Agriterra

AGRITERRA LIMITED

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE 6 MONTHS ENDED 30 NOVEMBER 2014

CHAIRMAN'S STATEMENT

The Company continues to work towards its objective of becoming an integrated pan-African agricultural business with a diversified portfolio of products including beef, cocoa and maize. In line with this objective, we remain focussed on enhancing the value of our core businesses, and despite the detrimental impact of external factors beyond our control in our countries of operations, during the period the beef division in particular has emerged as a solid revenue generator and a stable platform from which to develop sustainable and scalable growth in the future. Agriterra has invested in and built a valuable platform of infrastructure, logistics and retail units which, with continued hard work, can be translated into revenue generation and profitability moving forward. This approach will continue to be a core pillar of our investment strategy as we look to maximise efficiencies across our individual divisions, capitalise on revenue generation and improve margins to drive shareholder value. The Company is reporting a Net Asset Value ('NAV') of US$50.2 million which is a significant premium to our market capitalisation of US$11.0 million.

As mentioned above, during the period under review the beef division further distinguished itself as being a primary revenue contributor within the Group, as confirmed by a 28% increase in revenues to US$2,657,000 against the comparative period (6 months ended 30 November 2013 ('H1-2014'): US$2,068,000). This notable improvement in revenue serves as a "proof of concept" and reflects the increasing volumes moved through our retail units, which represent the final link in Agriterra's beef value chain, from field to fork. This is a pivotal aspect to our beef business model, and in line with this we are actively pursuing new opportunities to increase our sales presence and market penetration by building on our current portfolio of retail units (which includes full butcheries in the towns of Chimoio, Beira and Tete, together with two satellite units in Manica and Moatize).

We have identified Northern Mozambique as an important area for expansion, through a combination of the presence of major population centres in the area and the increasing activities of international resource development companies. To service this growing market, we are in the process of establishing a butchery and distribution centre in Nampula, Mozambique's third largest city and capital of the northern province of Nampula. We have leased a suitable site for this operation which is currently being refurbished (a process which has unfortunately been delayed due to flooding and the consequent damage caused to the bridge at Mocuba over the river Licungo, which is hampering deliveries to site). We expect to be in a position to open this new site during Q2 2015 and we will provide updates to the market regarding this in due course. We are also looking at retail possibilities in Nacala and Pemba, both of which are thriving towns in the North, benefitting from significant inward investment into the region.

Overall, we feel that the beef division has now established a solid and demonstrable base from which to expand significantly both in terms of wholesale and retail sales, as well as by exploring the significant potential in the export market.

Elsewhere across our portfolio, our Sierra Leonean cocoa division remains an important component of the Group's NAV. In line with the Group's strategy to develop its 3,200 hectare landholding in the south-east of Sierra Leone, 40km from the town of Kenema, we have established many aspects of the critical infrastructure (including roads, offices and a state-of-the-art irrigated nursery) which will be required to support an operation which has the potential to become one of West Africa's largest cocoa plantations. The intended acceleration of development at the plantation has however been curtailed at present as a precautionary measure to protect staff in response to the outbreak of Ebola in the country. During this time of reduced activity, our assets in the country are being rigorously maintained and we are also leasing our fleet of vehicles and some of our warehousing infrastructure to international aid companies. Importantly, this provides the Company with an opportunity to proactively participate in the relief effort, maintain a presence in the country during this challenging time in Sierra Leone's history and provides a revenue stream to the Group which currently offsets the full cash costs of the cocoa division.

Finally, I turn to our third division, the Group's maize purchasing and processing business in Mozambique. As highlighted in my statement to shareholders in October 2014, maize meal sales were impacted by the political instability during 2014, as well as a particularly plentiful harvest; this has reduced revenues to US$2,043,000 (H1-2014: US$4,669,000). The Board is monitoring the performance of this division to gauge opportunities to improve efficiencies, revenues and margins and will report further on this assessment in due course.

