The information communicated within this announcement is deemed to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014. Upon the publication of this announcement, this inside information is now considered to be in the public domain.

Agriterra Ltd / Ticker: AGTA / Index: AIM / Sector: Agriculture

Agriterra Ltd ('Agriterra' or the 'Company')

Interim Results

Agriterra Limited, the AIM listed African agricultural company, announces its results for the six months ended 30 September 2018.

CHAIR'S STATEMENT

I am pleased to provide an update on our performance in the first half of the 2019 financial year ('H1-2019'). As previously advised, over the past year the Group has focussed its efforts on its core revenue generating businesses, the Grain and Beef divisions based in Mozambique. The London office was closed in the final quarter of the year ended 31 March 2018 and the executive operational management are now entirely based in Chimoio, Mozambique.

Mozambique overview

The board believe, following several years of political and economic instability, that the outlook for the Mozambique economy in the short to medium term is encouraging, underpinned by the continued development of the liquefied natural gas ('LNG') industry in the north of the country. Inflation has declined rapidly from a peak of 26% in November 2016 to 6% in June 2018 reflecting tighter monetary policy and more stable exchange rates. This has permitted a gradual reduction in interest rates from a prime rate of 28.25% in March 2017 to 21.75% at 30 September 2018. The interest burden of our borrowings remains high and the board have taken initial steps to reduce this by refinancing the Grain division's MZN 300m overdraft facility with a MZN 240m 5 year amortising loan facility and MZN 60m overdraft.

Review

Grain

Following a second successive good harvest, H1-2019 has again seen subdued demand and pricing for the division's maize flour, reflecting the relative abundance of maize in the informal sector. Nonetheless, sales volumes of maize flour rose slightly to 5,100 tonnes (H1-2018: c.4,800 tonnes) and c.9,000 tonnes of all maize products (H1-2018: c.7,700 tonnes) reflecting increased sales of animal feed to Mozbife. These higher volumes generated increased revenue in metical terms to MZN 115.8m (H1-2018: MZN 111.5m) and in US$ terms to US$1.93m (H1-2018: US$1.81m).

The executive management team based in Chimoio took steps during the period to improve the yield and quality of maize meal. These measures have been well received in the market and, together with a traditional seasonal increase in volumes in the second half of the year, the board believe the benefits will begin to be reflected in the current second half of the year and thereafter.

During the period, a series of rationalisation measures were also taken to realign the division's cost base with the lower levels of demand. These measures carried some upfront cost, which together with additional executive management now based in Chimoio, led to an increase in operating costs for the division. The combination of these factors resulted in an increased operating loss of US$0.78m (H1-2018: US$0.19m).

Historically the cycle of maize purchases following the harvest leads to a significant working capital requirement for the Grain division in the first half of the year which unwinds in the second half. The division finances this requirement using local borrowing facilities. On 25 May 2018 the MZN 300m overdraft facility was restructured into a MZN240 million (US$3.91m) 5 year amortising term loan with an interest rate of the Bank's prime lending rate +0.25% and a 12 month 60 million Metical (US$0.98m) overdraft facility at the Bank's prime lending rate less 1.75%. At 30 September 2018 the prime lending rate was 21.75% (H1-2018: 27.5%). Principal repayments commenced in August 2018, and the outstanding loan will reduce by another US$400,000 in the second half, further easing the interest burden. As the local maize market develops, the division has successfully adjusted its purchasing strategy to smooth out the peaks in demand for working capital. This is reflected in lower inventory levels in comparison to previous years. The division continues to review its product lines and distribution channels with the aim of improving margins and smoothing the demand cycle.

Beef

The outbreak of foot and mouth in Mozambique in February 2018 severely curtailed the movement in cattle and limited the division's ability to increase the pipeline of cattle in the feedlot, and throughput to the abattoir. Although restrictions have been removed in some areas, access to the main buying areas remains limited. Strict bio-security measures are in force at the feedlot and the Dombe ranch and the operation has remained disease free.

