,609,050)	(854,613)
Gross Profit		210,798	517,747	290,276
Other Income / Expenditure		5,143	673	2,148
Share of profit/loss of associate		3,636	(9,954)	(5,133)
Administrative expenses		(350,165)	(860,417)	(529,109)
Exceptional costs		-	(180,558)	-
Operating loss		(130,588)	(532,509)	(241,818)
Finance Costs		(17,206)	(17,748)	(43,841)
Loss before taxation		(147,794)	(550,257)	(285,659)
Tax on loss on ordinary activities		-	-	-
Loss after taxation		(147,794)	(550,257)	(285,659)
Loss and total comprehensive loss for the period		(147,794)	(550,257)	(285,659)
Basic and diluted earnings per share	5	(0.07p)	(0.28p)	(0.16p)

Interim Condensed Consolidated Statement of Changes in Equity

	Share Capital	Share Premium	Retained Earnings	Share Based Payments Reserve	Total Equity
	£	£	£	£	£
Balance at 1 November 2015	94,896	1,107,373	(864,254)	11,586	349,601
Share Issue*	15,000	60,000	-	-	75,000
Loss for the period	-	-	(130,438)	-	(130,438)
Balance at 30 April 2016	109,896	1,167,373	(994,692)	11,586	294,163
Issue of shares*	70,896	404,105	-	-	475,001
Share based payment	-	-	-	(3,714)	(3,714)
Loss for the period	-	-	(302,596)	-	(302,596)
Balance at 31 October 2016	180,792	1,571,478	(1,297,288)	7,872	462,854
Issue of shares*	7,692	92,308	-	-	100,000
Loss for the period	-	-	(285,659)	-	(285,659)
Balance at 30 April 2017	188,484	1,663,786	(1,582,947)	7,872	277,195
Share Issue	18,500	134,058	-	-	75,000
Share based payments reserve	-	-	-	8,573	8,573
Loss for the period	-	-	(264,598)	-	(264,598)
Balance at 31 October 2017	206,984	1,765,535	(1,847,545)	16,445	141,419
Share Issue	20,000	118,947	-	-	138,947
Loss for the period	-	-	(147,794)	-	(147,794)
Balance at 30 April 2018	226,984	1,884,482	(1,995,339)	16,445	132,572

* During the prior year the Company placed these shares which comprised more than 10% of the Company's issued share capital. Although the placing shares had been allotted, admission of the placing shares required publication of a Prospectus within a twelve-month period. On 22 March 2017, the Company announced that the Prospectus had been approved by the UK Listing Authority. The April 2016, September 2016 and March 2017 shares were admitted to the Standard Listing segment of the Official List of the UK Listing Authority and to trading on the London Stock Exchange Main Market. In total these shares amounted to 93,587,829 Ordinary Shares.

Share capital is the amount subscribed for shares at nominal value.

Retained losses represent the cumulative loss of the Group attributable to equity shareholders.

Share-based payments reserve relate to the charge for share-based payments in accordance with IFRS 2.

Interim Condensed Consolidated Statement of the Financial Position

	Notes	30 April 2018	31 October 2017	30 April 2017
		£	£	£
Assets				
Non-Current Assets				
Goodwill on Consolidation		226,644	226,644	226,644
Property, Plant and Equipment	6	109,228	121,322	150,304
Investment in Associate	8	93,682	90,046	94,867
Total Non-Current Assets		429,555	438,012	471,815
Current assets				
Inventories		206,107	203,782	211,916
Loan to Jointly Controlled Entity		-	-	81,006
Trade and Other Receivables		275,046	380,414	431,385
Cash and Cash Equivalents		48,769	75,592	25,823
Total Current Assets		529,922	660,148	750,130
Total Assets		959,477	1,098,160	1,221,945
Equity and Liabilities				
Share Capital	9	226,984	206,984	188,484
Share Premium Account	9	1,884,482	1,765,535	1,663,786
Share-Based Payments Reserve		16,445	16,445	7,872
Retained Earnings		(1,995,339)	(1,847,545)	(1,582,947)
Total Equity		132,572	141,419	277,195
Current Liabilities				
Trade and Other Payables		826,905	956,741	944,750
Total Liabilities		826,905	956,741	944,750
Total Equity and Liabilities		959,477	1,098,160	1,221,945