Financial results

The Group's profit for the period was US$0.94 million (H1-2014: loss of US$2.26 million). The result reflects the final settlement of claims arising from the Group's legacy oil interests in South Sudan amounting to income of US$5.66 million (H1-2014: US$nil), which is reported within discontinued operations along with the results of the Group's discontinued cocoa trading operations.

The Group's operating loss for the period was US$4.03 million (H1-2014: loss of US$2.31 million), the increase reflecting in the main the decrease in contribution arising from the maize division (loss of US$0.96 million compared to a profit of US$0.07 million in H1-2014) arising from lower sales volumes, and the increase in operating loss for the cocoa division from US$0.09 million to US$0.46 million principally reflecting the temporary cessation of capitalisation of expenditure incurred in respect of the cocoa plantation while the activities on site remain curtailed as a result of the Ebola crisis.

The beef division delivered a significant 28% increase in revenues from US$2.07 million in H1-2014 to US$2.66 million, a very encouraging rate of increase which underpins the Board's belief in the significant future potential of this division.

In terms of the Group's balance sheet, net assets are reported at US$50.2 million (being US$0.047 per share), which is a significant premium to our market capitalisation of approximately US$11.1 million (being US$0.010 per share).

In addition to our current operations, the Board has continued to actively pursue the realisation of value from its legacy oil and gas operations. In light of the continuing civil war in South Sudan, the Board took the view that it would be prudent to expedite settlement in respect of the claims arising from the Group's legacy oil interests in South Sudan and accordingly, as announced on 17 September 2014, a successful settlement was reached in respect of such interests resulting in income of US$5.66 million to the Group. Following the settlement, the Company and Group has no further current economic interest in South Sudan.

PH Edmonds
Chairman
27 February 2015

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

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OPERATIONS REVIEW

Agriterra currently has three operational agricultural divisions:

- **Beef**, which comprises cattle ranching, feedlot, abattoir operations and retail units through Mozbife Limitada ('Mozbife')
- **Cocoa**, which manages the Group's cocoa farming activities through the Tropical Farms group of companies ('TFL')
- **Grain**, which operates maize purchasing and processing businesses through Desenvolvimento E Comercialização Agricola Limitada ('DECA') and Compagri Limitada ('Compagri')

Beef Operations (Mozambique)

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

During the period under review the Group has worked to strengthen the key revenue generating elements of our vertically integrated beef business, namely the five retail units, the abattoir and the feedlot. The Board is pleased to report that these components are generating positive cash flows. The Board is also pleased to announce increased revenues from the beef division of US$2,657,000 compared to US$2,068,000 in H1-2014, reflecting an increase in volumes sold through the retail outlets. Recognising that the development of the Group's retail offering is critical to the future expansion of the business, the Board has been evaluating a number of potential new sites for retail developments.

Nampula, in Northern Mozambique, was quickly identified as a priority target for retail expansion. Northern Mozambique is developing rapidly, mainly due to significant international investment, principally in natural resources (such as liquefied natural gas) and is therefore a key market within Mozambique. Nampula is an ideal location from which to expand into this market not only because is it the central commercial hub for Northern Mozambique, but it also has a large domestic population (being the third largest city in the country), with an established, and rapidly growing, market for quality butchered beef products. Development of the Nampula site, which will comprise a full butchery and distribution centre, is well advanced. The refurbishment has however been hampered by recent heavy rains and floods in the North and Centre of Mozambique and Malawi, which have damaged the bridge at Mocuba over the river Licungo, hindering road transport on the road linking the North to the South of Mozambique. The Board continues to monitor progress with regards to the repair of the bridge and is hopeful that it will be in a position to open the new retail unit shortly after the bridge and roads are once again open to the public.

In order to keep our retail units stocked with the highest quality beef products, and to ensure the full uplift in value is secured within the Group's own operations, all beef sold within Mozbife's retail units is sourced from the Group's state-of-the-art abattoir at Chimoio. 2,313 animals were processed through the abattoir during the period, an increase over the 2,248 animals processed during H1-2014. Importantly, the average slaughtered weight increased by 22% to 217kg from 178kg, significantly enhancing the sell-on price achievable for each animal. With a current run rate of approximately 400 animals per month, the abattoir continues to perform well. With a monthly slaughter capacity of approximately 4,000 head, there remains considerable flexibility to increase slaughter rates as the beef operations expand.