Notwithstanding the impact of the outbreak, revenue for the period increased to US$2.6m (H1-2018: US$2.3m). The measures taken in the prior year to improve efficiencies of forage cropping and the introduction of pelletised animal feed sourced from the Grain division, has led to significantly improved performance in the feedlot. Together with the full benefit from the rationalisation of the division's ranching operations in the previous year, the division reported a significant reduction in its operating loss to US$89,000 (H1-2018: US$777,000).

Results

Group revenue for the half-year ended 30 September 2018 increased 9% to US$4.1m (H1-2018: US$3.8m). As a result of an improved trading performance and a fall in central operating costs, the Group operating loss fell 65% to US$0.7m (H1-2018: US$2.1m). After an interest charge of US$0.5m (H1-2018: US$0.5m) the loss after tax attributable to shareholders was US$1.3m (H1-2018: US$2.7m). After an increase in inventories of US$0.8m in the half year under review, net debt at 30 September 2018 was US$2.6m (31 March 2018: US$ 0.7m).

Outlook

The cash investment from Magister Investments Limited and the support of the board has enabled the executive operational management team based in Chimoio to focus on developing the Beef and Grain divisions into profitable and sustainable businesses. Significant progress has been made over the last year, as reflected in these interim results, and I look forward to further progress in the second half.

CSO Havers
Chair
20 December 2018

FOR FURTHER INFORMATION PLEASE VISIT WWW.AGRITERRA-LTD.COM OR CONTACT:

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CONSOLIDATED INCOME STATEMENT

	Note	**6 months ended 30 September 2018 Unaudited $000**	6 months ended 30 September 2017 Unaudited $000	Year ended 31 March 2018 Audited $000
CONTINUING OPERATIONS				
Revenue	**3**	**4,134**	3,781	9,222
Cost of sales		**(3,424)**	(3,194)	(8,184)
Gross profit		**710**	587	1,038
Increase in value of biological assets		**262**	306	510
Operating expenses		**(1,705)**	(3,017)	(5,506)
Operating loss		**(733)**	(2,124)	(3,958)
Net finance costs	**4**	**(519)**	(495)	(1,084)
Loss before taxation		**(1,252)**	(2,619)	(5,042)
Taxation		**-**	(4)	(4)
Loss for the period from continuing operations	**3**	**(1,252)**	(2,623)	(5,046)
DISCONTINUED OPERATIONS				
Loss for the period from discontinued operations		**-**	(35)	(38)
Loss for the period attributable to owners of the Company		**(1,252)**	(2,658)	(5,084)
LOSS PER SHARE				
Basic and diluted loss per share from continuing operations – US Cents	**5**	**(5.9)**	(22.8)	(30.9)
Basic and diluted loss per share from continuing and discontinued operations – US Cents	**5**	**(5.9)**	(23.1)	(31.1)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	6 months ended 30 September 2018 Unaudited $000	6 months ended 30 September 2017 Unaudited $000	Year ended 31 March 2018 Audited $000
Loss for the period	**(1,252)**	(2,658)	(5,084)
Items that may be reclassified subsequently to profit or loss:			
Foreign exchange translation differences	**157**	543	764
Items reclassified to profit or loss in the period:			
Foreign exchange differences on disposal, liquidation or winding-up of subsidiary companies	**-**	158	-
Other comprehensive income for the period	**157**	701	764
Total comprehensive income for the period attributable to owners of the Company	**(1,095)**	(1,957)	(4,320)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**30 September 2018 Unaudited $000**	30 September 2017 Unaudited $000	31 March 2018 Audited $000
Non-current assets				
Property, plant and equipment		**6,436**	6,381	6,315
Interests in associates		**-**	4	-
		6,436	6,385	6,315
Current assets				
Biological assets		**818**	1,048	1,137
Inventories		**1,690**	3,187	938
Trade and other receivables		**1,268**	828	1,096
Assets classified as held for sale		**-**	19	19
Cash and cash equivalents		**2,818**	4,447	3,541
		6,594	9,529	6,731
Total assets		**13,030**	15,914	13,046
Current liabilities				
Borrowings	**6**	**2,367**	4,673	4,235
Trade and other payables		**376**	536	469
		2,743	5,209	4,704
Net current assets		**3,851**	4,320	2,027
Non-current liabilities				
Borrowings	**6**	**3,040**	-	-
Total liabilities		**5,783**	5,209	4,704
Net assets		**7,247**	10,705	8,342
Share capital	**7**	**3,373**	3,373	3,373
Share premium		**151,442**	151,442	151,442
Share based payments reserve		**1,988**	1,988	1,988
Translation reserve		**(16,580)**	(16,800)	(16,737)
Accumulated losses		**(132,976)**	(129,298)	(131,724)
Equity attributable to equity holders of the parent		**7,247**	10,705	8,342