Interim Condensed Consolidated Cash Flow Statement

Notes	6 Months Ended 30 April 2018	Year Ended 31 October 2017	6 Months Ended 30 April 2017
	£	£	£
Cash flows from operating activities			
Operating loss	(130,588)	(532,509)	(241,818)
Add: Depreciation	25,574	52,400	26,601
Add: Foreign exchange movements	(11,384)	38,316	10,534
Add: Share Based Payments Reserve	-	8,573	-
Add: Professional fees on raising	-	7,215	-
Add: Loss from equity accounted investment	(3,636)	9,954	5,133
Loss on disposal of jointly controlled entity	-	73,566	-
Changes in working capital			
(Increase) / decrease in inventories	(2,324)	(37,389)	(45,522)
(Increase) / decrease in receivables	105,368	60,041	9,070
Increase / (decrease) in payables	(129,837)	73,2444	61,253
Finance costs	(17,205)	(17,748)	(43,841)
Net cash flow from operating activities	(164,032)	(264,337)	(218,590)
Investing Activities			
Acquisition of fixed assets	(2,099)	(30,629)	(24,377)
Decrease / (Increase) in Loans	-	(10,907)	-
Net cash flow from investing activities	(2,099)	(41,536)	(24,377)
Cash flows from financing activities:			
Net proceeds from issue of shares	9 138,948	113,035	-
Net cash flow from financing activities	138,948	113,935	-
Net cash flow for the period	(27,183)	(192,838)	(242,967)
Opening Cash and cash equivalents	75,952	268,790	268,790
Closing Cash and cash equivalents	48,769	75,952	25,823

Notes to the Interim Condensed Consolidated Financial Statements

1. General Information

Anglo African Agriculture plc is a company incorporated in the United Kingdom. Details of the registered office, the officers and advisers to the Company are presented on the Directors and Advisers page at the end of this report. The Company has a standard listing on the London Stock Exchange main market. The information within these Interim condensed consolidated financial statements and accompanying notes must be read in conjunction with the Audited annual financial statements that have been prepared for the year ended 31 October 2017.

2. Basis of Preparation

These unaudited condensed consolidated interim financial statements for the six months ended 30 April 2018 were approved by the board and authorised for issue on 26 July 2018.

The basis of preparation and accounting policies set out in the Annual Report and Accounts for the year ended 31 October 2017 have been applied in the preparation of these condensed consolidated interim financial statements. These interim financial statements have been prepared in accordance with the recognition and measurement principles of the International Financial Reporting Standards (“IFRS”) as endorsed by the EU that are expected to be applicable to the consolidated financial statements for the year ending 31 October 2018 and on the basis of the accounting policies expected to be used in those financial statements.

The figures for the six months ended 30 April 2018 and 30 April 2017 are unaudited and do not constitute full accounts. The comparative figures for the year ended 31 October 2017 are extracts from the 2017 audited accounts. The independent auditor’s report on the 2017 accounts was not qualified but included an emphasis of matter in respect of going concern.

3. Segmental Reporting

In the opinion of the Directors, the Group has one class of business, being the trading of agricultural materials. The Group’s primary reporting format is determined by the geographical segment according to the location of its establishments. There is currently only one geographic reporting segment, which is South Africa. Apart from the equity accounted investment in Dynamic Intertrade Agri (Pty) Ltd which is also South African based, all revenues and costs are derived from the single segment.

4. Company Result for the period

The Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the parent Company income statement account.

The operating loss of the parent Company for the six months ended 30 April 2018 was £81,196 (30 April 2017: loss of £167,481, year ended 31 October 2017: £278,351). The operating loss incorporated the following main items:

	30 April 2018 (Unaudited) £	31 October 2017 (Audited) £	30 April 2017 (Unaudited) £
Accounting and administration fees	27,750	16,681	27,750
Admission expenses	-	106,992	50,000
Brokership fees	15,000	23,992	13,992
Legal and professional fees	14,569	15,400	18,136
Registrar fees	12,650	28,865	16,710
Personnel expenses	180,453	383,121	34,962

5. Earnings per Share

Earnings per share data is based on the Group result for the six months and the weighted average number of shares in issue.

Basic loss per share is calculated by dividing the loss attributable to equity shareholders by the weighted average number of ordinary shares in issue during the period:

	30 April 2018 £	31 October 2017 £	30 April 2017 £
Loss after tax	(147,794)	(550,257)	(285,659)
Weighted average number of ordinary shares in issue	226,983,754	194,791,752	182,578,756
Basic and diluted loss per share (pence)	(0.07p)	(0.28p)	(0.16p)

Basic and diluted earnings per share are the same, since where a loss is incurred the effect of outstanding share options and warrants is considered anti-dilutive and is ignored for the purpose of the loss per share calculation. As at 30 April 2018 there were 2,761,330 (31 October 2017 2,761,330 and 30 April 2017 - 12,638,660) outstanding share warrants and 17,356,184 (31 October 2017 and 30 April 2017 - 5,517,138) outstanding options, both are potentially dilutive.