The feedlot at Vanduzi continues to supply all of the throughput for the abattoir and ensures that the Group captures the full uplift in value through the chain from "field to fork". The Vanduzi Feedlot can carry approximately 3,000 head, and provide approximately 1,000 head for slaughter each month to the abattoir. At the end of the period there were 1,352 animals in the feedlot, sourced from Mozbife's own ranches or from cattle purchased from the surrounding areas. The feedlot is critical to Mozbife's business model, ensuring a well finished, high quality animal for slaughter from which premium grade meat is available to supply our retail units and wholesale operations.

In addition to the feeding pens, the feedlot has 1,050 hectares of land used for feed production. This provides the twin benefits of reducing costs and providing certainty of supply. Furthermore, the feedlot works strategically with other companies in the Group, by using bran, the by-product from the grain processing facilities, as a feed supplement for the cattle.

Remaining central to the medium to long term revenue generative capacity of the beef division is Mozbife's ranches (namely the 2,350 hectare Mavonde ranch, the 2,500 hectare Inhazonia ranch and the 15,000 hectare Dombe ranch, all located in Central Mozambique). The total herd across the ranches stood at 6,555 head as at 30 November 2014, bringing Mozbife's total head to 7,907 including the feedlot animals.

The expansion of the herd remains an important aspect of the Group's long term integrated vision for the beef division. In addition to providing throughput for the abattoir, the expansion of the herd also provides for the long term quality of Mozbife's product – the ranches deliver a very high quality animal, either pure Beefmaster, premium quality imported animals, or local breeds cross-bred with pedigrees to rear larger animals. The very best cuts can be obtained from these high quality animals which, in turn, command the highest retail prices in our retail units.

To support this on-going growth in herd size, additional pivot irrigation has been completed at Mavonde and Inhazonia which has increased the irrigated land by 195 hectares to 368 hectares, and by 88 hectares to 118 hectares respectively. Different varieties of grass have now been planted on this land to produce both grass for grazing and for hay bailing. This will provide important flexibility for Mozbife as it continues its expansion strategy to maximise stocking ratios across the ranches.

Cocoa Plantation & Trading (Sierra Leone)

The Group's cocoa division is focussed on its 3,200 hectare plantation, located 40km from Kenema in south-east Sierra Leone. A rapid clearing and planting schedule was initiated at the plantation in 2013 aimed at quickly establishing one of West Africa's largest cocoa plantations on this 3,200 hectare landholding (with expansion potential to 4,800 hectares, subject to the acquisition of an additional block of land adjacent to the plantation). Once the development plan for the plantation is complete, the Group's long term objective is to produce a minimum of 8,000 tonnes of cocoa beans per annum.

As announced in September 2014 and as a result of the well-publicised Ebola outbreak affecting Western Africa, including Sierra Leone, the Board made the decision to suspend current development activities at the plantation. In addition to the significant restrictions in movement in country causing a shortage of labour, the Board assessed that it was unsafe to pursue an expansion of the plantation at that stage, which could increase the risk of Ebola developing on the plantation site and place staff at risk.

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

The Board continues to monitor the situation regarding Ebola in Sierra Leone and acknowledges that important strides have been made to control the virus in recent months. In light of these developments the Board is positive about its future development plans regarding the plantation. With a projected cocoa bean deficit of up to one million metric tonnes by 2020/2021 driving prices upwards, the fundamentals of the cocoa market remain strong. Subject to an effective internationally supported response to the Ebola outbreak and subsequent regeneration, the Board remains of the view that the Group is well positioned to obtain the necessary financing to bring the cocoa assets into production in time to capitalise on this supply shortage.