The unaudited condensed consolidated financial statements of Agriterra Limited for the 6 months ended 30 September 2018 were approved by the Board of Directors and authorised for issue on 20 December 2018. Signed on behalf of the Board of Directors:

CSO Havers
Chair

Consolidated cash flow statement

	Note	6 months ended 30 September 2018 Unaudited	6 months ended 30 September 2017 Unaudited	Year ended 31 March 2018 Audited
		$000	$000	$000
Loss before tax for the period from continuing operations		**(1,252)**	(2,619)	(5,042)
Adjustments for:				
Depreciation		**178**	247	490
Profit on disposal of property, plant and equipment		**(122)**	(79)	(87)
Share based payment expense		**-**	3	3
Foreign exchange loss		**(188)**	79	(181)
Increase in value of biological assets		**(262)**	(306)	(510)
Net decrease in biological assets held for slaughter purposes		**599**	53	194
Finance costs		**467**	501	1,097
Interest received		**-**	(6)	(13)
Impairment of non-current asset		**-**	-	4
Operating cash flows before movements in working capital		**(580)**	(2,127)	(4,045)
(Increase) / decrease in inventories		**(765)**	(1,829)	481
(Increase) / decrease in trade and other receivables		**(86)**	824	772
Decrease in trade and other payables		**(61)**	(180)	(297)
Cash used in operating activities by continuing operations		**(1,492)**	(3,312)	(3,089)
Corporation tax paid		**-**	(4)	(4)
Interest received		**-**	6	13
Net cash used in operating activities by continuing operations		**(1,492)**	(3,310)	(3,080)
Net cash used in operating activities by discontinued operations		**-**	(47)	(38)
Net cash used by operating activities		**(1,492)**	(3,357)	(3,118)
Cash flows from investing activities				
Proceeds from disposal of subsidiaries net of costs and cash balances disposed of	.	**-**	474	476
Proceeds from disposal of property, plant and equipment, net of expenses incurred		**142**	223	232
Acquisition of property, plant and equipment		**(47)**	(11)	(116)
Net cash from investing activities		**95**	686	592
Cash flow from financing activities				
Proceeds from the issue of new Ordinary Shares net of expenses	**7**	**-**	4,233	4,233
Finance costs	**4**	**(467)**	(501)	(1,097)
Net (repayment) / draw down of overdraft	**6**	**(2,821)**	1,765	1,506
Net drawdown / (repayment) of term loans	**6**	**3,958**	(851)	(1,035)
Net cash from financing activities from continuing operations		**670**	4,646	3,607
Net (decrease) / increase in cash and cash equivalents		**(727)**	1,975	1,081
Effect of exchange rates on cash and cash equivalents including discontinued operations		**4**	47	35
Cash and cash equivalents at beginning of period		**3,541**	2,425	2,425
Cash and cash equivalents at end of period		**2,818**	4,447	3,541

1. GENERAL INFORMATION

Agriterra Limited ('Agriterra' or the 'Company') and its subsidiaries (together the 'Group') is focussed on the agricultural sector in Africa. Agriterra is a non-cellular company limited by shares incorporated and domiciled in Guernsey, Channel Islands. The address of its registered office is Richmond House, St Julians Avenue, St Peter Port, Guernsey GY1 1GZ.