6. Property, Plant and Equipment

Depreciation on property, plant and equipment is calculated using the straight-line method to write off their cost over their estimated useful lives at the following annual rates:

Furniture, fixtures and equipment	17%
Leasehold improvements	20%
Plant and machinery	20%
Computer equipment	33%

Useful lives and depreciation method are reviewed and adjusted if appropriate, at the end of each reporting period.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the

sales proceeds and the carrying amount of the relevant asset and is recognised in profit or loss in the year in which the asset is derecognised.

Group	Leasehold Property	Furniture and fixtures	Plant and machinery	Total
	£	£	£	£
Cost				
As at 01 November 2016	25,007	4,505	436,449	465,961
Exchange difference	(2,959)	(640)	(56,335)	(59,934)
Additions	2,918	733	26,978	30,629
Disposals	(4,650)	-	-	(4,650)
As at 30 April 2017	15,452	3,329	334,292	353,163
Exchange difference	3,980	808	85,096	89,884
Additions	5,485	435	22,747	28,667
Disposals	-	(67)	(5,686)	(5,753)
As at 31 October 2017	20,316	4,598	407,092	432,006
Exchange difference	1,167	508	41,252	(24,225)
Additions	-	74	2,024	2,098
At 30 April 2018	21,483	5,106	448,344	474,933
Depreciation				
As at 01 November 2016	3,504	1,672	196,488	201,664
Exchange difference	(61)	(29)	(2,536)	(2,626)
Released on disposal	-	-	(192)	(192)
Charge for the year	2,584	162	15,885	18,631
As at 30 April 2017	6,027	1,805	209,645	217,477
Exchange difference	1,646	650	65,987	68,283
Released on disposal	-	(67)	(5,686)	(5,753)
Charge for the year	4,278	257	26,142	30,677
As at 31 October 2017	11,951	2,645	296,088	310,684
Exchange difference	(1,363)	(145)	(15,651)	(17,159)
Charge for the year	3,531	269	21,774	25,574
Released on disposal	-	229	22,454	26,602
At 30 April 2018	16,285	3,166	346,254	365,705
Net Book Value				
As at 31 October 2016	10,935	1,260	112,242	124,437
As at 30 April 2017	10,853	2,053	137,398	150,304
As at 31 October 2017	8,365	1,953	111,004	121,322
At 30 April 2018	5,198	1,940	102,090	109,228

The holding company held no tangible fixed assets at 30 April 2018, 31 October 2017 and 30 April 2017.

7. Subsidiaries

AAA holds investments in the following subsidiary undertakings as at 30 April 2018, which principally affected the losses and net assets of the group.

Name of companies	Principal activities	Country of incorporation and place of business	Proportion (%) of equity interest 2017	Proportion (%) of equity interest 2016
Dynamic Intertrade (Pty) Limited	Trading in Agricultural Products	South Africa	100%	100%
Dynamic Intertrade Agri (Pty) Limited	Agricultural commodity trading and distribution	South Africa	46.8%	-

Subsidiaries are all entities over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. Subsidiaries are consolidated, using the acquisition method, from the date that control is gained and are stated at cost less, where appropriate, provisions for impairment. Entities that do not comply with this policy, but over which the group has a shareholding of between 20 and 50 percent of the voting rights are equity accounted from the date of acquisition and are stated at cost and adjusted for the results of these entities for the accounting period.

There were no material events following the 30 April 2018 half year.

8. Investment in Associate

	30 April 2018 (Unaudited)	31 October 2017 (Audited)	30 April 2017 (Unaudited)
	£	£	£
Investment in Dynamic Intertrade Agri (Pty) Ltd	90,046	100,000	100,000
Equity accounted profit/ (loss) for the period	3,636	(9,954)	(5,133)
Carrying value	93,682	90,046	94,867

For further details, see note 7.

9. Share Capital

Ordinary shares are classified as equity. Proceeds from issuance of ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against share capital.

Allotted, called up and fully paid ordinary shares of 0.1p each	Number of shares	Share Capital	Share Premium
		£	£
Balance at 1 November 2016	180,791,646	180,792	1,571,478
Share issue – 17 March 2017	7,692,308	7,692	92,308
Balance at 30 April 2017	188,483,954	188,484	1,663,786
Share issue – 3 September 2017	70,895,521	70,896	404,105
Balance at 31 October 2017	206,983,754	206,984	1,765,535

Share issue – 1 November 2017	20,000,000	20,000	118,947
Balance at 30 April 2018	226,983,754	226,984	1,884,482

10 Events Subsequent to 30 April 2018

No material events happened after 30 April 2018

Directors and Advisers

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