In addition to maintaining the Group's infrastructure and fleet during the Ebola outbreak, the Group has deployed many of its vehicle and warehousing resources to assist several major NGOs working in the Ebola relief efforts. This support has provided the Group with a significant role to play during the Ebola outbreak at a time when many aid agencies were in critical need of in-country support. Through the utilisation of the Group's warehousing, which has been used for storage of food and essential supplies, and vehicles utilised for distribution as well as medical and humanitarian services, the Group has supported the relief effort in Sierra Leone. Further, the income from these rentals now currently covers the full cash requirements of this division.

In addition to the development of the plantation and until early 2014, the Group also operated a small cocoa trading business from Kenema where beans were purchased from local out-growers and processed ready for sale to the international market. This operation, whilst an important foothold in this area of Sierra Leone, was loss-making for the Group and following a series of poor harvests and the Ebola outbreak, the decision was taken to discontinue these activities. No cocoa sales were made during the period and expenditure of US$174,000 relating to the trading operations is presented as "discontinued" within the consolidated financial statements.

Grain Processing (Mozambique)

The Group's maize operations are focussed on its 35,000 tonne capacity facility in Chimoio in central Mozambique, and its 15,000 tonne capacity facility in Tete, in north-west Mozambique. The established maize buying and processing business is focussed on purchasing maize from local out-growers through a network of buying stations, which is then processed and stored before being sold to the retail market as maize meal, a key staple food in the region and country.

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

Sales were slow during the period, with 6,500 tonnes of maize milled (H1-2014: 12,000 tonnes) and 4,600 tonnes of maize meal sold (H1-2014: 9,100 tonnes), producing total sales of US$2,043,000 (H1-2014: US$4,669,000). The Board believes that the low sales volumes are due to an exceptionally plentiful harvest - estimated at around 2.3 million tonnes - which has created ample local market supplies of maize and reduced the demand for processed products from DECA and Compagri. This bountiful harvest has also impacted the price achievable for the Group's products, with average prices reducing from US$490 per tonne of meal during H1-2014, to US$442 per tonne of meal for this period. In addition, political instability leading up to the elections made transport to the South and North of the country difficult and further compounded the disappointing sales achieved during the period.

Maize purchases during the 2014 season were strong with 28,700 tonnes of maize purchased at an average price of approximately US$170 per tonne, compared to an average purchase price of US$255 for the previous corresponding period. This reduction in purchase price is expected to benefit the maize division in the second half of the current financial year.

Due principally to the lower volumes of maize meal sold, and the adverse pricing environment, the grain division moved to an operating loss of US$962,000 during the period (H1-2014: US$66,000).

The second half of the year is normally a peak selling period for maize meal. However the rains which have affected both Mozambique and Malawi post period end have temporarily cut off the road links between the Group's production and processing facilities in central Mozambique, and the Northern markets, which is having an adverse effect on sales volumes. The Group is currently evaluating alternative shipping options and has sent eight containers by sea from Beira to Nacala as a trial to gauge the efficiency of this as a temporary logistics solution.

The rains post period end have also washed away significant maize plantings which may lead to a shortage of maize next year. On the one hand this may impact the Company's ability to source adequate supply of maize. However, it may also improve the pricing environment for its stored maize which currently totals approximately 21,700 tonnes.

In addition to addressing the uncertainties noted above, the Board is focussing its efforts on developing additional revenue streams within the grain division in order to leverage its infrastructure. Areas under review include additional maize based products such as maize crisps, and additional agricultural products. Further news regarding these appraisals and opportunities will be made available as appropriate.

Palm Oil Operations (Sierra Leone)