The Company's Ordinary Shares are quoted on the AIM Market of the London Stock Exchange ('AIM').

The unaudited condensed consolidated financial statements have been prepared in US Dollars ('US$' or '$') as this is the currency of the primary economic environment in which the Group operates.

2. BASIS OF PREPARATION

The condensed consolidated financial statements of the Group for the 6 months ended 30 September 2018 (the 'H1-2019 financial statements'), which are unaudited and have not been reviewed by the Company's auditor, have been prepared in accordance with the International Financial Reporting Standards ('IFRS'), as adopted by the European Union, accounting policies adopted by the Group and set out in the annual report for the year ended 31 March 2018 (available at www.agriterra-ltd.com). The Group does not anticipate any significant change in these accounting policies for the year ended 31 March 2019. References to 'IFRS' hereafter should be construed as references to IFRSs as adopted by the EU.

This interim report has been prepared to comply with the requirements of the AIM Rules of the London Stock Exchange (the 'AIM Rules'). In preparing this report, the Group has adopted the guidance in the AIM Rules for interim accounts which do not require that the interim condensed consolidated financial statements are prepared in accordance with IAS 34, *'Interim financial reporting'*. Whilst the financial figures included in this report have been computed in accordance with IFRSs applicable to interim periods, this report does not contain sufficient information to constitute an interim financial report as that term is defined in IFRSs.

The financial information contained in this report also does not constitute statutory accounts under the Companies (Guernsey) Law 2008, as amended. The financial information for the year ended 31 March 2018 is based on the statutory accounts for the period then ended. The auditors reported on those accounts. Their report was unqualified and referred to going concern as a key audit matter.

The H1-2019 financial statements have been prepared in accordance with the IFRS principles applicable to a going concern, which contemplate the realisation of assets and liquidation of liabilities during the normal course of operations. Having carried out a going concern review in preparing the H1-2018 financial statements, the Directors have concluded that there is a reasonable basis to adopt the going concern principle.

3. SEGMENT INFORMATION

The board consider that the Group's operating activities during the period comprised the segments of Grain and Beef, undertaken in Africa. The Group disposed of its Cocoa activities in the comparative period. In addition, the Group has certain other unallocated expenditure, assets and liabilities, either located in Africa or held as support for the Africa operations.

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

6 months ended 30 September 2018 – Unaudited	**Grain** **$000**	**Beef** **$000**	**Unallo-cated** **$000**	**Elimina-tions** **$000**	**Total** **$000**
Revenue					
External sales[2]	**1,549**	**2,585**	**-**	**-**	**4,134**
Inter-segment sales[1]	**385**	**-**	**-**	**(385)**	**-**
	1,934	**2,585**	**-**	**(385)**	**4,134**
Segment results					
- Operating loss	**(322)**	**(89)**	**(322)**	**-**	**(733)**
- Interest expense	**(467)**	**(52)**	**-**	**-**	**(519)**
Loss before tax	**(789)**	**(141)**	**(322)**	**-**	**(1,252)**
Income tax	**-**	**-**	**-**	**-**	**-**
Loss for the period from continuing operations	**(789)**	**(141)**	**(322)**	**-**	**(1,252)**

6 months ended 30 September 2017 – Unaudited	Grain	Beef	Cocoa	Unallo-cated	Discon-tinued[3]	Elimina-tions	Total
	$000	$000	$000	$000	$000	$000	$000
Revenue							
External sales[2]	1,520	2,261	9	-	(9)	-	3,781
Inter-segment sales[1]	289	-	-	-	-	(289)	-
	1,809	2,261	9	-	(9)	(289)	3,781
Segment results							
- Operating (loss) / profit	(194)	(777)	13	(1,153)	(13)	-	(2,124)
- Interest (expense) / income	(404)	(95)	-	4	-	-	(495)
(Loss) / profit before tax	(598)	(872)	13	(1,149)	(13)	-	(2,619)
Income tax	(2)	(2)	-	-	-	-	(4)
(Loss) / profit for the period from continuing operations	(600)	(874)	13	(1,149)	(13)	-	(2,623)