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

CONSOLIDATED INCOME STATEMENT

	Note	6 months ended 30 November 2014 Unaudited	6 months ended 30 November 2013 Unaudited (represented note 6)	12 months ended 31 May 2014 Audited
		$000	$000	$000
CONTINUING OPERATIONS				
Revenue		**4,700**	6,737	13,797
Cost of sales		**(4,421)**	(5,826)	(12,475)
Gross profit		**279**	911	1,322
Increase in value of biological assets		**288**	601	290
Operating expenses		**(4,847)**	(4,077)	(8,338)
Other income		**251**	254	226
Operating loss		**(4,029)**	(2,311)	(6,500)
Investment revenues		**8**	136	146
Other gains and losses	4	**(158)**	802	936
Finance costs	5	**(364)**	(117)	(209)
Loss before taxation		**(4,543)**	(1,490)	(5,627)
Taxation		**(3)**	(52)	(25)
Loss for the period from continuing operations	3	**(4,546)**	(1,542)	(5,652)
DISCONTINUED OPERATIONS				
Profit / (loss) for the period from discontinued operations	6	**5,485**	(722)	(2,364)
Profit / (loss) for the period attributable to owners of the Company		**939**	(2,264)	(8,016)
(LOSS) / EARNINGS PER SHARE				
Basic and diluted loss per share from continuing operations		**(0.43)**	(0.14)	(0.53)
Basic and diluted earnings / (loss) per share from continuing and discontinued operations		**0.09**	(0.21)	(0.76)
		No.	No.	No.
Weighted average number of shares outstanding for the purposes of calculating basic and diluted (loss) / earnings per share from continuing operations, and from continuing and discontinued operations		**1,061,818,478**	1,061,818,478	1,061,818,478

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	6 months ended 30 November 2014 Unaudited	6 months ended 30 November 2013 Unaudited	12 months ended 31 May 2014 Audited
	$000	$000	$000
Profit / (loss) profit for the period	**939**	(2,264)	(8,016)
Items that may be reclassified subsequently to profit or loss:			
Foreign exchange translation differences	**(1,319)**	(325)	(1,612)
Other comprehensive income for the period	**(1,319)**	(325)	(1,612)
Total comprehensive income for the year attributable to owners of the Company	**(380)**	(2,589)	(9,628)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	30 November 2014 Unaudited $000	30 November 2013 Unaudited $000	31 May 2014 Audited $000
Non-current assets				
Goodwill and other intangible assets		**572**	697	576
Property, plant and equipment		**35,068**	35,551	36,268
Interests in associates		**4**	4	4
Investments in quoted companies	**7**	**1,067**	1,091	1,225
Biological assets		**2,689**	3,370	3,071
		39,400	40,713	41,144
Current assets				
Biological assets		**1,010**	797	1,201
Inventories		**6,298**	6,590	4,900
Trade and other receivables		**1,133**	3,504	1,148
Cash and cash equivalents		**8,852**	8,739	6,994
		17,293	19,630	14,243
Total assets		**56,693**	60,343	55,387
Current liabilities				
Borrowings	**8**	**(5,202)**	(1,138)	(2,668)
Trade and other payables		**(1,294)**	(1,711)	(2,170)
		(6,496)	(2,849)	(4,838)
Net current assets		**10,797**	16,781	9,405
Net assets		**50,197**	57,494	50,549
Share capital	**9**	**1,960**	1,960	1,960
Share premium		**148,622**	148,622	148,622
Shares to be issued		**2,940**	2,940	2,940
Share based payments reserve		**1,887**	1,765	1,859
Translation reserve		**(5,127)**	(2,521)	(3,808)
Accumulated losses		**(100,085)**	(95,272)	(101,024)
Equity attributable to equity holders of the parent		**50,197**	57,494	50,549

The unaudited condensed consolidated financial statements of Agriterra Limited for the six months ended 30 November 2014 were approved by the Board of Directors and authorised for issue on 27 February 2015. Signed on behalf of the Board of Directors:

P H Edmonds
Chairman

CONSOLIDATED CASH FLOW STATEMENT

	6 months ended 30 November 2014 Unaudited	6 months ended 30 November 2013 Unaudited (represented note 6)	12 months ended 31 May 2014 Audited
	$000	$000	$000
Loss before tax for the period from continuing operations	**(4,546)**	(1,490)	(5,627)
Adjustments for:			
Depreciation	**1,013**	922	1,766
Profit on disposal of property, plant and equipment	**-**	(180)	(149)
Share based payment expense	**28**	54	149
Foreign exchange loss / (gain)	**159**	12	(52)
Increase in value of biological assets	**(288)**	(601)	(290)
Finance costs	**364**	117	209
Investment revenues	**(8)**	(136)	(146)
Decrease / (increase) in fair value of quoted investments	**158**	(802)	(936)
Operating cash flows before movements in working capital	**(3,120)**	(2,104)	(5,076)
(Increase) / decrease in inventories	**(16)**	(904)	197
(Increase) / decrease in trade and other receivables	**(1,670)**	(134)	971
Decrease in trade and other payables	**(861)**	(637)	(173)
Net cash used in operating activities by continuing operations	**(5,667)**	(3,779)	(4,081)
Corporation tax paid	**(6)**	(18)	(25)
Finance costs	**(364)**	(117)	(209)
Interest received	**8**	136	146
Net cash used in operating activities by continuing operations	**(6,029)**	(3,778)	(4,169)
Net cash from / (used in) operating activities by discontinued operations	**5,546**	(875)	(879)
Net cash used in operating activities	**(483)**	(4,653)	(5,048)
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment	**7**	180	202
Acquisition of property, plant and equipment	**(912)**	(3,644)	(5,935)
Purchase of investment in quoted companies	**-**	(285)	(285)
Decrease /(increase) in biological assets	**677**	409	(219)
Net cash used in investing activities by continuing operations	**(228)**	(3,340)	(6,237)
Net cash from investing activities in discontinued operations	**-**	-	-
Net cash used in investing activities	**(228)**	(3,340)	(6,237)
Cash flow from financing activities			
Net draw down / (repayment) of overdraft	**2,973**	(442)	1,129
Repayment of loans	**-**	(1,500)	(1,500)
Net cash from / (used in) financing activities from continuing operations	**2,973**	(1,942)	(371)
Net cash used in financing activities from discontinued operations	**(200)**	-	-
Net cash from / (used in) financing activities	**2,773**	(1,942)	(371)
Net increase / (decrease) in cash and cash equivalents	**2,062**	(9,935)	(11,656)
Effect of exchange rates on cash and cash equivalents including discontinued operations	**(204)**	(74)	(98)
Cash and cash equivalents at beginning of period	**6,994**	18,748	18,748
Cash and cash equivalents at end of period	**8,852**	8,739	6,994

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 six months ended 30 November 2014 (the 'H1-FY2015 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 May 2014 (available at www.agriterra-ltd.com). The Group does not anticipate any significant change in these accounting policies for the year ended 31 May 2015. 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'*. While 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 May 2014 is based on the statutory accounts for the period then ended. The auditors reported on those accounts. Their report was unqualified and did not include any statements of emphasis of matter.

The H1-FY2015 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-FY2015 financial statements, the Directors have concluded that there is a reasonable basis to adopt the going concern principle.

3. SEGMENT INFORMATION

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

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

6 months ended 30 November 2014 - Unaudited	**Grain**	**Beef**	**Cocoa**	**Unallo-cated**	**Reclassi-fications** [3]	**Elimina-tions**	**Total**
	$000	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**
Revenue							
External sales[2]	**2,043**	**2,657**	**241**	**-**	**(241)**	**-**	**4,700**
Inter-segment sales[1]	**263**	**-**	**-**	**-**	**-**	**(263)**	**-**
	2,306	**2,657**	**241**	**-**	**(241)**	**(263)**	**4,700**
Segment results							
- Operating loss	**(962)**	**(1,344)**	**(606)**	**(1,288)**	**171**	**-**	**(4,029)**
- Interest (expense) / income	**(362)**	**1**	**-**	**5**	**-**	**-**	**(356)**
- Other gains and losses	**-**	**-**	**-**	**(158)**	**-**	**-**	**(158)**
Loss before tax	**(1,324)**	**(1,343)**	**(606)**	**(1,441)**	**171**	**-**	**(4,543)**
Income tax	**-**	**(3)**	**-**	**-**	**-**	**-**	**(3)**
Loss for the period from continuing operations	**(1,324)**	**(1,346)**	**(606)**	**(1,441)**	**171**	**-**	**(4,546)**