Year ended 31 March 2018 - Audited	Grain	Beef	Cocoa	Unallo-cated	Discon-tinued[3]	Elimina-tions	Total
	$000	$000	$000	$000	$000	$000	$000
Revenue							
External sales[2]	4,519	4,703	-	-	-	-	9,222
Inter-segment sales[1]	680	-	-	-	-	(680)	-
	5,199	4,703	-	-	-	(680)	9,222
Segment results							
- Operating (loss) / profit	(747)	(1,588)	(31)	(1,630)	38	-	(3,958)
- Interest (expense) / income	(951)	(140)	-	7	-	-	(1,084)
(Loss) / profit before tax	(1,698)	(1,728)	(31)	(1,623)	38	-	(5,042)
Income tax	(2)	(2)	-	-	-	-	(4)
(Loss) / profit for the period from continuing operations	(1,700)	(1,730)	(31)	(1,623)	38	-	(5,046)

(1) Inter-segment sales are charged at prevailing market prices.
(2) Revenue represents sales to external customers. Sales from the Grain and Beef divisions are principally for supply to the Mozambican market.
(3) Amounts reclassified to discontinued operations in the comparative periods relate to the Cocoa division activities and the rationalization of certain Group entities.

The segment items included within continuing operations in the consolidated income statement for the periods are as follows:

6 months ended 30 September 2018 – Unaudited	**Grain**	**Beef**	**Unallo-cated**	**Elimina-tions**	**Total**
	$000	**$000**	**$000**	**$000**	**$000**
Depreciation	**21**	**156**	**-**	**-**	**177**

6 months ended 30 September 2017 - Unaudited	Grain	Beef	Cocoa	Unallo-cated	Discon-tinued	Elimina-tions	Total
	$000	$000	$000	$000	$000	$000	$000
Depreciation	79	168	-	-	-	-	247

Year ended 31 March 2018 – Audited	Grain	Beef	Cocoa	Unallo-cated	Discon-tinued	Elimina-tions	Total
	$000	$000	$000	$000	$000	$000	$000
Depreciation	152	338	-	-	-	-	490

4. FINANCE COSTS

	6 months ended 30 September 2018 Unaudited $000	6 months ended 30 September 2017 Unaudited $000	Year ended 31 March 2018 Audited $000
Interest expense:			
Bank borrowings	519	495	1,084

5. LOSS PER SHARE

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

	6 months ended 30 September 2018 Unaudited US$000	**6 months ended** 30 September 2017 Unaudited US$000	**Year ended** 31 March 2018 Audited US$000
Loss for the year / period for the purposes of basic and diluted earnings per share from continuing activities	**(1,252)**	(2,658**)**	(5,046)
Loss for the year / period for the purposes of basic and diluted earnings per share from discontinued activities	-	(35)	(38)
Loss for the year / period for the purposes of basic and diluted earnings per share attributable to equity holders of the Company	**(1,252)**	(2,658)	(5,084)
Weighted average number of Ordinary Shares for the purposes of basic and diluted loss per share	21,240,618	11,488,876	16,351,388
Basic and diluted loss per share - US cents	**(5.9)**	(23.1)	(31.1)
Basic and diluted loss per share from continuing activities - US cents	**(5.9)**	(22.8)	(30.9)
Basic and diluted loss per share from discontinued activities - US cents	-	(0.3)	(0.2)

At the Annual General Meeting held on 30 November 2017, the shareholders approved a resolution to consolidate 100 existing ordinary shares of 0.1p each ("Existing Ordinary Share") into one new ordinary share of 10p each ("New Ordinary Share"). The weighted average number of ordinary shares used for the purposes of calculating loss per share for the period ending 30 September 2018, the year ending 31 March 2018 and period ending 30 September 2017, refer to New Ordinary Shares.