6 months ended 30 November 2013 - Unaudited (represented – note 6)	Grain $000	Beef $000	Cocoa $000	Unallo-cated $000	Discon-tinued $000	Elimina-tions $000	Total $000
Revenue							
External sales[2]	4,669	2,068	451	-	(451)	-	6,737
Inter-segment sales[1]	219	-	-	-	-	(219)	-
	4,888	2,068	451	-	(451)	(219)	6,737
Segment results							
- Operating profit / (loss)	66	(990)	(659)	(1,302)	574	-	(2,311)
- Interest (expense) / income	(104)	1	(1)	122	1	-	19
- Other gains and losses	-	-	-	802		-	802
Loss before tax	(38)	(989)	(660)	(378)	575	-	(1,490)
Income tax	(43)	(9)	-	-	-	-	(52)
Loss for the period from continuing operations	(81)	(998)	(660)	(378)	575	-	(1,542)

12 months ended 30 May 2014 - Audited	Grain $000	Beef $000	Cocoa $000	Unallo-cated $000	Discon-tinued $000	Elimina-tions $000	Total $000
Revenue							
External sales[2]	9,716	4,081	1,907	-	(1,907)	-	13,797
Inter-segment sales[1]	412	-	-	-	-	(412)	-
	10,128	4,081	1,907	-	(1,907)	(412)	13,797
Segment results							
- Operating loss	(421)	(3,436)	(1,028)	(2,456)	841	-	(6,500)
- Interest (expense) / income	(193)	2	(1)	128	1	-	(63)
- Other gains and losses	-	-	-	936	-	-	936
Loss before tax	(614)	(3,434)	(1,029)	(1,392)	842	-	(5,627)
Income tax	(16)	(9)	-	-	-	-	(25)
Loss for the period from continuing operations	(630)	(3,443)	(1,029)	(1,392)	842	-	(5,652)

(1) Inter-segment sales are charged at prevailing market prices.

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

(3) Revenue reported in the Cocoa segment for the 6 months ended 30 November 2014 arises on the rental of certain of the Cocoa division's assets in aid of the relief effort against the Ebola crisis in Sierra Leone. For IFRS reporting purposes, the income is reported within 'Other income'.

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

6 months ended 30 November 2014 - Unaudited	**Grain $000**	**Beef $000**	**Cocoa $000**	**Unallo-cated $000**	**Discon-tinued $000**	**Elimina-tions $000**	**Total $000**
Depreciation	**186**	**571**	**235**	**82**	**(61)**	**-**	**1,013**

6 months ended 30 November 2013 - Unaudited (represented – note 6)	Grain	Beef	Cocoa	Unallo-cated	Discon-tinued	Elimina-tions	Total
	$000	$000	$000	$000	$000	$000	$000
Depreciation	246	561	195	115	(195)	-	922

12 months ended 30 May 2014 - Audited	Grain	Beef	Cocoa	Unallo-cated	Discon-tinued	Elimina-tions	Total
	$000	$000	$000	$000	$000	$000	$000
Depreciation	504	1,124	133	138	(133)	-	1,766

4. OTHER GAINS AND LOSSES

	6 months ended 30 November 2014 Unaudited	6 months ended 30 November 2013 Unaudited)	12 months ended 31 May 2014 Audited
	$000	$000	$000
Change in fair value of quoted investments designated as at fair value through profit and loss at initial recognition	**(158)**	802	936

5. FINANCE COSTS

	6 months ended 30 November 2014 Unaudited	6 months ended 30 November 2013 Unaudited (represented note 6)	12 months ended 31 May 2014 Audited
	$000	$000	$000
Interest expense:			
Bank borrowings	**364**	105	197
Loan notes	**-**	12	12
	364	117	209

6. DISCONTINUED OPERATIONS

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

	6 months ended 30 November 2014 Unaudited	6 months ended 30 November 2013 Unaudited (represented note 6.2))	12 months ended 31 May 2014 Audited
	$000	$000	$000
Oil and gas activities	**5,659**	(147)	(1,378)
Cocoa trading activities	**(174)**	(575)	(986)
Net profit / (loss) after tax attributable to discontinued operations	**5,485**	(722)	(2,364)

6.1. Oil and gas

On 6 January 2009, the Shareholders approved the adoption of the investing strategy to acquire or invest in businesses or projects operating in the agricultural and associated civil engineering industries in Southern Africa. At the same time the Group suspended all exploration activities and reduced expenditure to the minimum required in order to retain exploration licenses and extract potential value for Shareholders. Consequently the oil and gas activities were reclassified as a discontinued operation.

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

During the year ended 31 May 2014 the Group incurred expenditure on formal arbitration proceedings to recover the compensation assessed by the National Petroleum Commission as being due to the Company for works undertaken by the Company in the Republic of South Sudan and acknowledged as being due by the Ministry of Petroleum and Mining of the Republic of South Sudan in April 2012. Expenditure of $378,000 was incurred in this matter during the year ended 31 May 2014 (6 months ended 30 November 2013: $147,000). This matter was resolved in the current financial year through the payment to the Company of £3,412,000 (being $5,659,000) in cash which has been recognised in the current financial period within discontinued operations.

6.2. Cocoa trading

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

The Cocoa trading operations represented a business segment of the Group and accordingly, as required by IFRS 5, '*Non-current Assets Held for Sale and Discontinued Operations*', the results of the Cocoa trading operations are presented as discontinued operations within the consolidated income statement. Cash flows pertaining to the Cocoa trading operations are presented in the consolidated cash flow statement along with all cash flows relating to discontinued operations. The results of operations and cash flows reported for the period ended 30 November 2013 have been re-presented for these discontinued operations as required by IFRS 5.

7. INVESTMENTS IN QUOTED COMPANIES

'Investments in quoted companies' comprise financial assets classified as at 'fair value through profit and loss' ('FVTPL'). Changes in market value are recorded in profit and loss within 'Other gains and losses'. As at 30 November 2014, these investments comprise 8,337,682 (30 November 2013 and 31 May 2014: 8,337,682) ordinary shares in Atlas Development & Support Services Limited (formerly African Oilfield Logistics Limited), an AIM quoted company focussed on the logistics support industry in respect of oil and gas exploration and other development projects in sub-Saharan Africa.

Movements in the value of investments in quoted companies were as follows:

	$000
Market value as at 31 May 2013 – Audited	4
Purchase of investments at cost	285
Increase in fair value	802
Market value as at 30 November 2013 - Unaudited	1,091
Increase in fair value	134
Market value as at 31 May 2014 - Audited	1,225
Decrease in fair value	**(158)**
Market value as at 30 November 2014 - Unaudited	**1,067**

8. BORROWINGS

	30 November 2014 $000	30 November 2013 $000	31 May 2014 $000
Bank overdraft	**5,202**	1,138	2,468
Other	**-**	-	200
	5,202	1,138	2,668

The Group has an overdraft facility of 179,000,000 (30 November 2013: 62,000,000; 31 May 2014: 179,000,000) Mozambique Metical (being approximately $5,600,000 at the 30 November 2014 metical to US$ exchange rate) to provide funding for its Grain operations in Mozambique. It is secured against certain of the Group's property, plant and equipment and all maize inventory and finished maize products. Interest is charged at the Mozambique prime rate less 3%, being a current rate of 13% (30 November 2013: Mozambique prime rate less 0.5%, being a rate of 22%). The facility is renewable annually on 31 May upon agreement of the parties.

9. SHARE CAPITAL

	Authorised Number	Allotted and fully paid Number	Allotted and fully paid US$000
Ordinary shares of 0.1p each			
At 30 November 2013, 31 May 2014 and 30 November 2014	2,345,000,000	1,061,818,478	1,722
Deferred shares of 0.1p each			
At 30 November 2013, 31 May 2014 and 30 November 2014	155,000,000	155,000,000	238
Total share capital			
At 30 November 2013, 31 May 2014 and 30 November 2014	**2,500,000,000**	**1,216,818,478**	**1,960**