The Company has issued options over ordinary shares which could potentially dilute basic loss per share in the future. There is no difference between basic loss per share and diluted loss per share as the potential ordinary shares are anti-dilutive.

6. BORROWINGS

	30 September 2018 Unaudited $000	30 September 2017 Unaudited $000	31 March 2018 Audited $000
Non-current			
Bank loans	3,040	-	-
	3,040	-	-
Current			
Bank loans	793	208	50
Bank overdraft	1,574	4,465	4,185
	2,367	4,673	4,235
	5,407	4,673	4,235

Grain division

As at 30 September 2017 and 31 March 2018, the division had an overdraft facility of 300,000,000 Metical (being approximately $4,893,000 at 31 March 2018 Metical to US$ exchange rate) to provide working capital funding for its grain operations in Mozambique, principally for the purchase of maize and related operating expenditure. It is secured by a fixed charge against certain of the Group's property, plant and equipment, and a floating charge against all of the maize inventory and finished maize products, and trade receivables.

On 25 May 2018 the facility was restructured into a 240 million Metical ($3.91m) 5 year term loan with an interest rate of the Bank's prime lending rate +0.25% and a 12 month 60 million Metical ($0.98m) overdraft facility at the Bank's prime lending rate less 1.75%. At 30m September 2018 the prime lending rate was 21.75% (30 September 2017: 27.5%).

Unless it is cancelled by either party, the overdraft facility is renewable on 25 May 2019.

As at 30 September the Group had undrawn overdraft borrowing facilities for the Grain division of $104,000 (2017: $560,000).

Beef division

As at 31 March 2018 and 30 September 2017, the Group had an amortising term loan of $50,000 and $208,000 respectively, together with a 30,000,000 Metical overdraft. The term loans carried interest at the bank's prime lending rate plus 0.25% and the overdraft is at the bank's prime rate. The lending facilities were secured by a fixed charge against the Group's abattoir in Chimoio and by a floating change over all cattle and meat inventories, and trade receivables.

As at 30 September 2018, the Group had undrawn overdraft borrowing facilities for the Beef division of $75,000 (2017: $375,000).

Reconciliation to cash flow statement

	At 31 March 2018 US$000	**Cash flow** US$000	**Foreign Exchange** US$000	**At 30 September 2018** US$000
Non-current bank loan	-	3,179	(139)	3,040
Current bank loan	50	779	(36)	793
Overdrafts	4,185	(2,821)	210	1,574
	4,235	1,137	35	5,407

7. SHARE CAPITAL

	Authorised Number	Allotted and fully paid Number	US$000
At 1 April 2017			
Ordinary shares of 0.1p each	2,345,000,000	1,061,818,478	1,722
Issue of shares	-	1,062,243,291	1,413
At 30 November 2017	2,345,000,000	2,124,061,769	3,135
Consolidation 1 new ordinary share of 10p each for 100 ordinary shares of 0.1p each	(2,321,550,000)	(2,102,821,151)	-
At 31 March 2018 and 30 September 2018	**23,450,000**	**21,240,618**	**3,135**
At 31 March 2018, 30 September 2017 and 2018			
Deferred shares of 0.1p each	**155,000,000**	**155,000,000**	**238**
Total share capital	**178,450,000**	**176,240,618**	**3,373**

The Company has one class of ordinary share which carries no right to fixed income.

On 30 November 2017, the shareholders approved a resolution to consolidate 100 existing ordinary shares of 0.1p each ("Existing Ordinary Share") into one new ordinary share of 10p each ("New Ordinary Share"). All references to the number of shares in issue at 31 March 2018 and 30 September 2018 and in the comparative periods relate to New Ordinary Shares.

The deferred shares carry no right to any dividend; no right to receive notice, attend, speak or vote at any general meeting of the Company; and on a return of capital on liquidation or otherwise, the holders of the deferred shares are entitled to receive the nominal amount paid up after the repayment of £1,000,000 per ordinary share. The deferred shares may be converted into ordinary shares by resolution of the Board.